

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS**

FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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

Independent Auditors' Report Translated from Chinese

To SINBON Electronics Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of SINBON Electronics Co., Ltd. and its subsidiaries (the “Group”) as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the report(s) of the other auditors (please refer to the *Other Matter – Making Reference to the Audits(s) of Other Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Valuation for inventories

As of 31 December 2023, the Group's net inventories amounted to NT\$10,326,128 thousand. Net inventories accounted for 34% of consolidated total assets, which was considered material in the consolidated statements. As the fluctuation in market demand and the fast-changing technology could cause losses of obsolete and slow-moving inventories, the assessment of the inventory write-downs require significant management judgement. We therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the adequacy of accounting policy around obsolete and slow-moving inventories; evaluating stocktaking plan and selecting important storage locations to observe inventory counts to ensure inventory quantities and status; obtaining inventory aging schedule to test whether inbound and outbound records are accurate; re-calculating the unit cost of inventories; and evaluating and testing net realizable value adopted by management. We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

2. Impairment of accounts receivable

As of 31 December 2023, gross accounts receivable and loss allowance by the Group amounted to NT\$6,656,040 thousand and NT\$827,500 thousand, respectively. Net accounts receivable accounted for 19% of consolidated total assets. Since the loss allowance of account receivables is measured by the expected credit loss for the duration of the account receivables, it is necessary to divide account receivables into groups in the process of measurement and analyze the application of related assumptions, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, analyzing the appropriateness of the grouping of account receivables and confirming whether customers with significantly different credit loss types are grouped by similar risk characteristics. Testing the provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; testing the related statistics information of loss rate based on the rolling rate within one year. We also assessed the adequacy of disclosures of financial assets. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Other Matter– Making Reference to the Audits of Other Auditors

As explained in Note 4(3), we did not audit the financial statements of certain consolidated subsidiaries, which statements reflected total assets of NT\$7,048,083 thousand and NT\$7,415,475 thousand, constituting 23% and 22% of consolidated total assets as of 31 December 2023 and 2022, respectively, and total operating revenues of NT\$8,076,344 thousand and NT\$8,704,838 thousand, constituting 25% and 28% of consolidated operating revenues for the years ended 31 December 2023 and 2022, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. As explained in Note 6(7), these associates and joint ventures under equity method amounted to NT\$850,957 thousand and NT\$778,315 thousand, representing 3% and 2% of consolidated total assets as of 31 December 2023 and 2022. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$145,464 thousand and NT\$122,148 thousand, representing 4% and 3% of the consolidated net income before tax for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$20,593 thousand and NT\$(19,731) thousand, representing (14)% and (16)% of the consolidated other comprehensive income for the years ended 31 December 2023 and 2022, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of SINBON Electronics Co., Ltd. as of and for the years ended 31 December 2023 and 2022.

/s/Lo, Wen Chen

/s/Chen, Ming Hung

Ernst & Young, Taiwan

7 March 2024

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the re-sponsibility of the management.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December	
		2023	2022
Current assets			
Cash and cash equivalents	4,6(1)	\$5,767,074	\$5,108,757
Financial assets at fair value through profit or loss, current	4,6(2)	297,627	298,849
Financial assets measured at amortized cost, current		80,389	-
Contract assets, current	4,6(17)	332,941	-
Notes receivable, net	4,6(3)	1,739,602	1,757,151
Accounts receivable, net	4,6(4)	5,828,540	7,137,595
Other receivables		185,218	346,275
Current income tax assets		41,612	9,180
Inventories	4,6(5)	10,326,128	12,256,145
Prepayments		306,262	676,304
Other current assets		113,955	64,452
Total current assets		<u>25,019,348</u>	<u>27,654,708</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4,6(6)	435,533	358,828
Investments accounted for using the equity method	4,6(7)	850,957	778,315
Property, plant and equipment	4,6(8)	3,209,845	3,042,740
Right-of-use assets	4,6(19)	329,008	432,608
Other intangible assets		25,404	41,422
Deferred tax assets	4,6(23)	330,006	123,548
Other non-current assets	4,6(9)	382,955	545,214
Total non-current assets		<u>5,563,708</u>	<u>5,322,675</u>
Total assets		<u><u>\$30,583,056</u></u>	<u><u>\$32,977,383</u></u>

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(Continued)
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December	
		2023	2022
Current liabilities			
Short-term loans	4,6(10)	\$2,552,289	\$3,457,685
Financial liabilities at fair value through profit or loss, current	4,6(11)	1,488	-
Contract liabilities, current	4,6(17)	5,227,827	4,980,696
Notes payable		672,579	599,262
Accounts payable		4,141,159	6,250,273
Other payables	4,6(12)	1,770,085	1,883,926
Current tax liabilities	4	400,576	273,700
Lease liabilities, current	4,6(19)	89,041	99,449
Bonds payable, current portion	4,6(13)	799,113	176,281
Long-term loans, current portion	4	14,797	4,658
Other current liabilities		139,474	59,394
Total current liabilities		15,808,428	17,785,324
Non-current liabilities			
Financial liabilities at fair value through profit or loss, non-current	4,6(11)	-	5,100
Bonds payable	4,6(13)	-	945,648
Long-term loans	4	2,061	16,924
Deferred tax liabilities	4,6(23)	576,058	414,830
Lease liabilities, noncurrent	4,6(19)	198,741	268,921
Long-term deferred revenue	4,6(14)	13,217	13,838
Net defined benefit obligation, noncurrent	4,6(15)	40,530	53,501
Other non-current liabilities-others		233	233
Total non-current liabilities		830,840	1,718,995
Total liabilities		16,639,268	19,504,319
Equity attributable to the parent company			
Capital	6(16)		
Common stock		2,400,332	2,365,841
Certificate of entitlement to new shares from convertible bond		-	19,200
Subtotal		2,400,332	2,385,041
Additional Paid-in Capital	6(16)	3,064,782	3,067,205
Retained earnings			
Legal reserve		2,015,862	1,727,300
Special reserve		270,696	381,975
Unappropriated earnings		6,417,199	5,342,675
Subtotal		8,703,757	7,451,950
Other components of equity	4		
Exchange differences on translation of foreign operations		(528,593)	(359,257)
Unrealized gains or losses measured at fair value through other comprehensive income		127,553	88,560
Subtotal		(401,040)	(270,697)
Equity attributable to the parent company		13,767,831	12,633,499
Non-controlling interests	4,6(16)	175,957	839,565
Total equity		13,943,788	13,473,064
Total liabilities and equity		\$30,583,056	\$32,977,383

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December	
		2023	2022
Operating revenues	4,6(17)	\$32,762,285	\$30,574,800
Operating costs	6(5,20)	(24,356,555)	(22,843,276)
Gross profit-net		<u>8,405,730</u>	<u>7,731,524</u>
Operating expenses	6(20)		
Sales and marketing expenses		(1,760,691)	(1,890,654)
General and administrative expenses		(1,484,964)	(1,487,058)
Research and development expenses		(1,011,828)	(950,978)
Expected credit losses	4,6(18)	(751,384)	(76,385)
Subtotal		<u>(5,008,867)</u>	<u>(4,405,075)</u>
Operating income		<u>3,396,863</u>	<u>3,326,449</u>
Non-operating income and expenses	6(21)		
Interest income		55,455	25,082
Other income		317,064	182,317
Other gains and losses		105,301	270,779
Finance costs		(101,960)	(84,310)
Share of profit or loss of associates and joint ventures in equity method	4,6(7)	145,464	122,148
Subtotal		<u>521,324</u>	<u>516,016</u>
Income from continuing operations before income tax		<u>3,918,187</u>	<u>3,842,465</u>
Income tax expense	4,6(23)	(826,295)	(819,435)
Net income		<u>3,091,892</u>	<u>3,023,030</u>
Other comprehensive income (loss)	6(22)		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(2,111)	5,864
Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income		13,047	(73,068)
Share of other comprehensive income (loss) of associates and joint ventures which will not be reclassified subsequently to profit or loss	6(7)	24,958	(21,090)
Income tax related to items that may not be reclassified subsequently		422	(1,173)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(216,783)	259,682
Share of other comprehensive (loss) income of associates and joint ventures which may be reclassified subsequently to profit or loss	6(7)	(4,365)	1,359
Income tax related to items that may be reclassified subsequently		39,371	(49,384)
Total other comprehensive income (loss), net of tax		<u>(145,461)</u>	<u>122,190</u>
Total comprehensive income		<u>\$2,946,431</u>	<u>\$3,145,220</u>
Net income attributable to:	4,6(24)		
Stockholders of the parent		\$3,283,914	\$2,880,553
Non-controlling interests		(192,022)	142,477
		<u>\$3,091,892</u>	<u>\$3,023,030</u>
Comprehensive income (loss) attributable to:			
Stockholders of the parent		\$3,152,463	\$2,996,877
Non-controlling interests		(206,032)	148,343
		<u>\$2,946,431</u>	<u>\$3,145,220</u>
Earnings per share (NTD)			
Earnings per share-basic	4,6(24)	<u>\$13.71</u>	<u>\$12.22</u>
Earnings per share-diluted		<u>\$13.58</u>	<u>\$11.88</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company										
	Capital		Retained earnings				Other components of equity				
	Common stock	Certificate of entitlement to new shares from convertible bond	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2022	\$2,333,770	\$8,290	\$2,190,472	\$1,493,995	\$399,729	\$4,313,466	\$(561,279)	\$179,303	\$10,357,746	\$777,634	\$11,135,380
Appropriation and distribution of 2021 retained earnings											
Legal reserve				233,305		(233,305)			-		-
Cash dividends						(1,640,858)			(1,640,858)		(1,640,858)
Special reserve					(17,754)	17,754			-		-
Other changes in additional paid-in capital											
Embedded conversion options derived from convertible			90,910						90,910		90,910
Change in equity of associates and joint ventures accounted for using equity method			1,577						1,577		1,577
Disposal of investments accounted for under the equity method			(1,927)			374	20	(374)	(1,907)		(1,907)
Difference between consideration and carrying amount of subsidiaries acquired or disposed			5,202						5,202		5,202
Net income in 2022						2,880,553			2,880,553	142,477	3,023,030
Other comprehensive income (loss), net of tax in 2022						4,691	202,002	(90,369)	116,324	5,866	122,190
Total comprehensive income (loss)	-	-	-	-	-	2,885,244	202,002	(90,369)	2,996,877	148,343	3,145,220
Changes in non-controlling interests										(86,412)	(86,412)
Conversion of convertible bonds	32,071	10,910	780,971						823,952		823,952
Balance as of 31 December 2022	\$2,365,841	\$19,200	\$3,067,205	\$1,727,300	\$381,975	\$5,342,675	\$(359,257)	\$88,560	\$12,633,499	\$839,565	\$13,473,064
Balance as of 1 January 2023	\$2,365,841	\$19,200	\$3,067,205	\$1,727,300	\$381,975	\$5,342,675	\$(359,257)	\$88,560	\$12,633,499	\$839,565	\$13,473,064
Appropriation and distribution of 2022 retained earnings											
Legal reserve				288,562		(288,562)			-		-
Cash dividends						(2,030,999)			(2,030,999)		(2,030,999)
Special reserve					(111,279)	111,279			-		-
Other changes in additional paid-in capital											
Change in equity of associates and joint ventures accounted for using equity method			2,595						2,595		2,595
Net income in 2023						3,283,914			3,283,914	(192,022)	3,091,892
Other comprehensive income (loss), net of tax in 2023						(1,689)	(169,336)	39,574	(131,451)	(14,010)	(145,461)
Total comprehensive income (loss)	-	-	-	-	-	3,282,225	(169,336)	39,574	3,152,463	(206,032)	2,946,431
Conversion of convertible bonds	34,491	(19,200)	327,639						342,930		342,930
Difference between consideration and carrying amount of subsidiaries acquired or disposed			24,715						24,715		24,715
Changes in ownership equity of subsidiary			(357,372)						(357,372)		(357,372)
Changes in non-controlling interests										(457,576)	(457,576)
Disposal of investments in equity instruments designated at fair value through other comprehensive income						581		(581)	-		-
Balance as of 31 December 2023	\$2,400,332	\$ -	\$3,064,782	\$2,015,862	\$270,696	\$6,417,199	\$(528,593)	\$127,553	\$13,767,831	\$175,957	\$13,943,788

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$3,918,187	\$3,842,465
Adjustments to reconcile net income before tax to		
Net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	512,546	474,862
Amortization	45,061	51,193
Expected credit loss	751,384	76,385
Gains of financial assets/liabilities at fair value through profit or loss	(2,371)	(32,185)
Interest expense	101,960	84,310
Interest income	(55,455)	(25,082)
Dividend income	(44,764)	(46,251)
Share of profit of associates and joint ventures	(145,464)	(122,148)
Loss (gain) on disposal of property, plant and equipment	3,495	(595)
Property, plant and equipment transferred to expenses	-	556
Gain on disposal of investments	-	(15,068)
Impairment loss on non-financial assets	12,604	-
Amortization of deferred government grants	(364)	(367)
Loss on disposal of right-of-use assets	45	-
Changes in operating assets and liabilities:		
Increase in contract assets	(332,941)	-
Decrease (increase) in notes receivable	17,549	(1,032,331)
Decrease (increase) in accounts receivable	557,671	(1,244,611)
Decrease (increase) in other receivables	161,060	(56,318)
Decrease (increase) in inventories	1,930,017	(2,077,020)
Decrease (increase) in prepayments	370,042	(165,492)
(Increase) decrease in other current assets	(49,503)	41,644
Increase in contract liabilities	247,131	162,545
Increase in notes payable	73,317	546,343
(Decrease) increase in accounts payable	(2,109,114)	2,155,223
(Decrease) increase in other payables	(109,674)	399,764
Increase in other current liabilities	80,080	33,903
Decrease in net defined benefit liabilities	(15,082)	(8,196)
Cash generated from operations	5,917,417	3,043,529
Interest received	55,452	25,082
Dividends received	44,764	46,251
Interest paid	(86,035)	(70,976)
Income tax paid	(737,288)	(557,487)
Net cash provided by operating activities	5,194,310	2,486,399

