

Leader Electronics Inc. and Its Subsidiaries

Consolidated Financial Statements and Independent
Auditors' Review Report
2023 and 2022

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Representation Letter

For the fiscal year of 2023 (From January 1 to December 31, 2023), the companies which should be included in the consolidated financial statements of the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those that should be included pursuant to the International Financial Reporting Standards 10 and parent company and subsidiaries have already been disclosed in the consolidated financial statements of the Group. Therefore, the Group will not prepare separate consolidated financial statements for affiliates.

Hereby declare

Name of Company: Leader Electronics Inc.

Person in charge: C.Y Pao

March 14, 2024

Independent Auditor's Report

To Leader Electronics Inc.,

Audit opinions

We have reviewed the accompanying consolidated balance sheets of Leader Electronics Inc. and its subsidiaries (Leader Group) for the years ended December 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and for the years then ended, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China, based on our audit results and the audit reports of other certified public accountants (CPAs) (refer to the section of “Other matters”).

The basis for opinions

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Leader Group in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matter

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

Key audit matters of the 2023 consolidated financial statements of Leader Group are as follows:

Authenticity of sales revenue from major customers

Management is under pressure to meet its targets, and therefore the auditing standards presume that there is a risk of fraud in revenue recognition. We consider that the sales revenue of Leader Group's sales targets with material sales amount and revenue growth or new customers will have a material impact on the financial statements. Therefore, the sales revenue of the above-mentioned customers is considered a key audit matter. See Note 4(13) to the consolidated financial statements for the related accounting policy for revenue recognition.

We performed control tests to understand the design and implementation of the Company's revenue recognition process and related control systems. We also reviewed the sales details of the above customers by selecting appropriate samples of original orders, external shipping documents or customer sign-off documents to confirm the authenticity of the sales transactions. We also reviewed whether material sales returns occurred after the balance sheet date to confirm whether there is material misstatement of sales revenue from the above customers.

Other information

Leader Electronics Inc. has also prepared the parent company-only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an audit report, along with an unqualified opinion, for reference.

Responsibilities of Management and Those in Charge with Governance of the Consolidated Financial Statements

The management's responsibilities are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China and to maintain necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of Leader Group.

Auditor's 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 auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that any audit conducted in accordance with the accounting principles will always detect a material misstatement in the consolidated financial statements when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered material, individually or in 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 accounting principles, we exercise professional judgment and professional skepticism throughout the audit. We also performed the following works:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 effective in Leader Group.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Leader Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Leader Group to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the 2023 consolidated financial statements of Leader Group 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 communications.

Deloitte & Touche

CPA Liao Wan I

CPA Hsieh Chien Hsin

Financial Supervisory Commission Approval
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1010028123

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Document No.

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March 14, 2024

Leader Electronics Inc. and Its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: Thousands of NTD

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 420,209	10	\$ 328,175	7
1110	Financial assets at fair value through profit or loss – current (Notes 4 and 7)	61,852	1	-	-
1150	Notes receivable (Notes 4, 9 and 25)	140,859	3	83,686	2
1170	Accounts receivable, net (Notes 4, 9 and 25)	1,052,528	24	1,044,156	23
1200	Other receivables (Notes 4 and 9)	5,723	-	2,832	-
1220	Current tax assets (Notes 4 and 27)	1,781	-	1,490	-
130X	Inventory (Notes 4 and 10)	744,284	17	895,246	20
1410	Prepayments (Note 11)	163,777	4	170,289	4
1470	Other current assets (Note 35)	73,660	2	142,273	3
11XX	Total current assets	<u>2,664,673</u>	<u>61</u>	<u>2,668,147</u>	<u>59</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	32,957	1
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	144,157	3	74,987	2
1550	Investments using the equity method (Notes 4 and 13)	36,033	1	32,998	1
1600	Property, plant and equipment (Notes 4, 14, 31 and 35)	1,217,971	28	1,385,691	31
1755	Right-of-use assets (Notes 4 and 15)	132,923	3	146,826	3
1760	Investment property (Notes 4, 16 and 35)	85,176	2	98,720	2
1780	Intangible assets (Notes 4 and 17)	28,944	1	17,372	-
1840	Deferred tax assets (Notes 4 and 27)	9,073	-	3,683	-
1990	Other non-current assets (Notes 18, 23 and 35)	62,866	1	39,092	1
15XX	Total non-current assets	<u>1,717,143</u>	<u>39</u>	<u>1,832,326</u>	<u>41</u>
1XXX	Total assets	<u>\$ 4,381,816</u>	<u>100</u>	<u>\$ 4,500,473</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 19 and 35)	\$ 411,982	9	\$ 1,149,518	26
2120	Financial assets at fair value through profit or loss (Notes 4, 7 and 20)	-	-	396	-
2130	Contract liabilities (Notes 4, 25 and 34)	11,905	-	49,138	1
2150	Notes payable (Note 21)	2,557	-	2,162	-
2170	Accounts payable (Note 21)	965,468	22	1,037,577	23
2200	Other payables (Note 22)	210,529	5	210,425	5
2230	Current tax liabilities (Notes 4 and 27)	19,958	-	16,434	-
2280	Lease liabilities – current (Notes 4 and 15)	21,697	1	18,165	-
2321	Corporate bonds due or subject to sell-back rights within one year (Notes 4 and 20)	-	-	69,855	2
2322	Long-term borrowings with maturity of less than one year (Notes 19 and 35)	393,243	9	162,958	4
2399	Other current liabilities	72,290	2	58,176	1
21XX	Total current liabilities	<u>2,109,629</u>	<u>48</u>	<u>2,774,804</u>	<u>62</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 19 and 35)	566,122	13	178,709	4
2580	Lease liabilities – current (Notes 4 and 15)	116,997	3	128,116	3
2645	Deposits received (Note 34)	2,157	-	2,521	-
25XX	Total non-current liabilities	<u>685,276</u>	<u>16</u>	<u>309,346</u>	<u>7</u>
2XXX	Total liabilities	<u>2,794,905</u>	<u>64</u>	<u>3,084,150</u>	<u>69</u>
	Equity attributable to owners of the Parent				
3110	Common stock	1,663,628	38	1,585,764	35
3200	Capital surplus	3,367	-	164,325	4
	Accumulated losses				
3320	Special reserve	36,687	1	36,687	1
3350	Undistributed earnings (losses to be made up)	41,362	1	(156,427)	(4)
3300	Total undistributed earnings (accumulated losses)	78,049	2	(119,740)	(3)
3400	Other equity	(159,532)	(4)	(207,760)	(5)
3500	Treasury stock	(9,781)	-	(10,990)	-
31XX	Total equity attributable to owners of the Parent	1,575,731	36	1,411,599	31
36XX	Non-controlling interests	11,180	-	4,724	-
3XXX	Total equity	<u>1,586,911</u>	<u>36</u>	<u>1,416,323</u>	<u>31</u>
	Total liabilities and equity	<u>\$ 4,381,816</u>	<u>100</u>	<u>\$ 4,500,473</u>	<u>100</u>

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

Chairman: C.Y Pao

Managerial Officer: Andrew Bao

Accounting Officer: Erix Chen

Leader Electronics Inc. and Its Subsidiaries
Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: Thousand NTD; except for earnings (losses) per share in NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4, 25 and 34)	\$ 3,771,506	100	\$ 4,544,285	100
5000	Operating costs (Notes 10 and 26)	<u>3,222,521</u>	<u>86</u>	<u>4,041,888</u>	<u>89</u>
5900	Operating gross margins	<u>548,985</u>	<u>14</u>	<u>502,397</u>	<u>11</u>
5910	Unrealized profit on sales with affiliates	(<u>822</u>)	<u>-</u>	(<u>1,075</u>)	<u>-</u>
5950	Realized operating gross margins	<u>548,163</u>	<u>14</u>	<u>501,322</u>	<u>11</u>
	Operating expenses (Notes 23 and 26)				
6100	Selling expenses	157,989	4	173,748	4
6200	Administrative expenses	282,172	7	267,730	6
6300	R&D expenses	170,510	5	165,416	4
6450	Expected credit impairment losses (reversal of losses) (Note 9)	<u>5,165</u>	<u>-</u>	(<u>860</u>)	<u>-</u>
6000	Total operating expenses	<u>615,836</u>	<u>16</u>	<u>606,034</u>	<u>14</u>
6900	Net operating loss	(<u>67,673</u>)	(<u>2</u>)	(<u>104,712</u>)	(<u>3</u>)
	Non-operating incomes and expenses				
7100	Interest incomes (Notes 26 and 34)	3,775	-	2,635	-
7190	Other income (Notes 26 and 34)	64,750	2	65,867	2
7020	Other gains and losses (Note 26)	98,832	3	(77,812)	(2)
7050	Financial costs (Notes 26 and 34)	(56,756)	(2)	(47,420)	(1)
7060	Share of profits or losses of affiliates accounted for using the equity method (Note 13)	<u>3,857</u>	<u>-</u>	<u>9,036</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>114,458</u>	<u>3</u>	(<u>47,694</u>)	(<u>1</u>)

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Code		2023		2022	
		Amount	%	Amount	%
7900	Profit (loss) before tax	\$ 46,785	1	(\$ 152,406)	(4)
7950	Income tax expense (Notes 4 and 27)	<u>4,948</u>	-	<u>6,312</u>	-
8200	Net income (loss)	<u>41,837</u>	<u>1</u>	(<u>158,718</u>)	(<u>4</u>)
8310	Other comprehensive income Items not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plan	(2,000)	-	2,063	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	71,022	2	(31,538)	(1)
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Exchange differences on the translation of financial statements of foreign operations	(<u>22,858</u>)	(<u>1</u>)	<u>109,173</u>	<u>3</u>
8300	Other comprehensive income	<u>46,164</u>	<u>1</u>	<u>79,698</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 88,001</u>	<u>2</u>	(<u>\$ 79,020</u>)	(<u>2</u>)
8610	Net income (loss) attributable to: Owners of the parent company.	\$ 44,247	1	(\$ 158,490)	(4)
8620	Non-controlling interests	(<u>2,410</u>)	-	(<u>228</u>)	-
8600		<u>\$ 41,837</u>	<u>1</u>	(<u>\$ 158,718</u>)	(<u>4</u>)
8710	Comprehensive income attributable to: Owners of the parent company.	\$ 90,545	2	(\$ 78,792)	(2)
8720	Non-controlling interests	(<u>2,544</u>)	-	(<u>228</u>)	-
8700		<u>\$ 88,001</u>	<u>2</u>	(<u>\$ 79,020</u>)	(<u>2</u>)
9710	Earnings (losses) per share (Note 28) Basic	<u>\$ 0.28</u>		(<u>\$ 1.01</u>)	
9810	Diluted	<u>\$ 0.27</u>		(<u>\$ 1.01</u>)	

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

Chairman: C.Y Pao Managerial Officer: Andrew Bao Accounting Officer: Erix Chen

Leader Electronics Inc. and Its Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: Thousands of NTD

		Equity attributable to owners of the Parent (Notes 4 and 24)									
						Other equity					
		Retained earnings (accumulated losses)				Exchange differences on the translation of financial statements of foreign operations	Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests (Note 24)	Total equity
Code		Common stock	Capital surplus	Special reserve	Undistributed earnings (losses to be made up)						
A1	Balance as of January 1, 2022	<u>\$ 1,585,764</u>	<u>\$ 471,619</u>	<u>\$ 36,687</u>	<u>(\$ 303,395)</u>	<u>(\$ 179,064)</u>	<u>(\$ 106,331)</u>	<u>(\$ 10,990)</u>	<u>\$ 1,494,290</u>	<u>\$ 4,952</u>	<u>\$ 1,499,242</u>
C7	Other changes in capital surplus										
	Changes in affiliates accounted for using the equity method (Note 13)	-	(3,899)	-	-	-	-	-	(3,899)	-	(3,899)
C11	Capital surplus to cover losses	-	(303,395)	-	303,395	-	-	-	-	-	-
D1	Net losses for 2022	-	-	-	(158,490)	-	-	-	(158,490)	(228)	(158,718)
D3	2022 other comprehensive income	-	-	-	2,063	109,173	(31,538)	-	79,698	-	79,698
D5	Total comprehensive income in 2022	-	-	-	(156,427)	109,173	(31,538)	-	(78,792)	(228)	(79,020)
Z1	Balance as of December 31, 2022	<u>1,585,764</u>	<u>164,325</u>	<u>36,687</u>	<u>(156,427)</u>	<u>(69,891)</u>	<u>(137,869)</u>	<u>(10,990)</u>	<u>1,411,599</u>	<u>4,724</u>	<u>1,416,323</u>
	Earnings appropriation and distribution for 2022	-	-	-	-	-	-	-	-	-	-
C11	Other changes in capital surplus										
	Capital surplus to cover losses	-	(156,427)	-	156,427	-	-	-	-	-	-
D1	Net income (loss) for 2023	-	-	-	44,247	-	-	-	44,247	(2,410)	41,837
D3	2023 other comprehensive income	-	-	-	(2,000)	(22,724)	71,022	-	46,298	(134)	46,164
D5	Total comprehensive income in 2023	-	-	-	42,247	(22,724)	71,022	-	90,545	(2,544)	88,001
I1	Capitalization of convertible corporate bonds (Notes 20 and 24)	<u>77,864</u>	(7,898)	-	(955)	-	-	-	<u>69,011</u>	-	<u>69,011</u>
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	9,000	9,000
L5	Treasury shares transferred to employees (Notes 24 and 29)	-	3,367	-	-	-	-	1,209	4,576	-	4,576
Q1	Disposal of equity instruments measured at fair value through other comprehensive income (Note 8)	-	-	-	70	-	(70)	-	-	-	-
Z1	Balance as of December 31, 2023	<u>\$ 1,663,628</u>	<u>\$ 3,367</u>	<u>\$ 36,687</u>	<u>\$ 41,362</u>	<u>(\$ 92,615)</u>	<u>(\$ 66,917)</u>	<u>(\$ 9,781)</u>	<u>\$ 1,575,731</u>	<u>\$ 11,180</u>	<u>\$ 1,586,911</u>

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

Chairman: C.Y Pao

Managerial Officer: Andrew Bao

Accounting Officer: Erix Chen

Leader Electronics Inc. and Its Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: Thousands of NTD

Code		2023	2022
	Cash flows from operating activities		
A10000	Profit (loss) before tax	\$ 46,785	(\$ 152,406)
A20010	Income and expense items		
A20100	Depreciation expenses	133,178	150,394
A20200	Amortization expenses	10,578	7,556
A20300	Expected (reversal of losses) credit impairment losses	5,165	(860)
A20400	Net loss on financial instruments at fair value through profit or loss	1,457	26,007
A20900	Financial costs	56,756	47,420
A21200	Interest income	(3,775)	(2,635)
A21300	Dividend income	(1,099)	(4,555)
A21900	Cost of remuneration - employee stock options	3,367	-
A22300	Share of profit of affiliates using the equity method	(3,857)	(9,036)
A22500	Net loss (gains) on disposal of property, plant and equipment	(42,901)	2,903
A22600	Impairment of Property, plant, and equipment	3,456	15,991
A22700	Gain on disposal of investment property	(53,838)	-
A23700	Inventory valuation losses	2,503	-
A23900	Unrealized profit on sales with affiliates	822	1,075
A24100	Net foreign exchange loss	10,863	95,838
A24200	Loss on redemption of convertible bonds	56	2,490
A24600	Gain on lease modification	(84)	-
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	(61,200)	-
A31130	Notes receivable	(59,429)	(75,096)
A31150	Accounts receivable	(19,313)	233,678
A31180	Other receivables	(6,745)	(2,343)
A31190	Other receivables – related parties	-	75
A31990	Net defined benefit asset	(641)	(534)
A31200	Inventory	141,977	276,242
A31230	Prepayments	5,943	(35,841)
A31240	Other current assets	(1,715)	3,669
A32125	Contract liabilities	(37,058)	38,995
A32130	Notes payable	393	(16,145)
A32150	Accounts payable	(58,765)	(476,778)
A32180	Other payables	1,984	(56,845)