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English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS(Continued)
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(75,000)	(58,918)
Decrease in financial assets at fair value through other comprehensive income	11,351	15,689
Acquisition of financial assets measured at amortized cost	(80,389)	-
Acquisition of financial assets at fair value through profit or loss	-	(17,552)
Proceeds from disposal of investments accounted for under the equity method	-	22,519
Acquisition of property, plant and equipment	(603,673)	(472,659)
Proceeds from disposal of property, plant and equipment	32,919	21,992
Decrease in other receivables	-	2,437
Decrease in other intangible assets	3,414	7,993
Dividends received	96,010	100,496
Decrease (increase) in other noncurrent assets	88,062	(259,616)
Proceeds from disposal of right-of-use assets	24,878	-
Net cash used in investing activities	(502,428)	(637,619)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(905,396)	99,960
Proceeds from bonds issued	-	1,045,040
Decrease in long-term loans (including current portion)	(4,724)	(290,418)
Increase in deposits received	-	231
Cash payments for the principal portion of the lease liability	(107,156)	(97,040)
Cash dividends	(2,030,999)	(1,640,858)
Change in non-controlling interests	(790,233)	(81,210)
Net cash used in financing activities	(3,838,508)	(964,295)
Effect of exchange rate changes on cash and cash equivalents	(195,057)	215,457
Net increase in cash and cash equivalents	658,317	1,099,942
Cash and cash equivalents at beginning of period	5,108,757	4,008,815
Cash and cash equivalents at end of period	\$5,767,074	\$5,108,757

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

SINBON Electronics Co., Ltd. (the Company) was incorporated in Republic of China (R.O.C) in December 1989. The main activities of the Company include manufacturing and selling computer peripherals, connectors, wires and other parts. The shares of the Company commenced trading on Taiwan's Over-the-Counter Market in May 2001 and were listed on the Taiwan Stock Exchange in August 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2023 and 2022 were authorized for issue by the Board of Directors on 7 March 2024.

3. Newly issued or revised standards and interpretations

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

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

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

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

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

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

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

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

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

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

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

- (b) IFRS 17 “Insurance Contracts”

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

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

4. Summary of material accounting policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed and became effective by the FSC.

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Basis of Preparation

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

(3) Basis of Consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- (f) recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			31 December 2023	31 December 2022	
The Company	SINBON International Enterprise Co., Ltd. (SB BVI)	Holding company	100.00%	100.00%	
The Company	Hong Kong SINBON Electronics Co., Ltd. (HKSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	
The Company	Kwan-Ze Corporation Ltd. (Kwan-Ze)	Selling a wide variety of electronic materials and holding company	100.00%	100.00%	
The Company	SINBON USA L.L.C. (SINBON USA)	Logistic center	100.00%	100.00%	
The Company	Beijing SINBON TongAn Renewable Energy Co., Ltd. (BJSB TongAn)	Manufacturing and selling a wide variety of connectors, wires and cables	99.92%	85.53%	Note 1
The Company	SINBON Europe GmbH (SINBON Europe)	Logistic center	100.00%	100.00%	
The Company	Radbon Electronics Co., Ltd. (Radbon)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	55.00%	Note 2, 3

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			31 December 2023	31 December 2022	
The Company	T-CONN Precision Co., Ltd. (T-CONN)	Manufacturing and selling a wide variety of connectors, wires and cables	56.15%	57.45%	Note 4
The Company	SINBON Hungary Kft (SB Hungary)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
The Company	SINTOP Energy Management Co., Ltd. (SINTOP)	Renewable energy investment management consulting business	53.57%	53.57%-	
The Company	SINBON Electronics Mexico, S. DE R.L. DE C.V. (SB Mexico)	Manufacturing and trading of electronic components	99.00%	-	Note 5
Kwan-Ze	SINBON Electronics Mexico, S. DE R.L. DE C.V. (SB Mexico)	Manufacturing and trading of electronic components	1.00%	-	Note 5
SB BVI	Jiangyin SINBON Electronics Co., Ltd. (JYSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
SB BVI	Shenzhen SINBON Electronics Co., Ltd. (SZSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	
SB BVI	Shanghai SINBON Electronics Co., Ltd. (SHSB)	Selling a wide variety of connectors and cables	100.00%	100.00%	
SB BVI	Tong Cheng SINBON Electronics Co., Ltd. (TCSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	
T-CONN	T-CONN Precision (Zhongshan) Co., Ltd. (T-CONN Zhongshan)	Manufacturing and selling a wide variety of connectors, wires and cables	56.15%	57.45%	Note 4
T-CONN	Super Progressive Ltd. (SPL)	Logistic center	-	57.45%	Note 6
JYSB	Beijing SINBON TongAn Renewable Energy Co., Ltd. (BJSB TongAn)	Manufacturing and selling a wide variety of connectors, wires and cables	0.08%	-	Note 1

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		Note
			31 December 2023	31 December 2022	
BJSB TongAn	Beijing SINBON Electronics Co., Ltd. (BJSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	85.53%	Note 1
BJSB TongAn	ENMAGIC Renewable Energy Co., Ltd. (TWEM)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	85.53%	Note 1
BJSB TongAn	Jiangsu ENMAGIC Energy Co., Ltd. (JSEM)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	85.53%	Note 1
BJSB TongAn	Xuzhou ENMAGIC Energy Co., Ltd. (XZEM)	Development of new energy technology	100.00%	85.53%	Note 1
JSEM	Kunshan ENMAGIC Energy Co., Ltd. (KSEM)	Solar Photovoltaic Power Station Project Design, Construction, Operation, and Maintenance	100.00%	85.53%	Note 1
SINBON USA	Worldwide Wire Harness Co., Ltd. (SST)	Holding Company	50.00%	50.00%	
SINBON USA	SINBON Ohio LLC (SB Ohio)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	51.00%	Note 7
SST	SINBON Technologies Tennessee L.L.C. (STT)	Logistic Center	50.00%	50.00%	

Note 1: On 5 May 2023, BJSB TongAn completed the capital reduction change. As a result, the Company's ownership increased from 85.53% to 99.92%, with the remaining 0.08% held by JYSB.

Note 2: On 1 August 2023, the Company acquired 45% shares of Radbon. Consequently, the Company's ownership increased from 55% to 100%.

Note 3: On 8 November 2023, Radbon Avionics Inc. was approved to change its name to Radbon Electronics Co., Ltd.

Note 4: On 1 December 2023, T-CONN raised capital. However, the Group did not acquire shares according to the shareholding percentage. Therefore, the Group's ownership dropped from 57.42% to 56.15%.

Note 5: On 25 September 2023, the Company and Kwan-Ze newly invested NT\$70,765 thousand to establish SB Mexico, and the Group directly holds 100% of the voting shares. Accordingly, SB Mexico was consolidated.

Note 6: In January 2023, SPL was liquidated, the Group ceases to include such subsidiary gains and losses in the consolidated financial reports as of the date of loss of control.

Note 7: On 27 December 2022, SINBON Circuits & Cables LLC was approved to change its name to SINBON Ohio LLC.

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The subsidiaries included in the consolidated financial statements listed above, some of which financial statements are recorded as the basis of the verification by other accountants. As of 31 December 2023 and 2022, the related assets amounted to NT\$7,048,083 thousand and NT\$7,415,475 thousand. The net sales of these subsidiaries amounted to NT\$8,076,344 thousand and NT\$8,704,838 thousand.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NT\$), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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(2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired.
- ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

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Equity instruments

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

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

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On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(5) Offsetting of financial instruments

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

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(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) Fair value measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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

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

(11) Inventories

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

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

Raw materials - Purchase cost under weighted average cost method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

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

(12) Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

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

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

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

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

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

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

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(13) Property, plant and equipment

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

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

Items	Useful Lives
Buildings	5~50 years
Machinery and equipment	3~15 years
Transportation equipment	5~10 years
Office equipment	3~10 years
Other equipment	2~15 years
Leasehold improvements	Lower of leasehold years or useful lives

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

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(14) Leases

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

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

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

Group as a lessee

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

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

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- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

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

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

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

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

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

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

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

Group as a lessor

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

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

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

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(15) Intangible assets

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

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

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

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

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

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

	Computer software
Useful lives	1~15 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

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(16) Impairment of non-financial assets

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

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

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(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

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Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are computer peripherals, connectors, wires and other parts and revenue is recognized based on the consideration stated in the contract.

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

The credit period of the Group's sale of goods is from 60 to 120 days, while the term for wind energy sales is receiving three-month term acceptance after a period of three-month from delivery due to industry characteristics. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Group provides maintenance services for the sale of construction for solar photovoltaic power generation system. Such services are separately priced or negotiated and provided based on contract periods.

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Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component has arisen.

Construction revenues

Contract revenue is recognized within the scope that is likely to generate revenue and can be measured reliably, including the original amount of the contract signed, plus any changes related to the contract, claims for compensation and incentive payments, etc. When the construction contract meet the following criteria, the entity recognizes revenue over time. The customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs; the entity's performance creates or enhances an asset that the customer controls as the asset is created; or the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. Contract assets are recognized when the service has been transferred to the customer but the right to unconditionally receive the consideration has not yet been granted. However, there are some contracts, because part of the consideration is collected from the customer when the contract is signed, and the company assumes the obligation to provide labor services in the future, so it is recognized as a contract liability.

Depending on the nature of the contract, the degree of completion is calculated as the proportion of contract costs incurred to date on completion of work to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of expected cost recovery and expected contract losses are recognized immediately in profit or loss.

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(19) Borrowing costs

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

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Post-employment benefits

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

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

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

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

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

(22) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

(23) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired, and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquire either at fair value or at the non-controlling interest's proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquire.

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If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* (before 1 January 2023: IAS 39 "Financial Instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

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

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(1) Judgement

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

De facto control without a majority of the voting rights in investee

The Group does not have more than 50% of the voting rights and is the main shareholder in certain investees. After taking into consideration factors such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread the remaining shareholders are, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has material influence but does not have de facto control over these investees. Please refer to Note 6 (7) for further details.

(2) Estimates and assumptions

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

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

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(c) Income tax

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

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

(d) Trade receivables—estimation of impairment loss

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

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(e) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2023	2022
Cash on hand	\$5,760	\$7,148
Bank deposits	5,761,314	5,101,609
Total	<u>\$5,767,074</u>	<u>\$5,108,757</u>

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

	As of 31 December	
	2023	2022
Financial assets mandatorily at fair value through profit or loss:		
Stocks	\$224,138	\$182,524
Corporate bonds	73,430	72,330
Forward exchange contracts	59	239
Cross currency swaps	-	43,578
Embedded derivative - bonds	-	178
Total	<u>\$297,627</u>	<u>\$298,849</u>
Current	\$297,627	\$298,849
Noncurrent	-	-
Total	<u>\$297,627</u>	<u>\$298,849</u>

Financial assets at fair value through profit or loss were not pledged.

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(3) Notes receivables

	As of 31 December	
	2023	2022
Notes receivables arising from operating activities	\$1,739,602	\$1,757,151
Notes receivables arising from non-operating activities	-	-
Subtotal (total carrying amount)	1,739,602	1,757,151
Less: loss allowance	-	-
Total	<u>\$1,739,602</u>	<u>\$1,757,151</u>

Part of the Group's notes receivable have been signed into with recourse contracts with financial institutions. Please refer to Note 12.

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance and Note 12 for details on credit risk management.

(4) Accounts receivables

	As of 31 December	
	2023	2022
Accounts receivables	\$6,656,040	\$7,213,711
Less: loss allowance	(827,500)	(76,116)
Subtotal	5,828,540	7,137,595
Accounts receivables from related parties	-	-
Total	<u>\$5,828,540</u>	<u>\$7,137,595</u>

Accounts receivables were not pledged.

Accounts receivables are generally on 60-120 day terms, while the term for wind energy sales is receiving three-month term acceptance after a period of three-month from delivery due to industry characteristics. The total carrying amount are NT\$6,656,040 thousand and NT\$7,213,711 thousand as of 31 December 2023 and 2022. Please refer to Note 6(18) for more details on loss allowance of accounts receivables for the years ended 31 December 2023 and 2022. (Please refer to Note 12 for more details on credit risk management.)