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Code		2023	2022
A32230	Other current liabilities	\$ 14,334	\$ 16,675
A32240	Net defined benefit liability	-	(185)
A33000	Cash inflow from operations	89,197	85,749
A33100	Interest received	3,775	2,635
A33200	Dividend received	1,099	4,555
A33300	Interests paid	(56,245)	(44,762)
A33500	Income tax paid	(7,105)	(2,409)
AAAA	Net cash inflow from operating activities	<u>30,721</u>	<u>45,768</u>
	Cash flows from investing activities		
B00100	Disposal of financial assets measured at fair value through profit or loss	30,452	-
B00010	Purchase of financial assets measured at fair value through other comprehensive income	(7,000)	-
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	4,470	-
B00030	Refund of share price for capital reduction of financial assets at fair value through other comprehensive income	3,600	-
B01800	Increase in Investments accounted for using the equity method (Note 31)	-	(3,342)
B02000	Prepayments for investment	(5,000)	-
B02200	Net cash outflow from subsidiary acquired (Note 30)	(9,218)	-
B02700	Purchase of property, plant, and equipment (Note 31)	(102,103)	(60,063)
B02800	Proceeds from disposal of property, plant and equipment	185,666	-
B03800	Decrease (increase) in guarantee deposits paid	(17,868)	27,755
B04500	Acquisition of intangible assets (Note 31)	(8,554)	(2,866)
B05500	Proceeds from disposal of investment property	64,385	-
B06600	Decrease (Increase) in other financial assets	<u>70,230</u>	(<u>114,743</u>)
BBBB	Net cash inflow (outflow) from investing activities	<u>209,060</u>	(<u>153,259</u>)
	Cash flows from financing activities		
C00100	Decrease in short-term borrowings	(739,117)	(103,016)
C01300	Repayments of corporate bonds	(1,530)	(45,399)
C01600	Proceeds from long-term borrowings	960,526	193,183
C01700	Repayments of long-term borrowings	(341,860)	(239,594)
C03100	Decrease in deposits received	(335)	(18)
C04020	Principal repayment of lease liabilities	(21,639)	(17,555)
C05100	Treasury shares purchased by employees	<u>1,209</u>	<u>-</u>
CCCC	Net cash outflow from financing activities	(<u>142,746</u>)	(<u>212,399</u>)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(<u>5,001</u>)	<u>7,563</u>

(Continued on next page)

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<u>Code</u>		<u>2023</u>	<u>2022</u>
EEEE	Increase (decrease) in cash and cash equivalents	\$ 92,034	(\$ 312,327)
E00100	Cash and cash equivalents balance – beginning of year	<u>328,175</u>	<u>640,502</u>
E00200	Cash and cash equivalents balance – end of year	<u>\$ 420,209</u>	<u>\$ 328,175</u>

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

Chairman: C.Y Pao

Managerial Officer: Andrew Bao

Accounting Officer: Erix Chen

Leader Electronics Inc. and Its Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2023 and 2022
(In NTD thousand, unless otherwise specified)

I. Company History

Leader Electronics Inc. (the parent company, and the entities controlled by the parent company, hereinafter referred to as the Consolidated Company) was established in 1970 and was approved for public offering by the Securities and Futures Institute of the Ministry of Finance on April 14, 2000, and has been listed and traded on the Taiwan Stock Exchange since December 2002. The Consolidated Company is mainly engaged in the production of transformers, power converters, power supply units and international trading.

The consolidated financial statements are denominated in NTD, the functional currency of the Company.

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved for publication by the Board of Directors of the parent company on March 14, 2024.

III. Application of New and Revised Standards and Interpretation

- (I) First-time application of International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations (“IFRICs” and “SICs”) (hereinafter collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”).

The new/amended/revised standards or interpretation	Effective date of IASB publication
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”	January 1, 2023

The application of the revised IFRSs approved and issued into effect by the FSC as described above will not result in material changes in the accounting policies of the Consolidated Company.

- (II) The IFRSs endorsed by the FSC applicable in 2024

The new/amended/revised standards or interpretation	Effective date of IASB publication (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS7 and IFRS7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

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

Note 3: When the amendments apply for the first time, some requirements for disclosure are exempted.

By the time the consolidated financial statements were approved to be released, the Consolidated Company confirmed that the amendments to other standards and interpretations would not cause a material impact on its financial position and financial performance.

(III) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

<u>The new/amended/revised standards or interpretation</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture."	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the effects will be recognized in retained earnings on the first application date. When the Company adopts a non-functional currency as the presentation currency, the effects will be reclassified as the exchange differences arising from the translation of the financial statements of foreign operations under equity on the first-time application date.

As of the date of approving the consolidated financial statements for release, the Consolidated Company had continued to evaluate the effect of the amendments to the above standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(II) Basis of preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(III) Standards in differentiating current and non-current assets and liabilities

Current assets:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those that are restricted for exchanging or settling liabilities more than 12 months after the balance sheet date).

Current liabilities:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

(IV) Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and entities controlled by the parent company (subsidiaries).

The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to owners of the parent and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.

Please refer to Note 12 and Table 6 and 7 for details of subsidiaries, shareholding and principal businesses.

(V) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the parent company only financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

In preparing the consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries operating in countries or in currencies different from those of the parent company) are translated into NTD at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the year's average exchange rate, and the resulting exchange differences are recognized in other comprehensive income (and are attributed to owners of the parent company and non-controlling interests, respectively).

(VI) Inventory

Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted average method.

(VII) Investments in affiliates

Affiliates are companies in which the Consolidated Company has material influence but are not subsidiaries. The Consolidated Company uses the equity method to account for investments in affiliates.

Under the equity method, investments in affiliates were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliates and other comprehensive profit or loss by the Consolidated Company. Additionally, the change in the interests the Consolidated Company holds in the associates was recognized pro rata to the shareholding percentages.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the Consolidated Company and the affiliates is recognized in the consolidated financial statement within the range that is irrelevant to the Consolidated Company's interest in the affiliates.

(VIII) Property, plant, and equipment

Property, plant, and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except for land owned by the Group, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

In removing property, plant, and equipment, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(IX) Investment property

Investment property refers to real estate held for the purpose of earning rent or capital appreciation or both.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

Property, plant and equipment and right-of-use assets are transferred to investment property at the carrying amount when the properties are no longer for self-use.

When investment property is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(X) Intangible assets

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss for the period.

(XI) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Consolidated Company assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use assets, and intangible assets at each balance sheet date. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If it is not possible to determine the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit asset is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had the impairment loss not been recognized in prior years for the relevant asset or cash-generating unit asset. The reversed impairment loss is recognized in the profit or loss.

(XII) Financial instruments

When the Consolidated Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The types of financial assets held by the Consolidated Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss. Financial assets that are mandatorily measured at fair value through profit or loss include investments in equity instruments that are not designated as measured at fair value through other comprehensive income and investments in debt instruments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest and remeasurement gains or losses recognized in other gains and losses. Please refer to Note 33 for the determination of fair value.

B. Financial assets at amortized cost

If the Consolidated Company invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured by amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Such assets (including cash and cash equivalents at amortized cost, accounts receivable, and other receivables) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss after initial recognition; and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases.

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

C. Investments in equity instruments at fair value through other comprehensive income

The Consolidated Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Consolidated Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The Consolidated Company at each balance sheet date assesses the impairment loss of financial assets (including accounts receivable) at amortized cost according to the expected credit loss.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase in risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss throughout a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and does not reduce the carrying amount.

(2) The derecognition of financial assets

The Consolidated Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated gains or loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All the Consolidated Company's financial liabilities are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

3. Convertible corporate bonds

The compound financial instruments (convertible corporate bonds) issued by the Consolidated Company are classified as financial liabilities and equity respectively in the original recognition according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

In the original recognition, the fair value of the liability is estimated according to the prevailing market interest rate of a similar non-convertible instrument; also, it is measured at the amortized cost that is calculated according to the effective interest method before the conversion or maturity date. The liability of an embedded non-equity derivative is measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the fair value of the compound instrument as a whole less the fair value of the separately determined liability component, which is recognized in equity net of the income tax effect and is not subsequently measured. When the conversion right is exercised, the related liability component and the amount in equity will be transferred to equity and capital surplus – issuance premium. If the conversion rights of convertible corporate bonds are not executed on the maturity date, the amount recognized in the equity will be transferred to capital surplus – issuance premium.

The relevant transaction costs of the issuance of convertible corporate bonds are amortized to the liabilities of the instrument (included in the book value of the liability) and the equity (included in the equity) in proportion to the total amortization amount.

(XIII) Recognition of revenues

After the Consolidated Company identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

Merchandise sales revenues

Merchandise sales revenues are mainly from sales of electronic components. The Company recognizes revenue and accounts receivable when the electronic component products are delivered to the customer's designated location because the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products. Prepayments for product sales are recognized as contract liabilities until the products arrive at the customer's designated location or delivery condition.

(XIV) Lease

The Consolidated Company assesses whether the contract is (or includes) a lease on the effective contract date.

1. The Consolidated Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

2. The Consolidated Company is the lessee

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease term, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. The right-of-use assets are expressed separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease term, whichever is sooner.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the lease implied interest rate is easy to determine, the lease payment is discounted at the said implied interest rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease term. If a change in the lease term results in a change in future lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the consolidated balance sheet.

(XV) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Consolidated Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenues are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Group and have no future related costs.

(XVI) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Post-employment benefits

A defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost and prior service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(XVI) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

The Consolidated Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional Income tax on unappropriated earnings calculated in accordance with the ROC Income Tax Act is recognized in the year in which resolutions are made at the shareholders' meeting.

Adjustments to prior years' income tax payable are included in the current year's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized.

Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Consolidated Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The book amount of deferred tax assets must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of their assets should be adjusted up.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be settled or realized on the assets, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulting from the book value of the assets or liabilities expected to be recovered or liquidated on the balance sheet date.

3. Current and deferred income tax

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

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When the Consolidated Company adopts accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources Actual results may differ from the estimates.

The accounting policies, estimates and underlying assumptions used by the Consolidated Company, as evaluated by the Consolidated Company's management, are free of material accounting judgments, estimates and assumption uncertainties.

VI. Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 1,604	\$ 897
Bank checking accounts and demand deposits	415,703	324,342
Cash equivalent		
Bank time deposits	<u>2,902</u>	<u>2,936</u>
	<u>\$420,209</u>	<u>\$328,175</u>

The market interest rate ranges of bank demand deposits and bank time deposits at the balance sheet date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank Demand deposits	0.001%~1.45%	0.001%~2.025%
Bank time deposits	1.875%~2.025%	0.25%~2.025%

VII. Financial Instruments Measured at Fair Value Through Profit or Loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets – current</u>		
Measured at fair value through income under compulsion		
Hybrid financial assets		
- Principal-guaranteed products (I)	<u>\$ 61,852</u>	<u>\$ -</u>
<u>Financial assets – non-current</u>		
Measured at fair value through income under compulsion		
Non-derivative financial instruments		
- Domestic privately placed convertible bonds of TPEx listed companies	<u>\$ -</u>	<u>\$ 32,957</u>
<u>Financial liabilities – current</u>		
Held-for-sale		
Derivative financial instruments (not designated as hedge)		
- Sell-back options (Note 20)	<u>\$ -</u>	<u>\$ 396</u>

- (I) The Consolidated Company purchased a one-year USD-denominated principal-guaranteed product. If no early termination occurs, the pre-tax amount of the settlement upon maturity will be 100% of the principal in the original denominated currency, plus income. The relevant information is as follows:

December 31, 2023

<u>Product code</u>	<u>Contract amount (NTD thousand)</u>	<u>Maturity date</u>	<u>Expected rate of return</u>
TC1436	USD 1,000	April 17, 2024	3.80%
TC1482	USD 1,000	June 5, 2024	3.85%

- (II) In August 2020, the Consolidated Company purchased 300 board lots of 5-year privately placed convertible bonds of MEGA FORCE COMPANY LIMITED (MEGA FORCE) with 0% coupon rate at a par value of \$100 thousand. The convertible bonds in this private placement are not transferable within 3 years in accordance with the relevant laws and regulations. The bondholders may exercise the

sell-back rights at maturity in cash at par value in accordance with the issuance measures.

The Consolidated Company may request the conversion into MEGAFORCE's common stock at any time from the day after 3 months following the date of issuance of MEGAFORCE's privately placed convertible bonds to the maturity date, except for the period during which the transfer of common stock is suspended by law and from 15 business days prior to the date of suspension of stock transfer for MEGAFORCE's stock dividends, cash dividends, cash capital increase for subscription, until the base date of distribution of rights, and from the base date of capital reduction until the day before the commencement of trading of the shares for capital reduction and exchange. The conversion price is NTD15.2 per share.

In September 2023, the Consolidated Company sold back all Megaforce Company Limited's convertible corporate bonds for NTD 30,452 thousand in cash.

VIII. Financial assets measured at fair value through other comprehensive income

Equity investment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic Investment		
Shares of unlisted companies	\$ 96,589	\$ 40,861
Shares of TWSE listed companies	12	12
Foreign investments		
Shares of unlisted companies	<u>47,556</u>	<u>34,114</u>
	<u>\$144,157</u>	<u>\$ 74,987</u>

The Consolidated Company holds investments in these equity instruments, which are designated as measured at fair value through other comprehensive income because they are investments for medium- to long-term strategic purposes.

In 2023, in order to meet operational planning, the Consolidated Company sold a portion of the shares in Beili Biotechnology Investment Co., Ltd. (formerly known as "Fubang Venture Capital Co., Ltd.") held at fair value through other comprehensive income for a disposal price of \$4,470 thousand and a gain on disposal of \$70 thousand, which was transferred from other equity to retained earnings.

IX. Notes receivable, accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost	<u>\$ 140,859</u>	<u>\$ 83,686</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$ 1,105,053	\$ 1,091,608
Less: Allowance for losses	<u>52,525</u>	<u>47,452</u>
	<u>\$ 1,052,528</u>	<u>\$ 1,044,156</u>
<u>Other receivables</u>		
Measured at amortized cost	<u>\$ 5,723</u>	<u>\$ 2,832</u>

(I) Notes receivable

The Consolidated Company considers any changes in the credit quality of notes receivable from the original credit grant date to the balance sheet date in determining the collectibility of notes receivable. A 100% allowance for loss is provided if the notes receivable are not collected by the maturity date.

There were no notes receivable that were past due at the balance sheet date for which the Consolidated Company had not recognized an allowance for loss.

(II) Accounts receivable

The average credit period for the Consolidated Company's merchandise sales is 90 to 120 days, and accounts receivable do not bear interest.