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(5) Inventories

	As of 31 December	
	2023	2022
Raw materials	\$3,483,982	\$3,763,863
Work in progress	505,006	712,258
Finished goods	5,500,197	6,359,589
Merchandise	836,943	1,420,435
Total	<u>\$10,326,128</u>	<u>\$12,256,145</u>

The cost of inventories recognized in cost of goods sold for the years ended 31 December 2023 and 2022 were NT\$24,356,555 thousand and NT\$22,843,276 thousand, respectively. The price reduction of inventories related to cost of goods sold were NT\$86,830 thousand and NT\$52,598 thousand.

Inventories were not pledged.

(6) Financial assets at fair value through other comprehensive income

	As of 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – Non-current Unlisted companies' stocks	<u>\$435,533</u>	<u>\$358,828</u>

On 25 April 2022, the Group invested NT\$8,918 thousand in Katalyst Interactive Inc. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

On 15 June 2022, the Group invested NT\$50,000 thousand in Top Taiwan XIV Venture Capital Co., Ltd. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

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On 24 February 2023, the Group invested NT\$75,000 thousand in SINTOP Energy I Corp. which were reported under equity instrument investments measured at fair value through other comprehensive income during the period.

On 27 June 2023 and 20 June 2022, the paid-in capital returned from capital reduction of Top Taiwan Venture Capital Co., Ltd. amounted to NT\$7,800 thousand and NT\$11,250 thousand.

On 27 June 2023 and 20 June 2022, the paid-in capital returned from capital reduction of Top Taiwan VII Venture Capital Co., Ltd. amounted to NT\$3,551 thousand and NT\$4,439 thousand.

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

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

	For the years ended 31 December	
	2023	2022
Related to investments held at the end of the reporting period	\$36,695	\$43,092
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$36,695</u>	<u>\$43,092</u>

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

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Investees	As of 31 December			
	2023		2022	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
<u>Listed company</u>				
Argosy Research Inc.	\$850,957	19.92%	\$778,315	20.11%
<u>Unlisted companies</u>				
Sardines Wisdom Technology Co., Ltd.	-	26.64%	-	26.64%
Total	<u>\$850,957</u>		<u>\$778,315</u>	

Because Sardines Wisdom Technology Co., Ltd. (Sardines Wisdom) suffered losses and the Group didn't intend to support Sardines Wisdom, the Group reduced the book value of the investment in Sardines Wisdom to zero through recognizing loss.

On the first quarter of 2022, the Group disposed of 0.2% interest in Argosy Research Inc. The cash consideration amounted to NT\$22,519 thousand and the Group recognized gain on disposal of investment in the amount of NT\$15,068 thousand. The cumulative gain of disposal amounting to NT\$374 thousand was transferred from other components of equity to retained earnings and paid-in capital and exchange differences on translation of foreign operations in the amount of NT\$1,927 thousand and NT\$(20) thousand was transferred to the profit and loss according to the disposal ratio.

Argosy Research Inc., which is held by the Group, bought back 1,000,000 treasury shares in the third quarter of 2022. It transferred the repurchased 846,000 shares in the first quarter of 2023 and 154,000 shares in the fourth quarter of 2022 to employees. Therefore, the shareholding ratio of Argosy Research Inc. decreased from 20.11% to 19.92%, and recognized capital reserve change amounted to NT\$2,595 thousand and NT\$1,577 thousand, respectively.

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The Group has 19.92% of the voting rights in Argosy Research Inc. Although the holding of Argosy Research Inc. is less than 20%, the Group as one of the directors, is presumed to have a significant influence on the invested companies. Since the decision-making of Argosy Research Inc. must be resolved by the majority votes of the shareholders' meeting, under such circumstances, the Group does not have the ability to unilaterally determine related activities of Argosy Research Inc. Therefore, it has material influence but does not have the fact control over Argosy Research Inc.

Fair value of the investment in the associate when there is a quoted market price for the investment: Argosy Research Inc. is a listed entity on the Taipei Exchange (TPEX). The fair value of the investment in Argosy Research Inc. was NT\$3,077,696 thousand and NT\$1,435,660 thousand as of 31 December 2023 and 31 December 2022, respectively.

The Group's investments in Argosy Research Inc. and Sardines Wisdom Technology Co., Ltd. are not individually material. The aggregate financial information of the Group's share of its associates is as follows:

	For the years ended 31 December	
	2023	2022
Profit or loss from continuing operations	\$145,464	\$122,148
Other comprehensive income (post-tax)	20,593	(19,731)
Total comprehensive income	<u>\$166,057</u>	<u>\$102,417</u>

The associates had no contingent liabilities capital commitments and pledged as of 31 December 2023 and 31 December 2022.

Our audit, insofar as it related to the investments accounted for under the equity method amounting to NT\$850,957 thousand and NT\$778,315 thousand as of 31 December 2023 and 2022; the related shares of investment income from the associates and joint ventures amounted to NT\$145,464 thousand and NT\$122,148 thousand for the years ended 31 December 2023 and 2022, respectively; and the related shares of other comprehensive income from the associates and joint ventures amounted to NT\$20,593 thousand and NT\$(19,731) thousand for the years ended 31 December 2023 and 2022, respectively; are based solely on the reports of other independent accountants.

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(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending examination	Total
Cost:									
As of 1 January 2023	\$239,845	\$2,383,189	\$1,730,208	\$228,046	\$36,556	\$595,688	\$124,071	\$60,249	\$5,397,852
Additions	123,086	42,607	274,285	21,046	3,589	66,160	7,861	65,039	603,673
Disposals	(4,362)	(19,173)	(42,915)	(10,640)	(8,441)	(14,837)	(14,505)	-	(114,873)
Exchange differences	342	(16,617)	(17,410)	(24)	(448)	(10,155)	(23)	(966)	(45,301)
Other changes	-	63,072	34,374	3,324	-	1,033	-	(73,908)	27,895
As of 31 December 2023	<u>\$358,911</u>	<u>\$2,453,078</u>	<u>\$1,978,542</u>	<u>\$241,752</u>	<u>\$31,256</u>	<u>\$637,889</u>	<u>\$117,404</u>	<u>\$50,414</u>	<u>\$5,869,246</u>
As of 1 January 2022	\$215,174	\$2,208,012	\$1,468,996	\$209,626	\$31,638	\$522,427	\$123,606	\$32,219	\$4,811,698
Additions	24,853	58,905	220,764	24,941	2,602	73,066	376	67,152	472,659
Disposals	-	(726)	(21,022)	(9,755)	-	(26,102)	(378)	-	(57,983)
Exchange differences	(182)	20,181	35,287	4,767	687	8,352	467	280	69,839
Other changes	-	96,817	26,183	(1,533)	1,629	17,945	-	(39,402)	101,639
As of 31 December 2022	<u>\$239,845</u>	<u>\$2,383,189</u>	<u>\$1,730,208</u>	<u>\$228,046</u>	<u>\$36,556</u>	<u>\$595,688</u>	<u>\$124,071</u>	<u>\$60,249</u>	<u>\$5,397,852</u>
Depreciation and impairment:									
As of 1 January 2023	\$ -	\$941,266	\$888,608	\$158,448	\$25,665	\$313,972	\$27,153	\$ -	\$2,355,112
Depreciation	-	118,899	166,980	28,414	4,291	80,226	9,929	-	408,739
Disposals	-	(7,229)	(34,040)	(9,351)	(7,807)	(11,079)	(8,953)	-	(78,459)
Exchange differences	-	(9,159)	(9,498)	(492)	(367)	(6,473)	(2)	-	(25,991)
Other changes	-	-	-	-	-	-	-	-	-
As of 31 December 2023	<u>\$ -</u>	<u>\$1,043,777</u>	<u>\$1,012,050</u>	<u>\$177,019</u>	<u>\$21,782</u>	<u>\$376,646</u>	<u>\$28,127</u>	<u>\$ -</u>	<u>\$2,659,401</u>
As of 1 January 2022	\$ -	\$824,823	\$739,710	\$138,572	\$21,314	\$244,143	\$15,065	\$ -	\$1,983,627
Depreciation	-	108,360	149,903	25,727	3,857	74,968	11,999	-	374,814
Disposals	-	(621)	(17,274)	(9,246)	-	(9,067)	(378)	-	(36,586)
Exchange differences	-	8,704	16,269	3,395	494	3,928	467	-	33,257
Other changes	-	-	-	-	-	-	-	-	-
As of 31 December 2022	<u>\$ -</u>	<u>\$941,266</u>	<u>\$888,608</u>	<u>\$158,448</u>	<u>\$25,665</u>	<u>\$313,972</u>	<u>\$27,153</u>	<u>\$ -</u>	<u>\$2,355,112</u>

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	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment pending examination	Total
Net carrying amount as at:									
31 December 2023	\$358,911	\$1,409,301	\$966,492	\$64,733	\$9,474	\$261,243	\$89,277	\$50,414	\$3,209,845
31 December 2022	\$239,845	\$1,441,923	\$841,600	\$69,598	\$10,891	\$281,716	\$96,918	\$60,249	\$3,042,740

Property, plant and equipment was not pledged.

There is no capitalization of interest due to purchase of property, plant and equipment.

Components of building that have different useful lives are the main building structure and air conditioning, which are depreciated over 50 years and 25 years, respectively.

(9) Other non-current assets

	As of 31 December	
	2023	2022
Prepayment for equipment	\$87,478	\$314,214
Long-term deferred charges	142,223	102,559
Refundable deposits	109,230	83,474
Other assets	44,024	44,967
Total	\$382,955	\$545,214

No other non-current assets were pledged.

(10) Short-term loans

	As of 31 December	
	2023	2022
Unsecured bank loans	\$2,552,289	\$3,457,685
Interest rates applied	1.54%~6.3%	0.54%~5.57%

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The Group's unused short-term lines of credits amounted to NT\$8,244,250 thousand and NT\$8,801,078 thousand as of 31 December 2023 and 2022, respectively.

(11) Financial liabilities at fair value through profit or loss

	As of 31 December	
	2023	2022
Held for trading:		
Derivatives not designated as hedging		
Instruments		
Embedded derivative-bonds	\$1,488	\$5,100
Total	<u>\$1,488</u>	<u>\$5,100</u>
Current	\$1,488	\$ -
Non-current	-	5,100
Total	<u>\$1,488</u>	<u>\$5,100</u>

(12) Other payables

	As of 31 December	
	2023	2022
Salaries payable	\$648,248	\$699,310
Commissions payable	227,299	159,302
Professional service fees payable	97,511	56,794
Employee's compensation	45,565	42,425
Remuneration to directors	27,901	31,639
Dividend payable	20,419	20,814
Other payables-other	703,142	873,642
Total	<u>\$1,770,085</u>	<u>\$1,883,926</u>

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(13) Bonds payable

	As of 31 December	
	2023	2022
Liability component		
Principal amount	\$826,700	\$1,178,100
Discounts on bonds payable	(27,587)	(56,171)
Subtotal	799,113	1,121,929
Less: current portion	(799,113)	(176,281)
Net	\$ -	\$945,648
Embedded derivative	\$1,488	\$4,922
Equity component	\$75,155	\$110,602

Issuance of convertible bonds:

- A. On 12 December 2022, the Company issued the eighth domestic zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT\$1,000,000 thousand

Period: 12 December 2022 ~ 12 December 2025

Redemption clauses:

- a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (13 March 2023) and prior to 40 days before the maturity date (2 November 2025), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

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- b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (13 March 2023) and prior to 40 days before the maturity date (2 November 2025), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.
- c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the “Withdrawal of Convertible Bonds Notice”, at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

- a. The bondholders have the right to require the Company to redeem all or any portion of the bonds, 40 days prior to 2 year anniversary (12 December 2024) of the issuance, at the principal amount of the bonds with an interest calculated at the rate of 0.5% per annum.

Terms of Exchange:

- a. Underlying Securities: Common shares of the Company
- b. Exchange Period: The bonds are exchangeable at any time on or after 13 March 2023 and prior to 12 December 2025 into common shares of the Company
- c. Exchange Price and Adjustment: The exchange price was originally NT\$286.5 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in “Share premium-warrants”.

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The financial liabilities of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT\$1,488 thousand and NT\$5,100 thousand as of 31 December 2023 and 2022 ,respectively.

The convertible bonds that have already been converted amounted to NT\$173,300 thousand as of 31 December 2023.

- B. On 15 December 2020, the Company issued the seventh zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT\$1,300,000 thousand

Period: 15 December 2020 ~ 15 December 2023

Redemption clauses:

- a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 March 2021) and prior to 40 days before the maturity date (5 November 2023), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.
- b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (16 March 2021) and prior to 40 days before the maturity date (5 November 2023), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

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- c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the “Withdrawal of Convertible Bonds Notice”, at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

- a. The bondholders have the right to require the Company to redeem all or any portion of the bonds, 40 days prior to 2 year anniversary (15 December 2022) of the issuance, at the principal amount of the bonds with an interest calculated at the rate of 0.5% per annum.

Terms of Exchange:

- a. Underlying Securities: Common shares of the Company
- b. Exchange Period: The bonds are exchangeable at any time on or after 16 March 2021 and prior to 15 December 2023 into common shares of the Company.
- c. Exchange Price and Adjustment: The exchange price was originally NT\$203 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in “Share premium-warrants”.

The financial assets of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT\$0 thousand and NT\$178 thousand as of 31 December 2023 and 2022, respectively.

The convertible bonds that have already been converted were NT\$1,300,000 thousand and NT\$1,121,900 thousand as at 31 December 2023 and 2022, respectively.