The Consolidated Company uses the simplified IFRS 9 method to recognize an allowance for losses on accounts receivable based on expected credit losses over the life of the accounts. Expected credit losses over the duration are calculated using a provision matrix, which takes into account the customer's past default records and current financial position, the economic conditions of the industry, as well as GDP forecasts and industry outlook. Because the Consolidated Company's credit loss history shows that there is no significant difference in the loss pattern among different customer groups, therefore, the matrix establishes the expected credit loss rate based on the number of days the accounts receivable are overdue according to the customer groups of each subsidiary.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect the recoverable amount, such as the counterparty is in reorganization or liquidation or the debt is overdue for more than one year, the Consolidated Company directly recognizes the impairment loss in full and does not include it in the calculation of the provision matrix.

The allowance for losses on accounts receivable measured by the Consolidated Company as per the provision matrix is as follows:

December 31, 2023

	Not overdue	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–90 days	Overdue 91–180 days	Overdue 181–365 days	Individually recognized	Total
Expected credit loss rate	0.006%~0.18%	1.61%~3.93%	5.37%~15.03%	5.83%~26.63%	21.58%~37.57%	55.18%~61.15%	-	
Total book value	\$ 940,621	\$ 41,606	\$ 3,864	\$ 64,197	\$ 4,616	\$ 7,725	\$ 42,424	\$ 1,105,053
Allowance for loss (expected credit loss of the given duration)	(629)	(601)	(214)	(6,284)	(638)	(1,735)	(42,424)	(52,525)
Measured at amortized cost	<u>\$ 939,992</u>	<u>\$ 41,005</u>	<u>\$ 3,650</u>	<u>\$ 57,913</u>	<u>\$ 3,978</u>	<u>\$ 5,990</u>	<u>\$ -</u>	<u>\$ 1,052,528</u>

December 31, 2022

	Not overdue	Overdue 1–30 days	Overdue 31–60 days	Overdue 61–90 days	Overdue 91–180 days	Overdue 181–365 days	Individually recognized	Total
Expected credit loss rate	0.12%~0.16%	3.11%~4.13%	14.66%~15.26%	-	34.06%~40.39%	-	-	
Total book value	\$ 995,016	\$ 39,952	\$ 11,591	\$ -	\$ 2,646	\$ -	\$ 42,403	\$ 1,091,608
Allowance for loss (expected credit loss of the given duration)	(1,206)	(1,243)	(1,699)	-	(901)	-	(42,403)	(47,452)
Measured at amortized cost	<u>\$ 993,810</u>	<u>\$ 38,709</u>	<u>\$ 9,892</u>	<u>\$ -</u>	<u>\$ 1,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,044,156</u>

The changes in the allowance for losses on accounts receivable are as follows:

	2023	2022
Balance, beginning of year	\$ 47,452	\$ 48,947
Add: Provision (Reversal gain) of impairment loss for the year	5,165	(860)
Less: Actual write-off for the year	-	(700)
Foreign currency translation differences	(92)	65
Balance, end of year	<u>\$ 52,525</u>	<u>\$ 47,452</u>

(III) Other receivables

The Consolidated Company assesses the impairment amount of other receivables individually when there is objective evidence of impairment. There were no other receivables that were past due at the balance sheet date for which the Consolidated Company had not recognized an allowance for loss.

X. Inventory

	December 31, 2023	December 31, 2022
Raw materials and supplies	\$ 414,695	\$ 387,453
Semi-finished goods	81,072	93,039
Work in process	44,300	9,802
Finished goods	<u>204,217</u>	<u>404,952</u>
	<u>\$ 744,284</u>	<u>\$ 895,246</u>

The nature of cost of goods sold is as follows:

	2023	2022
Cost of inventories sold	\$ 3,127,876	\$ 3,961,749
Unallocated manufacturing expenses	82,691	78,368
Loss on decline in value of inventories (recovery in market price)	2,503	(19,963)
Loss of inventory scrapped	9,451	21,734
	<u>\$ 3,222,521</u>	<u>\$ 4,041,888</u>

XI. Prepayments

	December 31, 2023	December 31, 2022
Tax overpaid retained for offsetting the future tax payable	\$ 39,581	\$ 34,680
Prepayments for goods	84,127	109,001
Prepaid expenses	39,069	26,521
Other prepayments	1,000	87
	<u>\$163,777</u>	<u>\$170,289</u>

XII. Subsidiary

Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

Investor name	Subsidiary name	Business nature	Shareholding		Description
			December 31, 2023	December 31, 2022	
Parent company	LEI Group Limited	Investment holdings	100%	100%	
	Leader Electronics Affiliated Inc.	Production and sales of transformers	100%	100%	1
	LEI POWERGEAR PRIVATE LIMITED	Production and sales of transformers, power converters, etc.	55%	55%	
	LEI AFFILIATED PRIVATE LIMITED	Production and sales of transformers	99%	99%	
LEI Group Limited	Leader New Energy Co., Ltd.	Energy service management	100%	-	2
	Lu Li New Energy Co., Ltd.	Energy service management	37.85%	-	3
	Leader International Holding Ltd.	Investment holdings	100%	100%	
	LEI Holdings Limited	Trading holdings	100%	100%	
LEI Holdings Limited	LEI Electronics (B.V.I.) Inc.	Marketing and holding	100%	100%	
	Leader Electronics (B.V.I.) Inc.	Trading services	100%	100%	
Leader International Holding Ltd.	LEI Industries (H.K.) Limited	Investment holdings	100%	100%	
LEI Industries (H.K.) Limited	Dongguan Linghung Electronics Inc.	Production and sales of transformers, power converters, etc.	100%	100%	
	Dongguan Leader Electronics Inc.	Production and sales of transformers, power converters, etc.	100%	100%	
	Jiangsu Leader Electronics Co., Ltd	Production and sales of transformers, power converters, etc.	100%	100%	
LEI Electronics (B.V.I.) Inc.	LEI Japan Co., Ltd.	Import and export trade	99.20%	99.20%	
	Leader Electronics (Singapore) Pte. Ltd.	Import and export trade	100%	100%	
	Leader Electronics (N.A.) Inc. L.A.	Import and export trade	100%	100%	
	LEI Malaysia Sdn. Bhd.	Import and export trade	100%	100%	

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Investor name	Subsidiary name	Business nature	Shareholding		Description
			December 31, 2023	December 31, 2022	
Leader New Energy Co., Ltd.	Lu Li New Energy Co., Ltd.	Energy service management	52.83%	-	3
	Ruide New Energy Co., Ltd.	Energy service management	100%	-	4
	Guansheng Investment Co., Ltd.	Energy service management	100%	-	5
Lu Li New Energy Co., Ltd.	Power Aquarium Enterprise Co., Ltd.	Energy service management	100%	-	6
Guansheng Investment Co., Ltd.	Chuanglixin Energy Co., Ltd.	Energy service management	100%	-	7

Remarks:

1. The parent company increased its investment in Leader Electronics Affiliated Inc. by US\$65 thousand (NTD 1,997 thousand) in 2023, with no change in the percentage of ownership.
2. The parent company invested NTD 69,100 thousand to establish Leader New Energy Co., Ltd. in April 2023.
3. The parent company invested in the establishment of Lu Li New Energy Co., Ltd. in the amount of NTD 100 thousand in April 2023. Subsequently, Lu Li New Energy Co., Ltd. increased its capital in cash and Leader New Energy Co., Ltd. and others subscribed for its shares. Leader New Energy Co., Ltd. invested NTD 51,000 thousand. The parent company invested another NTD 36,433 thousand with machinery and equipment in December 2023. The Consolidated Company acquired a total of 90.68% of the equity in Lu Li New Energy Co., Ltd.
4. Leader New Energy Co., Ltd. invested NTD 1,000 thousand to establish Ruide New Energy Co., Ltd. in December 2023.
5. Leader New Energy Co., Ltd. acquired 100% of the equity in Guansheng Investment Co., Ltd. and its subsidiary, Chuanglixin Energy Co., Ltd., in the amount of NTD 1,150 thousand in December 2023 and gained control over the company.
6. Lu Li New Energy Co., Ltd. acquired 100% of the equity of Power Aquarium Enterprise Co., Ltd. in the amount of NTD8,523 thousand on April 26, 2023 and gained control over the company.

XIII. Investment accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Individually nonmaterial affiliates		
SEETEL NEW ENERGY CO., LTD.	\$ 36,033	\$ 32,998
Leader & Crescendo Electronics International Pte. Ltd.	-	-
	<u>\$ 36,033</u>	<u>\$ 32,998</u>

The shareholding percentage of affiliates held by the Consolidated Company as of the balance sheet date was as follows:

<u>Company name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SEETEL NEW ENERGY CO., LTD.	29.69%	29.69%
Leader & Crescendo Electronics International Pte. Ltd.	40%	40%

The Consolidated Company increased its shareholding from 27.78% to 36.51% by transferring \$9,070 thousand in January 2022 with creditor's rights over SEETEL NEW ENERGY CO., LTD., and reduced capital reserve by \$3,183 thousand; In addition, in September 2022, SEETEL NEW ENERGY CO., LTD. increased capital by cash with issuance of new shares, and the Consolidated Company did not participate in the subscription, resulting in a decrease in shareholding from 36.51% to 30.94% and a decrease in capital surplus of \$135 thousand. In December 2022, SEETEL NEW ENERGY CO., LTD. increased capital by cash with issuance of new shares, and the Consolidated Company did not participate in the subscription of cash capital increase of \$3,342 thousand, resulting in a decrease in shareholding from 30.94% to 29.69% and a decrease in capital surplus of \$581 thousand.

Information on individually nonmaterial affiliates is summarized as follows:

	<u>2023</u>	<u>2022</u>
Share of the Consolidated Company		
Net loss for the year from continuing operations	\$ 3,857	\$ 9,036
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 3,857</u>	<u>\$ 9,036</u>

The share of profit or loss and other comprehensive income of equity-method affiliates for 2023 was recognized in financial statements that have been audited by CPAs; the share of profit or loss and other comprehensive income of equity-method affiliates for 2022 was recognized in financial statements that have not been audited by CPAs, but the Consolidated Company's management believes that the aforementioned unaudited financial statements of the investees do not yet have a material effect.

XIV. Property, plant and equipment – Self-use

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 364,587	\$ 458,422
Building	412,296	469,490
Machinery equipment	250,625	265,046
Computer and communication equipment	10,699	7,702
Transportation equipment	7,478	4,449
Other equipment	138,492	169,428
Uncompleted construction and equipment pending inspection	<u>33,794</u>	<u>11,154</u>
	<u>\$ 1,217,971</u>	<u>\$ 1,385,691</u>

Self-use

	Land	Building	Machinery equipment	Computer and communication equipment	Transportation equipment	Other equipment	Uncompleted construction and equipment pending inspection	Total
<u>Costs</u>								
Balance as of January 1, 2023	\$ 458,422	\$ 820,321	\$ 733,443	\$ 74,815	\$ 14,617	\$ 956,004	\$ 11,154	\$ 3,068,776
Addition	-	-	38,473	6,192	4,529	19,096	35,323	103,613
Disposal	(93,835)	(47,036)	(35,862)	(3,273)	(2,173)	(15,118)	-	(197,297)
Reclassification	-	-	142	-	-	13	(155)	-
Reclassified as intangible assets	-	-	-	-	-	-	(8,241)	(8,241)
Net exchange differences	-	(7,721)	(14,316)	(573)	(112)	(18,452)	(1,084)	(42,258)
Balance as of December 31, 2023	<u>364,587</u>	<u>765,564</u>	<u>721,880</u>	<u>77,161</u>	<u>16,861</u>	<u>941,543</u>	<u>36,997</u>	<u>2,924,593</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2023	\$ -	\$ 350,831	\$ 468,397	\$ 67,113	\$ 10,168	\$ 786,576	\$ -	\$ 1,683,085
Depreciation	-	18,103	39,235	2,854	1,376	45,749	-	107,317
Disposal	-	(11,546)	(28,177)	(3,031)	(2,065)	(14,159)	-	(58,978)
Impairment loss	-	-	-	-	-	-	3,456	3,456
Net exchange differences	-	(4,120)	(8,200)	(474)	(98)	(15,113)	(253)	(28,258)
Balance as of December 31, 2023	<u>-</u>	<u>353,268</u>	<u>471,255</u>	<u>66,462</u>	<u>9,381</u>	<u>803,053</u>	<u>3,203</u>	<u>1,706,622</u>
Net as of December 31, 2023	<u>\$ 364,587</u>	<u>\$ 412,296</u>	<u>\$ 250,625</u>	<u>\$ 10,699</u>	<u>\$ 7,478</u>	<u>\$ 138,492</u>	<u>\$ 33,794</u>	<u>\$ 1,217,971</u>
<u>Costs</u>								
Balance as of January 1, 2022	\$ 458,422	\$ 755,520	\$ 717,506	\$ 80,557	\$ 12,979	\$ 923,446	\$ 65,171	\$ 3,013,601
Addition	-	652	31,428	1,852	1,420	32,275	1,771	69,398
Disposal	-	-	(12,669)	(8,150)	-	(10,273)	-	(31,092)
Reclassification	-	55,919	11,481	-	-	898	(68,298)	-
Reclassification to investment property	-	-	-	-	-	(1,374)	-	(1,374)
Net exchange differences	-	8,230	(14,303)	556	218	11,032	12,510	18,243
Balance as of December 31, 2022	<u>458,422</u>	<u>820,321</u>	<u>733,443</u>	<u>74,815</u>	<u>14,617</u>	<u>956,004</u>	<u>11,154</u>	<u>3,068,776</u>
<u>Accumulated depreciation and impairment</u>								
Balance as of January 1, 2022	-	329,525	434,401	70,649	8,657	726,816	-	1,570,048
Depreciation	-	17,923	44,679	3,893	1,346	58,397	-	126,238
Disposal	-	-	(10,534)	(8,085)	-	(9,570)	-	(28,189)
Reclassification to investment property	-	-	-	-	-	(1,053)	-	(1,053)
Impairment loss	-	-	11,892	208	26	3,865	-	15,991
Net exchange differences	-	3,383	(12,041)	448	139	8,121	-	50
Balance as of December 31, 2022	<u>-</u>	<u>350,831</u>	<u>468,397</u>	<u>67,113</u>	<u>10,168</u>	<u>786,576</u>	<u>-</u>	<u>1,683,085</u>
Net as of December 31, 2022	<u>\$ 458,422</u>	<u>\$ 469,490</u>	<u>\$ 265,046</u>	<u>\$ 7,702</u>	<u>\$ 4,449</u>	<u>\$ 169,428</u>	<u>\$ 11,154</u>	<u>\$ 1,385,691</u>

The Consolidated Company recognized a impairment loss of \$3,456 thousand and \$15,991 thousand in 2023 and 2022, respectively, due to the expected decrease in future

economic benefits of some equipment, and the Consolidated Company stopped further investment, and the impairment loss was included in other gains and losses.

Depreciation expense is provided for based on a straight-line method over the following useful lives:

Building	
Main building	44 to 51 years
Electrical and mechanical construction	3 to 49 years
Decoration construction	11 to 45 years
Machinery equipment	2 to 12 years
Computer and communication equipment	5 to 10 years
Transportation equipment	3 to 20 years
Other equipment	2 to 20 years

For the amount of property, plant and equipment pledged as collateral for loans, please refer to Note 35.

Please refer to Note 15 for the details of the land and buildings disposed of, sold, and leased back by the Consolidated Company in March 2023.