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(14) Long-term deferred revenue

	For the years ended 31 December	
	2023	2022
Beginning balance	\$13,838	\$13,957
Amortization	(364)	(367)
Exchange differences	(257)	248
Ending balance	<u>\$13,217</u>	<u>\$13,838</u>

	As of 31 December	
	2023	2022
Deferred revenue - related to assets	<u>\$13,217</u>	<u>\$13,838</u>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

(15) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT\$64,982 thousand and NT\$62,526 thousand, respectively.

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Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$6,000 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

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The weighted average duration of the defined benefits obligation was 9.6 years as of 31 December 2023.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2023	2022
Current service costs	\$620	\$687
Net interest on the net defined benefit liabilities (assets)	610	408
Total	<u>\$1,230</u>	<u>\$1,095</u>

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	\$119,050	\$134,168	\$140,221
Plan assets at fair value	(78,417)	(80,576)	(72,660)
Net defined benefit liabilities	40,633	53,592	67,561
Less: current portion	(103)	(91)	-
Net defined benefit liabilities, non-current	<u>\$40,530</u>	<u>\$53,501</u>	<u>\$67,561</u>

Reconciliation of liabilities (assets) of the defined benefit plan are as follows:

	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
As of 1 January 2022	\$140,221	\$(72,660)	\$67,561
Current service cost	687	-	687
Interest expense (income)	911	(503)	408
Subtotal	<u>141,819</u>	<u>(73,163)</u>	<u>68,656</u>

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	As of		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities
Remeasurements of the defined benefit liabilities /assets:			
Actuarial gains and losses arising from changes in financial assumptions	(6,073)	-	(6,073)
Experience adjustments	5,416	-	5,416
Remeasurements of the defined benefit assets	-	(5,207)	(5,207)
Subtotal	(657)	(5,207)	(5,864)
Payments of benefit obligation	(6,994)	6,994	-
Contributions by employer	-	(9,200)	(9,200)
As of 31 December 2022	134,168	(80,576)	53,592
Current period service costs	620	-	620
Interest expense (income)	1,677	(1,067)	610
Subtotal	136,465	(81,643)	54,822
Remeasurements of the defined benefit liabilities /assets:			
Experience adjustments	2,393	-	2,393
Remeasurements of the defined benefit assets	-	(282)	(282)
Subtotal	2,393	(282)	2,111
Payments of benefit obligation	(19,808)	19,808	-
Contributions by employer	-	(16,300)	(16,300)
As of 31 December 2023	<u>\$119,050</u>	<u>\$(78,417)</u>	<u>\$40,633</u>

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2023	2022
Discount rate	1.25%	0.85%
Expected rate of salary increases	3.00%	3.00%

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Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.50%	\$ -	\$3,804	\$ -	\$4,717
Discount rate decrease by 0.50%	4,036	-	5,028	-
Future salary increase by 1.00%	8,089	-	10,101	-
Future salary decrease by 1.00%	-	7,342	-	9,084

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

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

(16) Equities

(a) Common stock

The Company's authorized capital was NT\$4,500,000 thousand as of 31 December 2023 and 2022. The issued capital was NT\$2,400,332 thousand and NT\$2,365,841 thousand in a total of 240,033 thousand shares and 236,584 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

As of 1 January 2023, the accumulated book value of certificate of entitlement to new shares from convertible bond that had completed the registration process amounted to NT\$19,200 thousand in a total of 1,920 thousand shares in the first quarter of 2023.

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The investors requested to convert the Company's convertible bonds into common stocks in the amount of NT\$15,291 thousand in a total of 1,529 thousand shares from 1 January 2023 to 31 December 2023, and the registration process had completed as of 31 December 2023. The accumulated book value of certificate of entitlement to new shares from convertible bond amounted to NT\$0 thousand as of 31 December 2023.

(b) Capital surplus

	As of 31 December	
	2023	2022
Additional paid-in capital	\$2,780,077	\$2,416,991
Treasury share transactions	5,749	5,749
Share of changes in net assets of associates and joint ventures accounted for using the equity method	135,114	132,519
Difference between consideration and carrying amount of subsidiaries acquired or disposed	52,100	27,385
Increase through changes in ownership interests in subsidiaries	15,882	373,254
Premium from merge	705	705
Share options	75,155	110,602
Total	<u>\$3,064,782</u>	<u>\$3,067,205</u>

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

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(c) Retained earnings and dividend policies

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

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations;
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

As the Company is undergoing a growth stage, the policy of dividend distribution should reflect its long-term financial planning. The Board of Directors shall make the distribution proposal annually and present it at the Shareholder's meeting every year. The distribution of shareholders dividend shall be allocated cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

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

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

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

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the years ended 31 December 2023 and 2022.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 7 March 2024 and 30 May 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Common stock - cash dividend	\$2,304,318	\$2,030,999	\$9.6	\$8.5
Legal reserve	328,281	288,562		
Special reserve	130,343	(111,279)		

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors.

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(d) Non-controlling interests

	For the years ended 31 December	
	2023	2022
Beginning balance	\$839,565	\$777,634
(Losses) gains attributable to non-controlling interests	(192,022)	142,477
Other comprehensive (loss) income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(12,441)	9,655
Unrealized gains or losses measured at fair value through other comprehensive income	(1,569)	(3,789)
Acquisition of additional interest in a subsidiary	(167,715)	(66,678)
Dividend distribution of the subsidiary	(18,212)	-
Changes in ownership equity of subsidiary	(271,649)	-
Acquisition of the shares of the subsidiary	-	(19,734)
Ending balance	<u>\$175,957</u>	<u>\$839,565</u>

(17) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$31,557,341	\$29,772,576
Construction revenues	618,778	162,981
Other operating revenues	586,166	639,243
Total	<u>\$32,762,285</u>	<u>\$30,574,800</u>

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 are as follows:

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(1) Disaggregation of revenue

For the year ended 31 December 2023

	Green Energy	Industrial Application	Medical Health	Automotive& Aviation	Communication	Total
Sale of goods	\$9,147,977	\$8,892,503	\$2,640,012	\$4,856,232	\$6,020,617	\$31,557,341
Construction revenues	618,778	-	-	-	-	618,778
Other operating revenues	169,920	165,175	49,037	90,203	111,831	586,166
Total	<u>\$9,936,675</u>	<u>\$9,057,678</u>	<u>\$2,689,049</u>	<u>\$4,946,435</u>	<u>\$6,132,448</u>	<u>\$32,762,285</u>
Timing of revenue recognition:						
At a point in time	\$9,317,897	\$9,057,678	\$2,689,049	\$4,946,435	\$6,132,448	\$32,143,507
Over time	618,778	-	-	-	-	618,778
Total	<u>\$9,936,675</u>	<u>\$9,057,678</u>	<u>\$2,689,049</u>	<u>\$4,946,435</u>	<u>\$6,132,448</u>	<u>\$32,762,285</u>

For the year ended 31 December 2022

	Green Energy	Industrial Application	Medical Health	Automotive& Aviation	Communication	Total
Sale of goods	\$7,866,165	\$8,027,907	\$2,725,386	\$4,204,699	\$6,948,419	\$29,772,576
Construction revenues	162,981	-	-	-	-	162,981
Other operating revenues	168,893	172,366	58,516	90,279	149,189	639,243
Total	<u>\$8,198,039</u>	<u>\$8,200,273</u>	<u>\$2,783,902</u>	<u>\$4,294,978</u>	<u>\$7,097,608</u>	<u>\$30,574,800</u>
Timing of revenue recognition:						
At a point in time	\$8,035,058	\$8,200,273	\$2,783,902	\$4,294,978	\$7,097,608	\$30,411,819
Over time	162,981	-	-	-	-	162,981
Total	<u>\$8,198,039</u>	<u>\$8,200,273</u>	<u>\$2,783,902</u>	<u>\$4,294,978</u>	<u>\$7,097,608</u>	<u>\$30,574,800</u>

(2) Contract balances

A. Contract assets – current

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Construction revenues	\$332,941	\$ -	\$ -

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For the years ended 31 December 2023, contract assets increased as the contract consideration had not yet been eligible for the right to receive.

B. Contract liabilities – current

	As of		
	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	\$4,872,653	\$4,725,055	\$2,825,473
Construction revenues	355,174	255,641	-
Total	<u>\$5,227,827</u>	<u>\$4,980,696</u>	<u>\$2,825,473</u>

For the years ended 31 December 2023 and 2022, contract liabilities increased as the consideration received from customers did not satisfy its performance obligations.

(3) Transaction price allocated to unsatisfied performance obligations

As of December 31, 2023, the Group's total transaction price apportioned to unsatisfied performance obligations is NT\$3,071,940 thousand. The Group will gradually recognize the revenue with the completion of these projects, which are expected to be completed in the next 3 years.

(4) Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses

	For the years ended	
	31 December	
	2023	2022
Operation expense - Expected credit losses		
Trade receivables	<u>\$751,384</u>	<u>\$76,385</u>

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

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The Group measures the loss allowance of its contract assets and trade receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2023 and 2022 are as follows:

- (1) The historical credit loss experience for contract assets shows that different customer segments do not have significantly different loss patterns. Therefore, the loss allowance of contract assets is measured at an amount equal to lifetime expected credit losses and with no distinction between groups, details are as follow:

	As at	
	31 Dec. 2023	31 Dec. 2022
Total carrying amount	\$332,941	\$ -
Expected credit loss rates	-%	-%
Loss allowance	-	-
Total	<u>\$332,941</u>	<u>\$ -</u>

- (2) The Group considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. The assessment of the Group's loss allowance as of 31 December 2023 and 2022 are as follows:

As at 31 December 2023

Group 1

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$ -	\$ -	\$ -	\$ -	\$190	\$826,144	\$826,334
Loss ratio	-%	-%	-%	-%	100%	100%	
Lifetime expected credit losses	-	-	-	-	(190)	(826,144)	(826,334)
Carrying amount of trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Group 2

	Not yet due (Note)	Overdue					
		91-120					
		<=30 days	31-60 days	61-90 days	days	>=121 days	Total
Gross carrying amount	\$7,031,222	\$395,629	\$100,384	\$11,734	\$12,155	\$18,184	\$7,569,308
Loss ratio	-%	-%	-%	-%	-%	5%-100%	
Lifetime expected credit losses	-	-	-	-	-	(1,166)	(1,166)
Carrying amount of trade receivables	<u>\$7,031,222</u>	<u>\$395,629</u>	<u>\$100,384</u>	<u>\$11,734</u>	<u>\$12,155</u>	<u>\$17,018</u>	<u>\$7,568,142</u>

As at 31 December 2022

Group 1

	Not yet due	Overdue					
		91-120					
		<=30 days	31-60 days	61-90 days	days	>=121 days	Total
Gross carrying amount	\$249,997	\$55,452	\$3,468	\$37,841	\$192,567	\$84,967	\$624,292
Loss ratio	6%	12%	12%	12%	15%	25%	
Lifetime expected credit losses	(13,939)	(6,625)	(410)	(4,519)	(28,278)	(21,179)	(74,950)
Carrying amount of trade receivables	<u>\$236,058</u>	<u>\$48,827</u>	<u>\$3,058</u>	<u>\$33,322</u>	<u>\$164,289</u>	<u>\$63,788</u>	<u>\$549,342</u>

Group 2

	Not yet due (Note)	Overdue					
		91-120					
		<=30 days	31-60 days	61-90 days	days	>=121 days	Total
Gross carrying amount	\$7,812,661	\$417,178	\$83,152	\$19,106	\$2,356	\$12,117	\$8,346,570
Loss ratio	-%	-%	-%	-%	-%	5%-100%	
Lifetime expected credit losses	-	-	-	-	-	(1,166)	(1,166)
Carrying amount of trade receivables	<u>\$7,812,661</u>	<u>\$417,178</u>	<u>\$83,152</u>	<u>\$19,106</u>	<u>\$2,356</u>	<u>\$10,951</u>	<u>\$8,345,404</u>

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of contract assets, note receivables and accounts receivables during the 31 December 2023 and 2022 are as follows:

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	For the years ended 31 December	
	2023	2022
Balance, beginning of year	\$76,116	\$1,166
Addition/(reversal) for the current period	751,384	76,385
Write off	-	(1,435)
Balance, end of year	<u>\$827,500</u>	<u>\$76,116</u>

(19) Leases

The Group is a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, and transportation equipment. The lease terms range from 1 to 16 years.

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

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of 31 December	
	2023	2022
Land	\$31,244	\$57,746
Buildings	249,992	323,566
Machinery and equipment	21,566	27,292
Transportation equipment	26,206	24,004
Total	<u>\$329,008</u>	<u>\$432,608</u>

During the years ended 31 December 2023 and 2022, the Group's additions to right-of-use assets amounting to NT\$31,720 thousand and NT\$67,622 thousand.

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(b) Lease liabilities

	As of 31 December	
	2023	2022
Lease liabilities		
Current	\$89,041	\$99,449
Non-Current	198,741	268,921
Total	<u>\$287,782</u>	<u>\$368,370</u>

Please refer to Note 6(21)(d) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022. Refer to Note 12 (5) liquidity risk management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

B. Amounts recognized in the statements of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	\$1,110	\$1,651
Buildings	83,727	81,020
Machinery and equipment	5,901	6,045
Transportation equipment	13,069	11,332
Total	<u>\$103,807</u>	<u>\$100,048</u>

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	<u>\$62,455</u>	<u>\$41,802</u>

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D. Cash outflow related to lessee and lease activity

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$176,088 thousand and NT\$147,643 thousand.