XV. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of right-of-use assets		
Land use rights	\$ 112,337	\$ 120,081
Building	20,586	24,179
Transportation equipment	-	2,566
	<u>\$ 132,923</u>	<u>\$ 146,826</u>
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets	<u>\$ 10,964</u>	<u>\$ 6,092</u>
Depreciation expenses of right-of-use assets		
Land use rights	\$ 7,957	\$ 7,700
Building	14,246	10,698
Transportation equipment	1,119	2,779
	<u>\$ 23,322</u>	<u>\$ 21,177</u>

Except for the above additions and depreciation expense recognized, the Consolidated Company's right-of-use assets were not impaired in 2023 and 2022. In addition, the Consolidated Company terminated some lease contracts in advance, resulting in a decrease in the right-of-use assets by \$1,932 thousand, and recognized a gain on lease modification of \$84 thousand.

(II) Lease liability

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Book value of lease liabilities		
Current	<u>\$ 21,697</u>	<u>\$ 18,165</u>
Non-current	<u>\$ 116,997</u>	<u>\$ 128,116</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.052%	1.052%
Building	1.927%~3.34%	1.052%~3.34%
Transportation equipment	-	1.158%~1.927%

(III) Major lease activities and terms

The Consolidated Company leases certain land and buildings for use as business premises and staff quarters for a period of 2 to 18 years. At the end of the lease period, the Consolidated Company does not have preferential purchase rights for the leased business premises. Some of the lease payments are subject to changes in local price indices.

The Consolidated Company leases some of the transportation equipment for business purposes for a period of 2 years. At the end of the lease period, the Consolidated Company does not have preferential purchase rights for the leased business premises.

In order to rejuvenate assets and strengthen the financial structure, the Consolidated Company sold part of the land and buildings located on Baoqiao Road, New Taipei City, to several companies in March 2023. The selling price, less relevant expenses, was \$182,467 thousand. As the Consolidated Company still has a business agreement with a third party, it immediately leased it back over a lease term of three years and did not renew the term. The deferred gain of \$4,446 thousand from the leaseback transaction was first used to offset the right-of-use assets, and right-of-use assets of \$10,440 thousand and lease liabilities of \$14,886 thousand were recognized. In addition, part of the gain on the disposal transferred to the buyer in the sale was \$48,696 thousand, which was recognized in "Other gains and losses."

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 1,305</u>	<u>\$ 542</u>
Low-value asset lease expenses	<u>\$ 212</u>	<u>\$ 321</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,825</u>	<u>\$ 1,385</u>
Total cash (outflow) from lease	<u>(\$ 27,352)</u>	<u>(\$ 22,295)</u>

The Consolidated Company elected to apply the exemption from recognition to certain office equipment that qualifies as short-term leases for business cars, parking spaces, photocopiers and dormitories, and certain office equipment that qualifies as

low-value asset leases, and not to recognize the related right-of-use assets and lease liabilities for these leases.

XVI. Investment property

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 36,303	\$ 36,303
Building	31,610	44,362
Right-of-use assets	<u>17,263</u>	<u>18,055</u>
	<u>\$ 85,176</u>	<u>\$ 98,720</u>

	<u>Land</u>	<u>Building</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>Costs</u>				
Balance as of January 1, 2023	\$ 36,303	\$ 129,044	\$ 24,448	\$ 189,795
Disposal in this period	-	(25,870)	-	(25,870)
Net exchange differences	<u>-</u>	<u>(260)</u>	<u>(419)</u>	<u>(679)</u>
Balance as of December 31, 2023	<u>36,303</u>	<u>102,914</u>	<u>24,029</u>	<u>163,246</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2023	-	84,682	6,393	91,075
Depreciation expenses	-	2,050	489	2,539
Disposal in this period	-	(15,323)	-	(15,323)
Net exchange differences	<u>-</u>	<u>(105)</u>	<u>(116)</u>	<u>(221)</u>
Balance as of December 31, 2023	<u>-</u>	<u>71,304</u>	<u>6,766</u>	<u>78,070</u>
Net as of December 31, 2023	<u>\$ 36,303</u>	<u>\$ 31,610</u>	<u>\$ 17,263</u>	<u>\$ 85,176</u>

<u>Costs</u>				
Balance as of January 1, 2022	\$ 36,303	\$ 119,787	\$ 24,093	\$ 180,183
Reclassification from property, plant, and equipment	-	1,374	-	1,374
Net exchange differences	<u>-</u>	<u>7,883</u>	<u>355</u>	<u>8,238</u>
Balance as of December 31, 2022	<u>36,303</u>	<u>129,044</u>	<u>24,448</u>	<u>189,795</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2022	-	76,555	5,818	82,373
Depreciation expenses	-	2,487	492	2,979
Reclassification from property, plant, and equipment	-	1,053	-	1,053
Net exchange differences	<u>-</u>	<u>4,587</u>	<u>83</u>	<u>4,670</u>
Balance as of December 31, 2022	<u>-</u>	<u>84,682</u>	<u>6,393</u>	<u>91,075</u>
Net as of December 31, 2022	<u>\$ 36,303</u>	<u>\$ 44,362</u>	<u>\$ 18,055</u>	<u>\$ 98,720</u>

The Consolidated Company disposed of its investment property located in Kowloon Bay, Hong Kong, in August 2023. The proceed was \$64,385 thousand, and a gain on the disposal of \$53,838 thousand was recognized.

The Consolidated Company's investment properties were not impaired in 2023 and 2022.

See Note 35 for the amount of investment property that is set as collaterals for loans.

Investment property is depreciated on a straight-line basis over the following useful lives:

Building	51 years
Right-of-use assets	49 years

The fair values of investment properties were not evaluated by independent appraisers, but only by the management of the Consolidated Company with reference to market evidence of similar real estate transaction prices, and the resulting fair values were as follows

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value	<u>\$ 562,200</u>	<u>\$ 591,822</u>

The total future lease payments to be received for investment property leased under operating leases are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
First year	\$ 8,597	\$ 10,366
Second year	1,549	9,774
Third year	237	2,066
Fourth year	237	237
Fifth year	237	237
More than 5 years	<u>811</u>	<u>1,049</u>
	<u>\$ 11,668</u>	<u>\$ 23,729</u>

XVII. Intangible assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Computer software	\$ 21,531	\$ 17,330
Patent rights	13	42
Franchise	<u>7,400</u>	<u>-</u>
	<u>\$ 28,944</u>	<u>\$ 17,372</u>

	Computer software	Patent rights	Franchise	Total
<u>Costs</u>				
Balance as of January 1, 2023	\$ 161,448	\$ 3,909	\$ -	\$ 165,357
Acquired	6,124	-	-	6,124
Acquired from business combination (Note 30)	-	-	7,929	7,929
Reclassification from property, plant, and equipment	8,241	-	-	8,241
Net exchange differences	(636)	(15)	-	(651)
Balance as of December 31, 2023	<u>175,177</u>	<u>3,894</u>	<u>7,929</u>	<u>187,000</u>
<u>Accumulated amortization</u>				
Balance as of January 1, 2023	144,118	3,867	-	147,985
Amortization expenses	10,020	29	529	10,578
Net exchange differences	(492)	(15)	-	(507)
Balance as of December 31, 2023	<u>153,646</u>	<u>3,881</u>	<u>529</u>	<u>158,056</u>
Net as of December 31, 2023	<u>\$ 21,531</u>	<u>\$ 13</u>	<u>\$ 7,400</u>	<u>\$ 28,944</u>
<u>Costs</u>				
Balance as of January 1, 2022	\$ 157,173	\$ 3,893	\$ -	\$ 161,066
Acquired	2,866	-	-	2,866
Net exchange differences	<u>1,409</u>	<u>16</u>	<u>-</u>	<u>1,425</u>
Balance as of December 31, 2022	<u>161,448</u>	<u>3,909</u>	<u>-</u>	<u>165,357</u>
<u>Accumulated amortization</u>				
Balance as of January 1, 2022	135,301	3,813	-	139,114
Amortization expenses	7,517	39	-	7,556
Net exchange differences	<u>1,300</u>	<u>15</u>	<u>-</u>	<u>1,315</u>
Balance as of December 31, 2022	<u>144,118</u>	<u>3,867</u>	<u>-</u>	<u>147,985</u>
Net as of December 31, 2022	<u>\$ 17,330</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 17,372</u>

There was no indication of impairment of the Consolidated Company's intangible assets as of December 31, 2023 and 2022.