(20) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$1,894,522	\$1,851,609	\$3,746,131	\$2,040,579	\$1,906,111	\$3,946,690
Labor and health insurance	250,994	249,748	500,742	230,510	225,204	455,714
Pension	26,030	40,182	66,212	26,863	36,758	63,621
Other employee benefits expense	131,684	97,035	228,719	165,156	105,415	270,571
Depreciation	303,582	208,964	512,546	282,981	191,881	474,862
Amortization	14,798	30,263	45,061	16,468	34,725	51,193

According to the Articles of Incorporation, 1% to 15% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

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Based on profit of 31 December 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended of 31 December 2023 to be 1.00% and 0.64% of profit, respectively. The employees' compensation and remuneration to directors for the year ended of 31 December 2023 amount to NT\$40,500 thousand and NT\$26,000 thousand respectively, recognized as employee benefits expense.

A resolution was passed at the Board of Directors meeting held on 7 March 2024 to distribute NT\$40,500 thousand and NT\$26,000 thousand in cash as employees' compensation and remuneration to directors of 2023, respectively. Differences between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2023 are recognized in profit or loss of the subsequent year in 2024.

The employees' compensation and remuneration to directors for the year ended of 31 December 2022 amount to NT\$35,000 thousand and NT\$23,500 thousand, respectively. No material differences exist between the recognized amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2022.

(21) Non-operating income and expenses

(a) Interest income

	For the years ended 31 December	
	2023	2022
Bank deposit interest	\$55,455	\$25,082

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(b) Other income

	For the years ended 31 December	
	2023	2022
Sample income	\$108,940	\$95,715
Dividend income	44,764	46,251
Others	163,360	40,351
Total	<u>\$317,064</u>	<u>\$182,317</u>

(c) Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	\$140,744	\$261,435
Gains on disposal of investments	-	15,068
(Losses) Gains on disposal of property, plant and equipment	(3,495)	595
(Losses) Gains of financial asset at fair value through profit or loss (Note1)	(1,137)	32,268
Gains (losses) of financial liabilities at fair value through profit or loss (Note2)	3,508	(83)
Losses on disposal of right-of-use assets	(45)	-
Impairment loss on intangible assets	(12,604)	-
Other expense	(21,670)	(38,504)
Total	<u>\$105,301</u>	<u>\$270,779</u>

Note:

1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss, including valuation adjustment, dividend income, interest income and exchange gains and losses etc.
2. Balances were arising from held for trading financial liabilities, including valuation adjustment, interest expense and exchange gains and losses etc.

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(d) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	\$75,391	\$67,074
Interest on bonds payable	20,092	8,435
Interest on lease liabilities	6,477	8,801
Total	<u>\$101,960</u>	<u>\$84,310</u>

(22) Components of other comprehensive income

For the year ended 31 December 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Item that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$(2,111)	\$ -	\$(2,111)	\$422	\$(1,689)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	13,047	-	13,047	-	13,047
Share of other comprehensive income (loss) of associates and joint ventures which will not be reclassified subsequently to profit or loss	24,958	-	24,958	-	24,958
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(216,783)	-	(216,783)	39,371	(177,412)
Share of other comprehensive income (loss) of associates and joint ventures which may be reclassified subsequently to profit or loss	(4,365)	-	(4,365)	-	(4,365)
Total of other comprehensive income	<u>\$(185,254)</u>	<u>\$ -</u>	<u>\$(185,254)</u>	<u>\$39,793</u>	<u>\$(145,461)</u>

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For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Item that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plans	\$5,864	\$ -	\$5,864	\$(1,173)	\$4,691
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(73,068)	-	(73,068)	-	(73,068)
Share of other comprehensive income (loss) of associates and joint ventures which will not be reclassified subsequently to profit or loss	(21,090)	-	(21,090)	-	(21,090)
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	259,682	-	259,682	(49,384)	210,298
Share of other comprehensive income (loss) of associates and joint ventures which may be reclassified subsequently to profit or loss	1,359	-	1,359	-	1,359
Total of other comprehensive income	<u>\$172,747</u>	<u>\$ -</u>	<u>\$172,747</u>	<u>\$(50,557)</u>	<u>\$122,190</u>

(23) Income tax

Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	\$818,914	\$666,829
Adjustments in respect of current income tax of prior periods	12,493	17,759
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(2,179)	134,692
Adjustments of prior year's deferred income tax	(2,933)	155
Total income tax expense	<u>\$826,295</u>	<u>\$819,435</u>

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Income tax relating to components of other comprehensive income

	For the years ended	
	31 December	
	2023	2022
Deferred tax (income) expense:		
Exchange differences on translation of foreign operations	\$(39,371)	\$49,384
Remeasurements of defined benefit plans	(422)	1,173
Income tax relating to components of other comprehensive income	<u>\$(39,793)</u>	<u>\$50,557</u>

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

	For the years ended	
	31 December	
	2023	2022
Accounting profit before tax from continuing operations	<u>\$3,918,187</u>	<u>\$3,842,465</u>
At the Company's statutory income tax rate	\$783,637	\$776,750
Tax effect of revenues exempt from taxation	(250,492)	(224,931)
Tax effect of expenses not deductible for tax purposes	7,453	11,132
Tax effect of deferred tax assets/liabilities	401,110	360,007
Corporate income surtax on undistributed retained earnings	28,253	20,651
Tax effect of different tax rates for entities in other tax regions	(58,478)	(44,333)
Adjustments in respect of deferred income tax of prior periods	(2,933)	155
Adjustments in respect of current income tax of prior periods	12,493	17,759
Others	(94,748)	(97,755)
Total income tax expense recognized in profit or loss	<u>\$826,295</u>	<u>\$819,435</u>

Deferred tax assets (liabilities) relate to the following:

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	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as of 31 December
Temporary differences					
Exchange differences on translation of foreign operations	\$45,863	\$ -	\$39,371	\$ -	\$85,234
Investments accounted for using the equity method	(360,746)	(165,294)	-	-	(526,040)
Unrealized intragroup profits and losses	31,220	1,669	-	-	32,889
Unrealized foreign exchange gains or losses	(6,334)	7,885	-	-	1,551
Loss from price reduction of inventories and slow-moving inventories	13,077	15,384	-	(48)	28,413
Revaluations of financial assets at fair value through profit or loss	(26,384)	249	-	-	(26,135)
Remeasurements of defined benefit plans	6,327	-	422	-	6,749
Net defined benefit liabilities, non-current	6,195	(3,014)	-	-	3,181
Deferred income-government grants	2,075	(55)	-	(37)	1,983
Loss allowance	15,288	148,039	-	(5)	163,322
Allowance for sales discounts	176	41	-	-	217
Convertible bonds	(1,999)	(682)	-	-	(2,681)
Depreciation	(19,367)	(1,102)	-	415	(20,054)
Royalty valuation	3,327	1,992	-	-	5,319
Deferred tax (income) /expense		<u>\$5,112</u>	<u>\$39,793</u>	<u>\$325</u>	
Net deferred tax assets (liabilities)	<u>\$(291,282)</u>				<u>\$(246,052)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$123,548</u>				<u>\$330,006</u>
Deferred tax liabilities	<u>\$414,830</u>				<u>\$576,058</u>

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	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance as of 31 December
Temporary differences					
Exchange differences on translation of foreign operations	\$95,247	\$ -	\$(49,384)	\$ -	\$45,863
Investments accounted for using the equity method	(211,126)	(149,620)	-	-	(360,746)
Unrealized intragroup profits and losses	8,326	22,894	-	-	31,220
Unrealized foreign exchange gains or losses	4,510	(10,844)	-	-	(6,334)
Loss from price reduction of inventories and slow-moving inventories	8,559	4,474	-	44	13,077
Revaluations of financial assets at fair value through profit or loss	(19,698)	(6,686)	-	-	(26,384)
Remeasurements of defined benefit plans	7,500	-	(1,173)	-	6,327
Net defined benefit liabilities, non-current	7,816	(1,621)	-	-	6,195
Deferred income-government grants	2,093	(55)	-	37	2,075
Accumulated losses	1,508	(1,508)	-	-	-
Loss allowance	974	14,314	-	-	15,288
Allowance for sales discounts	241	(65)	-	-	176
Convertible bonds	(2,244)	245	-	-	(1,999)
Depreciation	(9,511)	(9,702)	-	(154)	(19,367)
Royalty valuation	-	3,327	-	-	3,327
Deferred tax (income) /expense		<u>\$(134,847)</u>	<u>\$(50,557)</u>	<u>\$(73)</u>	
Net deferred tax assets (liabilities)	<u>\$ (105,805)</u>				<u>\$ (291,282)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$136,774</u>				<u>\$123,548</u>
Deferred tax liabilities	<u>\$242,579</u>				<u>\$414,830</u>

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Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company shall recognize the relevant deferred income tax liabilities for the income tax payable that may arise when the undistributed surplus of a foreign subsidiary is remitted back, in accordance with the undistributed surplus expected to be allocated by the future subsidiary.

Exposure to Pillar Two income taxes

Some subsidiaries of the Company are located in tax jurisdictions where Pillar Two Model Rules has been legislated or substantially enacted. As of December 31, 2023, the Group has assessed and determined that the Group is not exposed to Pillar Two income taxes arising from the legislation.

The assessment of income tax returns

As of 31 December 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiary- Kwan-Ze Corporation Ltd.	Assessed and approved up to 2021
Subsidiary- T-CONN Precision Co., Ltd.	Assessed and approved up to 2021
Subsidiary- Radbon Electronics Co., Ltd.	Assessed and approved up to 2021
Subsidiary - SINTOP Energy Management Co., Ltd.	Assessed and approved up to 2021
Sub-subsidiary - ENMAGIC Renewable Energy Co., Ltd.	Assessed and approved up to 2020

(24) Earnings per share

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

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

	For the years ended 31 December	
	2023	2022
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	<u>\$3,283,914</u>	<u>\$2,880,553</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>239,508</u>	<u>235,774</u>
Basic earnings per share (NT\$)	<u>\$13.71</u>	<u>\$12.22</u>
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company	\$3,283,914	\$2,880,553
Interest expense from convertible bonds	<u>16,073</u>	<u>6,748</u>
Profit attributable to ordinary equity holders of the Company after dilution	<u>\$3,299,987</u>	<u>\$2,887,301</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	239,508	235,774
Effect of dilution:		
Employee compensation-stock (in thousands)	135	127
Convertible bonds (in thousands)	<u>3,411</u>	<u>7,145</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>243,054</u>	<u>243,046</u>
Diluted earnings per share (NT\$)	<u>\$13.58</u>	<u>\$11.88</u>

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

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(25) Changes in parent's interest in subsidiaries

Acquisition of additional interest in a subsidiary

On 31 July 2023, the Group acquired an additional 45% of the voting shares of Radbon Electronics Co., Ltd., increasing its ownership to 100%. A cash consideration of NT\$143,000 thousand was paid to the non-controlling interest shareholders. The carrying amount of Radbon Electronics Co., Ltd.'s net assets (excluding goodwill on the original acquisition) was NT\$372,699 thousand. Following is a schedule of additional interest acquired in Radbon Electronics Co., Ltd. including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

	<u>Amount</u>
Cash consideration paid to non-controlling shareholders	\$143,000
Increase (decrease) to non-controlling interests	<u>(167,715)</u>
Difference recognized in capital surplus or retained earning within equity	<u><u>\$(24,715)</u></u>

The return of paid-in capital from capital reduction by subsidiary

On 30 June 2023, BJSB TongAn had proceed from capital reduction of shares hold by the non-controlling. Consequently the Group's ownership interest in BJSB TongAn was increased to 100%. A cash consideration of NT\$752,157 was paid to the non-controlling interest shareholders. The carrying amount of BJSB TongAn's net assets (excluding goodwill on the original acquisition) was NT\$1,910,184 thousand. Following is a schedule of reduction in BJSB TongAn including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

	<u>Amount</u>
Cash consideration paid to non-controlling shareholders	\$752,157
Increase (decrease) to non-controlling interests	<u>(385,052)</u>
Difference recognized in capital surplus or retained earning within equity	<u><u>\$367,105</u></u>

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Acquisition of new shares in a subsidiary not in proportionate to ownership interest

On 1 December 2023, T-CONN raised capital. However, the Group did not acquire shares according to the shareholding percentage. Therefore, the Group's ownership dropped from 57.42% to 56.15%. The Group received additional cash from the issuance of new shares in the amount of NT\$122,261 thousand. The following table is a schedule of interest disposed of by T-CONN including increases in non-controlling interests:

	<u>Amount</u>
Additional cash received from the issuance of new shares	\$(122,261)
Increase (decrease) to non-controlling interests	<u>112,982</u>
Difference recognized in capital surplus or retained earning within equity	<u><u>\$(9,279)</u></u>

In the third quarter of 2023, T-CONN raised capital through the conversion of employee compensation. Consequently, the Group's ownership interest decreased from 57.45% to 57.42%, leading to an increase in non-controlling interests by NT\$421 thousand, and an additional paid-in capital of NT\$454 thousand was recognized.

7. Related party transactions

All transactions between the Group's consolidated entities have been eliminated in preparing consolidated financial statements, for other significant transactions information, please refer to Note 13. There were no significant transactions with related parties from non-consolidated entities.

Key management personnel compensation

	For the years ended 31 December	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$376,462	\$339,959
Post-employment benefits	66,212	63,621
Total	<u><u>\$442,674</u></u>	<u><u>\$403,580</u></u>

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8. Assets pledged as security

None.

9. Commitments and contingencies

(a) The Company provided guarantees for subsidiaries' financing to banks for the year ended 31 December 2023. Please refer to Note 13.(1)(b).

(b) As of 31 December 2023 and 2022, the Group was issued letters of guarantee by banks in the amount of NT\$10,500 thousand and NT\$14,300 thousand for importing goods, respectively.

(c) Amounts available under unused letters of credit are as follows (Foreign currency is expressed in thousands):

Currency	Carrying amount	
	2023.12.31	2022.12.31
USD	\$300	\$300

(d) The Group approached the bank to provide product quality assurance commitments. As of the years ended 31 December 2023 and 2022, the assurance amount was NT\$8,007 thousand and NT\$0 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

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12. Others

(1) Categories of financial instruments

<u>Financial assets</u>	As of 31 December	
	2023	2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	\$297,627	\$298,849
Financial assets at fair value through other comprehensive income	435,533	358,828
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	5,761,314	5,101,609
Financial assets measured at amortized cost	80,389	-
Notes receivable	1,739,602	1,757,151
Accounts receivable	5,828,540	7,137,595
Other receivables	185,218	346,275
Refundable deposits	109,230	83,474
Subtotal	13,704,293	14,426,104
Total	<u>\$14,437,453</u>	<u>\$15,083,781</u>

<u>Financial liabilities</u>	As of 31 December	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$2,552,289	\$3,457,685
Notes and accounts payable	4,813,738	6,849,535
Bonds payable (including current portion with maturity less than 1 year)	799,113	1,121,929
Long-term loans (including current portion with maturity less than 1 year)	16,858	21,582
Others payables	1,770,085	1,883,926
Lease liability	287,782	368,370
Subtotal	10,239,865	13,703,027
Financial liabilities at fair value through profit or loss:		
Held for trading	1,488	5,100
Total	<u>\$10,241,353</u>	<u>\$13,708,127</u>

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(2) Financial risk management objectives and policies

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

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

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

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

Foreign currency risk

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

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, RMB and EUR.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit.

Pre-tax sensitivity analysis of changes in related risk factors for the years ended 31 December 2023 and 2022 are as follows:

For the year ended 31 December 2023

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/- 1%	+/-47,382	-/+ (2,687)
	NTD/RMB rate +/- 1%	+/-97	+/-5,504
	NTD/EUR rate +/- 1%	+/-3,179	-
Interest rate risk	Market rate +/- 10 basis points	-/+2,568	-

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For the year ended 31 December 2022

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/- 1%	+/- \$29,328	+/- \$(2,304)
	NTD/RMB rate +/- 1%	+/- \$528	+/- \$952
	NTD/EUR rate +/- 1%	+/- \$3,244	-
Interest rate risk	Market rate +/- 10 basis points	-/+ \$3,438	-

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price measured at fair value through profit or loss could increase/decrease the Group's profit for the years ended 31 December 2023 and 2022 by NT\$22,414 thousand and NT\$18,252 thousand, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

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(4) Credit risk management

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

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

As of 31 December 2023 and 2022, amounts receivables from top ten customers represented 24% and 22% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

(5) Liquidity risk management

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

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Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2023					
Loans	\$2,578,286	\$2,115	\$ -	\$ -	\$2,580,401
Notes and Accounts payables	4,813,738	-	-	-	4,813,738
Convertible bonds	807,124	-	-	-	807,124
Lease liabilities	101,747	85,662	30,611	91,630	309,650
As of 31 December 2022					
Loans	\$3,483,003	\$17,337	\$689	\$ -	\$3,501,029
Notes and Accounts payables	6,849,535	-	-	-	6,849,535
Convertible bonds	179,885	1,010,025	-	-	1,189,910
Lease liabilities	106,347	138,500	39,139	103,886	387,872

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loan (including maturity within a year)	Lease liabilities	Deposits received	Bonds payable (including maturity within a year)	Total liabilities from financing activities
As of 1 January 2023	\$3,457,685	\$21,582	\$368,370	\$233	\$1,121,929	\$4,969,799
Cash flow	(905,396)	(4,724)	(107,156)	-	-	(1,017,276)
Non-cash change	-	-	26,568	-	(322,816)	(296,248)
As of 31 December 2023	<u>\$2,552,289</u>	<u>\$16,858</u>	<u>\$287,782</u>	<u>\$233</u>	<u>\$799,113</u>	<u>\$3,656,275</u>

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loan (including maturity within a year)	Lease liabilities	Deposits received	Bonds payable (including maturity within a year)	Total liabilities from financing activities
As of 1 January 2022	\$3,357,725	\$312,000	\$400,816	\$2	\$994,351	\$5,064,894
Cash flow	99,960	(290,418)	(97,040)	231	1,045,040	757,773
Non-cash change	-	-	64,594	-	(917,462)	(852,868)
As of 31 December 2022	<u>\$3,457,685</u>	<u>\$21,582</u>	<u>\$368,370</u>	<u>\$233</u>	<u>\$1,121,929</u>	<u>\$4,969,799</u>

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(7) Fair values of financial instruments

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

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

- a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

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e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

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

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2023 and 2022 are as follows:

Cross currency swaps and forward exchange contracts

The Group entered into cross currency swaps and forward exchange contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to cross currency swaps and forward exchange contracts:

Items	Notional Amount (in thousands)			Contract Period
As of 31 December 2023				
Forward exchange contracts	Sell USD	USD	350	20 October 2023 – 18 March 2024
As of 31 December 2022				
Cross currency swaps		USD	15,000	9 February 2022–27 March 2023
Forward exchange contracts	Sell USD	USD	1,380	9 November 2022 – 17 March 2023

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Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(13) for further information on this transaction.

The counterparties for the derivatives transactions are well known domestic or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward exchange contracts and cross currency swaps, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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(b) Fair value measurement hierarchy of the Group's assets and liabilities

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

As of 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$224,138	\$ -	\$ -	\$224,138
Corporate bonds	73,430	-	-	73,430
Forward exchange contracts	-	59	-	59
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	435,533	435,533
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Embedded derivative-bonds	\$ -	\$1,488	\$ -	\$1,488

As of 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Stocks	\$182,524	\$ -	\$ -	\$182,524
Corporate bonds	72,330	-	-	72,330
Forward exchange contracts	-	239	-	239
Cross currency swaps	-	43,578	-	43,578
Embedded derivative-bonds	-	178	-	178
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	358,828	358,828
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Embedded derivative-bonds	\$ -	\$5,100	\$ -	\$5,100

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Transfers between Level 1 and Level 2 during the period

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

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2023	\$358,828
Total gains and losses recognized for the year ended 31 December 2023:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	13,047
The return of paid-in capital for capital reduction	(11,351)
Acquisition	75,000
Effect of currency	9
Ending balances as of 31 December 2023	<u>\$435,533</u>
Beginning balances as of 1 January 2022	\$388,571
Total gains and losses recognized for the year ended 31 December 2022:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	(73,068)
The return of paid-in capital for capital reduction	(15,689)
Acquirement	58,918
Effect of currency	96
Ending balances as of 31 December 2022	<u>\$358,828</u>

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Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through other comprehensive income					
Stocks and others	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT\$ 43,533 thousand

As of 31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through other comprehensive income					
Stocks and others	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT\$ 35,298 thousand
Stocks and others	Option pricing model	Fluctuation rate	34.08%	The higher the fluctuation rate, the higher the fair value of the stocks	10% increase (decrease) in the fluctuation rate would result in increase (decrease) in the Group's profit or loss by NT\$ 585 thousand

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

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

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

As of 31 December 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method (please refer to Note 6(7))	\$3,077,696	\$ -	\$ -	\$3,077,696

As of 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method (please refer to Note 6(7))	\$1,435,660	\$ -	\$ -	\$1,435,660

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

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	As of 31 December 2023			As of 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items:</u>						
USD	\$203,756	30.74	\$6,262,449	\$165,038	30.71	\$5,067,986
RMB	613,163	4.33	2,657,299	922,619	4.42	4,075,694
EUR	20,406	34.01	694,039	18,731	32.71	612,674
<u>Financial liabilities</u>						
<u>Monetary items:</u>						
USD	58,334	30.74	1,792,907	77,034	30.71	2,365,565
RMB	483,922	4.33	2,097,199	889,124	4.42	3,927,727
EUR	11,058	34.01	376,105	8,814	32.71	288,309

The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT\$140,744 thousand and NT\$ 261,435 thousand foreign exchange gains for the years ended 31 December 2022 and 2023, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

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(12) Transfer of financial assets information

Part of the Group's notes receivable have been signed into with recourse contracts with financial institutions. Yet the Group transferred the cash flow rights of such receivables, the company still bear the credit risk that notes receivable cannot be collected, which does not meet the derecognition of financial assets. The transaction related information is as follows:

As of 31 December 2023

Counterparty	Amount to be transferred	Amount have been advanced (Note)
HSBC Bank (China) Shanghai Company Limited	\$6,188	\$6,188
Fubon Bank (China) Tianjin Branch	21,669	21,669
Bank of Ningbo Jiangyin Branch	47,569	47,569
China Merchants Bank Beijing Jiuxianqiao Science and Technology Finance Sub Branch	78,008	78,008
ICBC Anqing Tongcheng Branch	218,743	218,743

As of 31 December 2022

Counterparty	Amount to be transferred	Amount have been advanced (Note)
Bank of Ningbo Jiangyin Branch	\$18,992	\$18,992
Agricultural Bank of China Jiangyin Economic Development Zone Sub-branch	31,481	31,481
HSBC Bank (China) Shanghai Company Limited	37,525	37,525
BOCOM Anqing Tongcheng Branch	50,820	50,820
ICBC Anqing Tongcheng Branch	139,854	139,854
Branch Wuxi Jiangyin China Merchants Bank	271,432	271,432

Note: Recorded in short-term loans

13. Other disclosure

(1) Information at significant transactions

- (a) Financing provided to others for the year ended 31 December 2023: Please refer to Attachment 1.
- (b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 2.

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- (c) Securities held as of 31 December 2023: Please refer to Attachment 3.
- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2023: Please refer to Attachment 4.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023: Please refer to Attachment 5.
- (i) Financial instruments and derivative transactions: Please refer to Note 12 (8).
- (j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 6.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: Please refer to Attachment 7.

(3) Information on investments in mainland China

- (a) Investment in Mainland China: Please refer to Attachment 8.
- (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China: Please refer to Attachment 2,4,5 and 6.

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(4) Information of major shareholders

The Group has no shareholders with a shareholding ratio of more than 5% on 31 December 2023.

14. Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has five reportable operating segments as follows:

- (a) Green Energy: The segment focuses on the development, manufacturing and sales of cable assembly and control modules for green energy industries such as solar photovoltaic, wind power and offshore wind power.
- (b) Industrial Application: The segment focuses on the development, manufacturing and sales of industrial application products such as robot arm control cable assemblies, control cabinet cable assemblies and panel connection cables.
- (c) Medical Health: This segment is responsible for the development, manufacture and sale of medical equipment cables such as electrocardiographs, oximeters and X-ray wiring harnesses.
- (d) Automotive & Aviation: The segment focuses on the development, manufacturing and sales of electric vehicle charging guns and charging piles, automotive oxygen sensors and parking-related equipment cables.
- (e) Communication: The segment focuses on the development, manufacturing and sales of communication related cables such as smart phones, smart wearable devices and VR /AR HMD devices.

Operating segments have been aggregated to be reported as aforementioned operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

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Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

Information on profit or loss, assets and liabilities of the reportable segment for the year ended 31 December 2023 and 2022 were as of :

For the year ended 31 December 2023

	Green Energy	Industrial Application	Medical Health	Automotive & Aviation	Communication	Reconciliation and Eliminated (Note)	Total
Revenue							
External customer	\$9,936,675	\$9,057,678	\$2,689,049	\$4,946,435	\$6,132,448	\$ -	\$32,762,285
Inter-segment	2,038,054	1,857,768	551,535	1,014,535	1,257,791	(6,719,683)	-
Total revenue	<u>\$11,974,729</u>	<u>\$10,915,446</u>	<u>\$3,240,584</u>	<u>\$5,960,970</u>	<u>\$7,390,239</u>	<u>\$(6,719,683)</u>	<u>\$32,762,285</u>
Segment profit	<u>\$1,034,401</u>	<u>\$1,267,253</u>	<u>\$504,101</u>	<u>\$542,939</u>	<u>\$569,493</u>	<u>\$ -</u>	<u>\$3,918,187</u>

Note: Inter-segment revenues were eliminated when consolidated.

For the year ended 31 December 2022

	Green Energy	Industrial Application	Medical Health	Automotive & Aviation	Communication	Reconciliation and Eliminated (Note)	Total
Revenue							
External customer	\$8,198,039	\$8,200,273	\$2,783,902	\$4,294,978	\$7,097,608	\$ -	\$30,574,800
Inter-segment	2,127,842	2,128,422	722,576	1,114,783	1,842,220	(7,935,843)	-
Total revenue	<u>\$10,325,881</u>	<u>\$10,328,695</u>	<u>\$3,506,478</u>	<u>\$5,409,761</u>	<u>\$8,939,828</u>	<u>\$(7,935,843)</u>	<u>\$30,574,800</u>
Segment profit	<u>\$762,388</u>	<u>\$1,238,570</u>	<u>\$566,053</u>	<u>\$522,325</u>	<u>\$753,129</u>	<u>\$ -</u>	<u>\$3,842,465</u>

Note: Inter-segment revenues were eliminated when consolidated.

Information on assets and liabilities of the Group's operating segments as of 31 December 2023 and 2022:

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Segment assets:

	Green Energy	Industrial Application	Medical Health	Automotive& Aviation	Communication	Reconciliation and Eliminated (Note)	Total
31 December 2023	<u>\$13,569,525</u>	<u>\$12,369,167</u>	<u>\$3,672,165</u>	<u>\$6,754,851</u>	<u>\$8,374,472</u>	<u>\$(14,157,124)</u>	<u>\$30,583,056</u>
31 December 2022	<u>\$12,386,765</u>	<u>\$12,390,142</u>	<u>\$4,206,317</u>	<u>\$6,489,465</u>	<u>\$10,724,078</u>	<u>\$(13,219,384)</u>	<u>\$32,977,383</u>

Segment liabilities:

	Green Energy	Industrial Application	Medical Health	Automotive& Aviation	Communication	Reconciliation and Eliminated (Note)	Total
31 December 2023	<u>\$5,576,535</u>	<u>\$5,083,236</u>	<u>\$1,509,114</u>	<u>\$2,775,975</u>	<u>\$3,441,576</u>	<u>\$(1,747,168)</u>	<u>\$16,639,268</u>
31 December 2022	<u>\$5,819,217</u>	<u>\$5,820,803</u>	<u>\$1,976,098</u>	<u>\$3,048,706</u>	<u>\$5,038,098</u>	<u>\$(2,198,603)</u>	<u>\$19,504,319</u>

(2) Geographical information

i. Revenue from external customers:

	For the years ended 31 December	
	2023	2022
Mainland China (Hong Kong)	\$15,146,521	\$15,230,563
United States	9,578,408	7,795,493
Taiwan	3,294,768	2,491,537
Other countries	4,742,588	5,057,207
Total	<u>\$32,762,285</u>	<u>\$30,574,800</u>

The revenue information above is based on the location of the customers.

ii. Non-current assets:

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of 31 December	
	2023	2022
Mainland China	\$2,175,078	\$2,162,987
Taiwan	2,991,395	2,680,333
United States	116,949	119,972
Other	280,286	359,383
Total	<u>\$5,563,708</u>	<u>\$5,322,675</u>

(3) Information about major customers

	For the years ended 31 December	
	2023	2022
Client A	<u>\$5,072,145</u>	<u>\$3,665,491</u>

Attachment 1: Financing provided to others for the year ended 31 December 2023

No.	Lender (Note 1)	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
0	The Company	SB Hungary	Other receivables	Y	\$277,613	\$272,091	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$1,376,783	\$5,507,132
0	The Company	SB Ohio	Other receivables	Y	\$291,771	\$276,615	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$1,376,783	\$5,507,132
0	The Company	T-CONN	Other receivables	Y	\$100,000	\$100,000	\$ -	1.70%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$1,376,783	\$5,507,132
1	KSEM	JSEM	Other receivables	Y	\$5,337	\$5,200	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$5,988	\$5,988
2	BJSB	XZEM	Other receivables	Y	\$44,475	\$43,338	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$57,320	\$57,320
3	BJSB TongAn	JSEM	Other receivables	Y	\$44,475	\$ -	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$840,371	\$840,371
3	BJSB TongAn	JSEM	Other receivables	Y	\$22,238	\$ -	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$840,371	\$840,371
3	BJSB TongAn	XZEM	Other receivables	Y	\$88,606	\$86,675	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$840,371	\$840,371
3	BJSB TongAn	JSEM	Other receivables	Y	\$66,713	\$65,007	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$840,371	\$840,371
3	BJSB TongAn	XZEM	Other receivables	Y	\$66,712	\$65,006	\$ -	0.00%	Note 4	\$ -	Need for operating	\$ -	-	\$ -	\$840,371	\$840,371

Note 1: The above transactions were all made between consolidated entities in the Group and have been reversed.

Note 2: Total financing limit for individual counterparty was set at 10% of the lender's net worth of the financial statements which were audited by independent accountants as of 31 December 2023.

The Company: $\$13,767,831 \times 10\% = \$1,376,783$

Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial statements which were audited by independent accountants as of 31 December 2023.

KSEM: $\$14,970 \times 40\% = \$5,988$

BJSB: $\$143,300 \times 40\% = \$57,320$

BJSB TongAn: $\$2,100,928 \times 40\% = \$840,371$

Note 3: Total financing limit was set at 40% of the lender's net worth of the financial statements which were audited by independent accountants as of 31 December 2023.

The Company: $\$13,767,831 \times 40\% = \$5,507,132$

KSEM: $\$14,970 \times 40\% = \$5,988$

BJSB: $\$143,300 \times 40\% = \$57,320$

BJSB TongAn: $\$2,100,928 \times 40\% = \$840,371$

Note 4: For short-term financing.

Attachment 2: Endorsement/Guarantee provided to others as of 31 December 2023

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries (Note 5)	Subsidiaries' guarantee/ endorsement amount to parent company (Note 5)	Guarantee/ endorsement amount to company in Mainland China (Note 5)
		Company name	Relationship (Note 2)										
0	The Company	SHSB	2	\$5,507,132	\$145,886	\$122,940	\$ -	None	0.89%	\$13,767,831	Y	N	Y
0	The Company	JYSB	2	\$5,507,132	\$1,799,254	\$1,705,792	\$173,352	None	12.39%	\$13,767,831	Y	N	Y
0	The Company	TCSB	2	\$5,507,132	\$611,403	\$585,510	\$ -	None	4.25%	\$13,767,831	Y	N	Y
0	The Company	SZSB	2	\$5,507,132	\$16,209	\$15,367	\$ -	None	0.11%	\$13,767,831	Y	N	Y
0	The Company	SB Hungary	2	\$5,507,132	\$499,580	\$478,212	\$260,187	None	3.47%	\$13,767,831	Y	N	N
0	The Company	Radbon	2	\$4,130,349	\$250,000	\$250,000	\$5,737	None	1.82%	\$13,767,831	Y	N	N
0	The Company	SB Ohio	2	\$5,507,132	\$389,028	\$368,820	\$276,615	None	2.68%	\$13,767,831	Y	N	N
0	The Company	SB USA	2	\$5,507,132	\$16,209	\$15,368	\$9,220	None	0.11%	\$13,767,831	Y	N	N
0	The Company	BJSB TongAn	2	\$5,507,132	\$330,674	\$313,497	\$ -	None	2.28%	\$13,767,831	Y	N	Y
0	The Company	JSEM	2	\$5,507,132	\$661,348	\$626,994	\$ -	None	4.55%	\$13,767,831	Y	N	Y
0	The Company	XZEM	2	\$5,507,132	\$661,348	\$626,994	\$142,186	None	4.55%	\$13,767,831	Y	N	Y
1	T-CONN	T-CONN Zhongshan	2	\$147,567	\$285,145	\$166,278	\$ -	None	45.07%	\$368,917	N	N	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 statements 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 security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for overseas subsidiary is 40% of the net worth of the financial statement audited by the certified public accountants as of 31 December 2023.

\$13,767,831*40%=\$5,507,132

Limit of guarantee/endorsement amount for domestic subsidiaries is 30% of the net worth of the financial statement of the company audited by the certified public accountants as of 31 December 2023.

\$13,767,831*30%=\$4,130,349

Limit of guarantee/endorsement amount for T-CONN Zhongshan is 40% of the net worth of the financial statement of T-CONN which were audited by the certified public accountants as of 31 December 2023.

T-CONN has exceeded its endorsement guarantee limit for T-CONN Zhongshan, primarily due to the recognition of accounts receivable impairment leading to a decrease in net worth. An improvement plan will be established and genuinely executed, and it will be presented for approval to the Board of Directors.

\$368,917*40%=\$147,567

Note 4: Limit of total guarantee/ endorsement amount is 100% of the net worth of the financial statement audited by the certified public accountants as of 31 December 2023.

Note 5: "Y" for the listed (OTC) parent company guarantees/endorses for subsidiary, subsidiary guarantees/endorses for the listed (OTC) parent company or guarantee/endorse for companies in Mainland China.

Attachment 3: Securities held as of 31 December 2023. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities	Relationship (Note 1)	Financial statement account	As of 31 December 2023				Note
				Shares	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	15,000,000 shares	\$126,668	11.11%	\$126,668	-
The Company	Top Taiwan XIV Venture Capital CO., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	5,000,000 shares	34,861	2.29%	34,861	-
The Company	Top Taiwan Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	4,095,000 shares	69,414	7.50%	69,414	-
The Company	Dynahz Technologies	-	Financial assets measured at fair value through other comprehensive income- noncurrent	2,771,670 shares	48,497	16.67%	48,497	-
The Company	Top Taiwan VII Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	88,775 shares	1,479	3.06%	1,479	-
The Company	VAN MOOF Global Holding BV	-	Financial assets measured at fair value through other comprehensive income- noncurrent	780,000 shares	-	0.36%	-	-
The Company	Bandrich, Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	330,000 shares	99	1.62%	99	-
The Company	SINTOP I Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	15,000,000 shares	104,941	15.00%	104,941	-
Kwan-Ze	Actmax Technologies Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	-	6,273	19.00%	6,273	-
Kwan-Ze	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	5,000,000 shares	42,223	3.70%	42,223	-
SINBON USA L.L.C	HOTWIRE Development LLC	-	Financial assets measured at fair value through other comprehensive income- noncurrent	-	696	10.00%	696	-
SINBON USA L.L.C	Katalyst Interactive Inc	-	Financial assets measured at fair value through other comprehensive income- noncurrent	36,511shares	382	0.24%	382	-
T-CONN	VAN MOOF Global Holding BV	-	Financial assets measured at fair value through other comprehensive income- noncurrent	780,000 shares	-	0.36%	-	-
			Subtotal		<u>\$435,533</u>			
The Company	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss –current	3,009,000 shares	\$222,064	8.95%	\$222,064	-
The Company	Trutankless, Inc.	-	Financial asset measured at fair value through profit or loss –current	25,000 shares	8	0.14%	8	-
The Company	Nextronics Engineering Corp. Private placement unsecured conversion bonds	-	Financial asset measured at fair value through profit or loss –current	600,000 shares	58,062	-%	58,062	-
The Company	Damon Motors Inc conversion bonds	-	Financial asset measured at fair value through profit or loss –current	-	15,368	-%	15,368	-
Kwan-Ze	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss –current	28,000 shares	2,066	0.09%	2,066	-
			Total		<u>\$297,568</u>			

Note 1: Not required if the issuer of securities is not a related party.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023.

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	JYSB	Subsidiary	Purchase	\$2,344,820	44.35%	Trading condition is the same as other supplier	N/A	N/A	\$(409,549)	-38.31%	
The Company	SINBON USA	Subsidiary	Purchase	\$160,350	3.03%	Trading condition is the same as other supplier	N/A	N/A	\$(9,377)	-0.88%	
T-CONN	The Company	Ultimate Parent	Purchase	\$270,188	26.87%	Trading condition is the same as other supplier	N/A	N/A	\$(34,613)	-26.87%	
T-CONN	T-CONN Zhongshan	Subsidiary	Purchase	\$332,267	33.00%	Trading condition is the same as other supplier	N/A	N/A	\$(173,776)	-65.00%	
HKSB	JYSB	Associates	Purchase	\$2,797,583	52.70%	Trading condition is the same as other supplier	N/A	N/A	\$(194,892)	-19.51%	
BJSB TongAn	JSEM	Subsidiary	Purchase	\$273,672	15.88%	Trading condition is the same as other supplier	N/A	N/A	\$(32,805)	-4.15%	
JSEM	BJSB TongAn	Parent	Purchase	\$176,341	20.75%	Trading condition is the same as other supplier	N/A	N/A	\$(163,884)	-37.14%	
JYSB	SINBON USA	Associates	Purchase	\$158,544	2.00%	Trading condition is the same as other supplier	N/A	N/A	\$(12,667)	-0.76%	
JYSB	T-CONN Zhongshan	Associates	Purchase	\$113,550	1.43%	Trading condition is the same as other supplier	N/A	N/A	\$(10,112)	-0.61%	

Attachment 5: Receivables from related parties with accounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023.

Related-party	Counter-party	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Collection in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
JYSB	The Company	Ultimate Parent	\$409,549	4.84	\$ -	-	\$38,246	\$ -
JYSB	HKSB	Associates	\$194,892	9.39	\$ -	-	\$19,448	\$ -
BJSB TongAn	JSEM	Subsidiary	\$163,884	1.61	\$ -	-	\$2,510	\$ -
The Company	T-CONN	Subsidiary	\$335,078	0.73	\$ -	-	\$27,451	\$ -
T-CONN Zhongshan	T-CONN	Parent	\$173,776	2.33	\$ -	-	\$7,728	\$ -

Attachment 6: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets(Note3)
0	The Company	JYSB	1	Purchase	\$2,344,820	(Note 4)	7.16%
1	JYSB	The Company	2	Sales	\$2,344,820	(Note 4)	7.16%
0	The Company	SINBON USA	1	Purchase	\$160,350	(Note 4)	0.49%
2	SINBON USA	The Company	2	Sales	\$160,350	(Note 4)	0.49%
3	HKSB	JYSB	3	Purchase	\$2,797,583	(Note 4)	8.54%
1	JYSB	HKSB	3	Sales	\$2,797,583	(Note 4)	8.54%
4	BJSB TongAn	JSEM	3	Purchase	\$273,672	(Note 4)	0.84%
5	JSEM	BJSB TongAn	3	Sales	\$273,672	(Note 4)	0.84%
5	JSEM	BJSB TongAn	3	Purchase	\$176,341	(Note 4)	0.54%
4	BJSB TongAn	JSEM	3	Sales	\$176,341	(Note 4)	0.54%
1	JYSB	SINBON USA	3	Purchase	\$158,544	(Note 4)	0.48%
2	SINBON USA	JYSB	3	Sales	\$158,544	(Note 4)	0.48%
1	JYSB	T-CONN Zhongshan	3	Purchase	\$113,550	(Note 4)	0.35%
6	T-CONN Zhongshan	JYSB	3	Sales	\$113,550	(Note 4)	0.35%
7	T-CONN	The Company	3	Purchase	\$270,188	(Note 4)	0.82%
0	The Company	T-CONN	3	Sales	\$270,188	(Note 4)	0.82%
7	T-CONN	T-CONN Zhongshan	3	Purchase	\$333,267	(Note 4)	1.02%
0	T-CONN Zhongshan	T-CONN	3	Sales	\$333,267	(Note 4)	1.02%

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

Note 2 : Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3 : The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, interim cumulative balances are used as basis.

Note 4 : The sales price to the above related parties was determined through mutual agreement based on the market conditions.

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			(Note 1)
The Company	HKSB	Hong Kong	Selling a wide variety of connectors, wires and cables	HKD 95,606,000	HKD 95,606,000	-	100.00%	\$1,631,638	\$1,102,579	\$1,102,579	Subsidiary
				\$401,262	\$401,262						
The Company	Kwan-Ze	New Taipei City, Taiwan	Selling a wide variety of electronic materials and holding company	\$235,600	\$235,600	25,200,000 shares	100.00%	\$751,836	\$124,273	\$124,273	Subsidiary
The Company	SB BVI	British Virgin Islands	Holding company	USD 45,021,000	USD 45,021,000	-	100.00%	\$6,780,566	\$1,294,394	\$1,287,970	Subsidiary
				\$1,461,158	\$1,461,158						
The Company	SINTOP	New Taipei City, Taiwan	Renewable energy investment management consulting business	\$6,804	\$6,804	680,400 shares	53.57%	\$11,146	\$7,415	\$3,973	Subsidiary
The Company	Argosy Technologies Co., Ltd.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	\$51,768	\$51,768	3,174,598 shares	3.52%	\$157,768	\$728,678	\$25,733	Investee under the equity method
The Company	SINBON USA LLC	OHIO, USA	Logistic center	USD 11,979,000	USD 8,979,000	-	100.00%	\$172,487	\$(17,246)	\$(19,471)	Subsidiary
				\$368,527	\$274,591						
The Company	SINBON Europe GmbH	Pfarrkirchen, Germany	Logistic center	EUR 5,209,000	EUR 5,209,000	-	100.00%	\$9,245	\$4,263	\$4,263	Subsidiary
				\$185,241	\$185,241						
The Company	Radbon Electronics Co., Ltd.	Miaoli County, Taiwan	Manufacturing and selling a wide variety of connectors, wires and cables	\$176,000	\$33,000	23,600,000 shares	100.00%	\$448,179	\$115,196	\$115,196	Subsidiary
The Company	T-CONN Precision	New Taipei City, Taiwan	Manufacturing and selling a wide variety of connectors, wires and cables	\$288,098	\$157,360	28,063,688 shares	56.15%	\$203,137	\$(603,675)	\$(348,044)	Subsidiary
The Company	SB Hungary	Komárom-Esztergom megye, Hungary	Manufacturing and selling a wide variety of connectors, wires and cables	EUR 14,264,000	EUR 13,264,000	-	100.00%	\$93,803	\$(38,018)	\$(44,398)	Subsidiary
				\$488,349	\$455,501						
The Company	SB Mexico	San Luis Potosí, Mexico	Manufacturing and trading of electronic components	USD 4,158,000	\$ -	-	99.00%	\$127,321	\$(4,253)	\$(4,253)	Subsidiary
				\$133,892							
T-CONN Precision	S P L	Mauritius	Logistic center	\$ -	\$3,039	-	-	\$ -	\$ -	\$ -	Sub-subsiidary
BJSB TongAn	TWEM	Miaoli County, Taiwan	Manufacturing and selling a wide variety of connectors, wires and cables	RMB 10,405,000	RMB 10,405,000	-	100.00%	RMB 15,100,000	RMB 4,970,000	\$ -	Sub-subsiidary
				\$45,000	\$45,000			\$65,441	\$21,860		
SINBON USA L.L.C	SB Ohio	OHIO, USA	Manufacturing and selling a wide variety of connectors, wires and cables	USD 8,654,000	USD 5,654,000	-	100.00%	USD 5,417,000	USD 18,000	\$ -	Sub-subsiidary
								\$166,492	\$584		
SINBON USA L.L.C	Worldwide Wire Harnesses Co., Ltd.	Samoa	Logistic center.	USD 75,000	USD 75,000	-	50.00%	USD 167,000	USD 41,000	\$ -	Sub-subsiidary
								\$5,118	\$1,290		

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023 net income (loss) of investee company and investment income (loss) recognized for the year ended 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			(Note 1)
Kwan-Ze	Argosy Research Inc.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	\$197,969	\$197,969	14,771,152 shares	16.39%	\$693,189	\$728,678	\$ -	Investee under the equity method
Kwan-Ze	SB Mexico	San Luis Potosi, Mexico	Manufacturing and trading of electronic components.	USD 42,000	\$ -	-	1.00%	\$1,353	\$(4,253)	\$ -	Subsidiary
				\$1,353							
Worldwide Wire Harnesses Co., Ltd.	STT	U.S.A Tennessee	Logistic center.	USD 140,000	USD 140,000	-	100.00%	USD 83,000	USD 41,000	\$ -	Third-tier subsidiary
				\$4,542	\$4,542			\$2,549	\$1,290		
Argosy Research Inc.	Argosy Technology Inc.(USA)	12731 RAMONA BLVD,#205 BALDWIN PARK, CA 91706	Sell Multimedia related products, ODM and OED	\$30,347	\$30,347	-	100.00%	\$ -	\$ -	\$ -	Investee under the equity method
Argosy Research Inc.	Argosy International B.V.	De Binderij 72 1321 EK Almere The Netherlands	Leasing operations and sell ODM and OED	\$22,314	\$22,314	-	100.00%	\$16,430	\$312	\$312	Investee under the equity method
Argosy Research Inc.	Global Saber Electronics Co., Ltd.	Mauritius	Selling a wide variety of connectors and cables	\$ -	\$ -	-	100.00%	\$100,410	\$34,138	\$34,138	Investee under the equity method
Argosy Research Inc.	ARGOSY Technology (VIETNAM) Co., Ltd.	Hung Yên province, Vietnam	Selling a wide variety of connectors and cables	\$62,041	\$ -	-	100.00%	\$59,872	\$ -	\$ -	Investee under the equity method
Argosy Research Inc.	ROTEC LIMITED	British Virgin Islands	Holding company	\$543,588	\$543,588	-	88.04%	\$912,614	\$105,584	\$92,956	Investee under the equity method
Global Saber Electronics Co., Ltd	ROTEC LIMITED	British Virgin Islands	Holding company	\$72,918	\$72,918	-	11.96%	\$123,976	\$105,584	\$ -	Investee under the equity method

Note 1: (1) "Investee company", "Address", "Main businesses and products", "Initial Investment" and "Investment as of 31 December 2023" shall be filled in appropriate fields according to the Company's reinvestment and the re-investment of the subsidiaries the Company directly or indirectly controls and indicate the relationship in the Notes.

(2) "Net income (loss) of investee company" shall be filled in net income (loss) of investee for the year ended 31 December 2023.

(3) "Investment income (loss) recognized" requires only the investment income (loss) from the direct investees of the the Company and the investment income (loss) from investees valued under the equity method, and ensure that when recognizing the subsidiary's investment income (loss), the subsidiaries' re-investment income (loss) is included.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow						
BJSB	Manufacturing and selling a wide variety of connectors, wires and cables	RMB 12,830,000	Directly investment in Mainland China.	USD 1,020,000 \$30,719	\$ -	\$ -	USD 1,020,000 \$30,719	RMB1,400,000 \$6,159	100.00%	RMB1,400,000 \$6,159 Note 1	RMB33,066,000 \$143,300	USD11,030,000 \$351,623
JYSB	Manufacturing and selling a wide variety of connectors, wires and cables	USD 37,780,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 22,050,000 \$705,108	\$ -	\$ -	USD 22,050,000 \$705,108	USD30,174,000 \$940,161	100.00%	USD30,174,000 \$940,161 Note 1	USD170,106,000 \$5,228,220	USD47,623,000 \$1,439,773
SHSB	Selling a wide variety of connectors, wires and cables	USD 3,280,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,700,000 \$55,358	\$ -	\$ -	USD 1,700,000 \$55,358	USD1,384,000 \$43,113	100.00%	USD1,384,000 \$43,113 Note 1	USD8,631,000 \$265,265	USD2,887,000 \$87,821
SZSB	Selling a wide variety of connectors, wires and cables	USD 2,810,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 2,750,000 \$83,385	\$ -	\$ -	USD 2,750,000 \$83,385	USD647,000 \$20,159	100.00%	USD647,000 \$20,159 Note 1	USD9,422,000 \$289,595	RMB38,400,000 \$157,642
TCSB	Manufacturing and selling a wide variety of connectors, wires and cables	USD17,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 8,000,000 \$248,003	\$ -	\$ -	USD 8,000,000 \$248,003	USD9,338,000 \$290,944	100.00%	USD9,338,000 \$290,944 Note 1	USD38,288,000 \$1,176,768	USD196,000 \$5,890
T-CONN Zhongshan	Manufacturing and selling a wide variety of connectors, wires and cables	USD 9,300,000	Directly investment in Mainland China	USD 3,686,000 \$117,529	\$ -	\$ -	USD 3,686,000 \$117,529	\$24,305	56.15%	\$13,647 Note 2	\$306,535	\$65,441
BJSB TongAn	Manufacturing and selling a wide variety of connectors, wires and cables	RMB152,000,000	Directly investment in Mainland China	USD 3,000,000 \$89,134	\$ -	\$ -	USD 3,000,000 \$89,134	\$371,449	100.00%	\$341,310 Note 1	\$2,097,393	\$1,264,302
Argosy (Beijing) Technologies Co., Ltd.	Selling a wide variety of connectors, wires and cables	RMB 5,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 76,000 \$2,336	\$ -	\$ -	USD 76,000 \$2,336	\$ -	12.00%	\$ -	\$ -	\$ -
China Digital Library Corp.Ltd.	Technology development of computer software, transfer of technology, advisory service	RMB 88,600,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 750,000 \$23,051	\$ -	\$ -	USD 750,000 \$23,051	\$ -	4.85%	\$ -	\$ -	\$ -
Wu Xi S&D	Manufacturing and selling new flat panel displays	USD 4,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,900,000 \$61,823	\$ -	\$ -	USD 1,900,000 \$61,823	\$ -	-	\$ -	\$ -	\$ -

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow						
Ning Bo Smart and Diligent Co., Ltd.	Manufacturing and selling a new Flat Panel Display	USD 2,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,140,000 \$37,025	\$ -	\$ -	USD 1,140,000 \$37,025	\$ -	-	\$ -	\$ -	\$ -
JY Sinact	Manufacturing and selling a wide variety of electronic materials	USD 9,500,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 5,266,000 \$164,599	\$ -	\$ -	USD 5,266,000 \$164,599	\$ -	-	\$ -	\$ -	\$ -
Shang Hai Comtek Electronics Trading Co., Ltd.	Selling a wide variety of electronic materials	USD 160,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 104,000 \$3,302	\$ -	\$ -	USD 104,000 \$3,302	\$ -	-	\$ -	\$ -	\$ -
Dong Guan CMK	Manufacturing and selling a wide variety of connectors, wires and cables	USD 1,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 645,000 \$20,768	\$ -	\$ -	USD 645,000 \$20,768	\$ -	-	\$ -	\$ -	\$ -

Accumulated Investment in Mainland China as of 31 December 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 52,087,000	USD 56,420,000	N/A(Note3)

Note 1: Based on the financial statements certificated by the public accountant of the parent company in Taiwan.

Note 2: The financial statements were audited by other independent accountants.

Note 3: According to Order No. Jing-Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.