Amortization expense is provided for based on a straight-line method over the following useful lives:

Computer software	1 to 5 years
Patent rights	5 years
Franchise	10 years

XVIII. Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	\$ 43,849	\$ 26,033
Prepayments for investment	5,000	-
Prepayments for intangible assets	2,430	-
Prepayments for equipment	10,349	10,462
Net defined benefit liability (Note 23)	<u>1,238</u>	<u>2,597</u>
	<u>\$ 62,866</u>	<u>\$ 39,092</u>

XIX. Borrowings

(I) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured short-term loans	\$ 314,982	\$ 513,420
Secured short-term loans	<u>97,000</u>	<u>636,098</u>
	<u>\$ 411,982</u>	<u>\$ 1,149,518</u>
Interest rate range	2.12%~5.00%	1.93%~6.90%

For the Consolidated Company's provision of collateral for the above short-term loans, please refer to Note 35.

(II) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u>		
BANK OF PANHSIN	\$ 234,200	\$ -
King's Town Bank Co., Ltd.	207,000	-
Bank of Dongguan	194,890	148,004
Sunny Bank	166,126	-
Sinopac Leasing Corp.	93,555	-
Chailease Specialty Finance Co., Ltd.	38,302	-
First Commercial Bank	20,234	29,765
SinoPac Capital International (HK) Limited	-	30,710
Chailease Finance Co., Ltd.	-	23,954
Shanghai Commercial & Savings Bank	-	4,607
Bank SinoPac Co., Ltd.	<u>-</u>	<u>333</u>
Subtotal	<u>954,307</u>	<u>237,373</u>

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured loans</u>		
First Commercial Bank	\$ 5,058	\$ 7,442
BANK OF PANHSIN	-	60,000
Shanghai Commercial & Savings Bank	-	36,852
Subtotal	<u>5,058</u>	<u>104,294</u>
	<u>959,365</u>	<u>341,667</u>
Less: Due within one year	<u>393,243</u>	<u>162,958</u>
Long-term borrowings	<u>\$ 566,122</u>	<u>\$ 178,709</u>

1. Secured loans from Bank Of Panhsin: The Consolidated Company would pay interest and repay the principal monthly from March 2023 to March 2030 in accordance with the respective contract period, at an interest rate of 2.81% per annum as of December 31, 2023. Also, the Consolidated Company would pay interest monthly from March 2023 and repay the principal quarterly until December 2025 at an interest rate of 2.81% per annum as of December 31, 2023.
2. Secured loans from King's Town Bank Co., Ltd.: The Consolidated Company would pay interest and repay the principal monthly from May 2023 to November 2024 in accordance with the respective contract period, at an interest rate of 2.825% per annum as of December 31, 2023.
3. Secured loans from the Bank of Dongguan: Dongguan Linghung Electronics Inc. would pay interest monthly from November 2022 and repay the principal annually until January 2026 in accordance with the respective contract period, at an interest rate of 4.70% per annum as of December 31, 2023 and 2022.
4. Secured loans from Sunny Bank: The Consolidated Company would pay interest and repay the principal monthly from July 2023 to July 2033 in accordance with the respective contract period, at an interest rate of 2.2% per annum as of December 31, 2023.
5. Secured loans from Sinopac Leasing Corp.: The parent company would pay interest and repay the principal monthly from September 2023 to September 2025 in accordance with the respective contract period, at an interest rate of at an interest rate of 4.2% per annum as of December 31, 2023. The subsidiary would pay interest and repay the principal monthly from January 2023 to January 2026, at an interest rate of 4.93% per annum as of December 31, 2023.
6. Secured loans from Chailease Specialty Finance Co., Ltd.: The Consolidated Company would pay interest and repay the principal annually from January 2023 to January 2025 in accordance with the respective contract period, with an interest rate of 2.2352% per annum as of December 31, 2023.

7. Secured loans from First Commercial Bank: The Consolidated Company would pay interest and repay the principal monthly from October 2020 to March 2026 in accordance with the respective contract period, with an interest rate of 2.595% and 2.345% per annum as of December 31, 2023 and 2022, respectively.
8. Secured loans from SinoPac Capital International (HK) Limited: The Consolidated Company would pay interest and repay the principal annually from May 2022 to November 2023 in accordance with the respective contract period, with an interest rate of 9.18% per annum as of December 31, 2022.
9. Secured loans from Chailease Finance Co., Ltd.: Leader Electronics Affiliated Inc. would pay interest and repay the principal monthly from January 2020 to July 2024 in accordance with the respective contract period, at an interest rate of 3.92%–5.03% per annum as of December 31, 2022. The Consolidated Company paid off the loans early in January 2023.
10. Secured loans from Shanghai Commercial & Savings Bank: The Consolidated Company would pay interest quarterly and repay the principal quarterly from October 2021 to April 2024 in accordance with the respective contract period, with an interest rate of 5.69% per annum as of December 31, 2022. The Consolidated Company paid off the loans early in September 2023.
11. Secured loans from Bank SinoPac Co., Ltd.: The Consolidated Company would pay interest and repay the principal monthly from February 2020 to February 2023 in accordance with the respective contract period, at an interest rate of 2.085% per annum as of December 31, 2022.
12. Unsecured loans from First Commercial Bank: The Consolidated Company would pay interest and repay the principal monthly from October 2020 to March 2026 in accordance with the respective contract period, with an interest rate of 2.595% and 2.345% per annum as of December 31, 2023 and 2022, respectively.
13. Unsecured loans from BANK OF PANHSIN: The Consolidated Company would pay interest monthly from November 2020 and repay the principal quarterly until November 2023 in accordance with the respective contract period, with an interest rate of 2.18% per annum as of December 31, 2022.
14. Unsecured loans from Shanghai Commercial & Savings Bank: The Consolidated Company would pay interest quarterly and repay the principal quarterly from October 2021 to April 2024 in accordance with the respective contract period, with an interest rate of 5.69% per annum as of December 31, 2022. The Consolidated Company paid off the loans early in September 2023.

For the Consolidated Company's provision of collateral for the above long-term loans, please refer to Note 35.

XX. Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
1st domestic privately placed unsecured convertible bond	\$ -	\$ 69,855
2nd domestic privately placed unsecured convertible bond	<u>-</u>	<u>-</u>
	-	69,855
Less: Portion classified as due within one year	<u>-</u>	(<u>69,855</u>)
	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023 and 2022, corporate bonds were as follows

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Components of liabilities		
Corporate bonds payable	\$ -	\$ 71,500
Less: Discount (effective interest rate of 1.81%)	<u>-</u>	<u>1,645</u>
	<u>\$ -</u>	<u>\$ 69,855</u>
Financial liabilities at fair value through profit or loss		
Sell-back options	<u>\$ -</u>	<u>\$ 396</u>
Components of liabilities		
Stock options of convertible bonds	\$ -	\$ 4,569
Lapsed stock options of convertible bonds	<u>-</u>	<u>3,067</u>
	<u>\$ -</u>	<u>\$ 7,636</u>

(I) On May 2, 2019, the parent company issued the first domestic privately placed unsecured convertible bonds with a total amount of \$81,500 thousand, issued at a par value of \$100 thousand each board lot, with a coupon rate of 0% and a maturity of 5 years and the following major terms of issuance:

1. Issuance Period: May 2, 2019 to May 1, 2024.
2. Repayment method: Repayable in cash at maturity in accordance with the par value of the bonds, except for the sale or conversion to stock at the request of the creditors.
3. Conversion period: The bondholders may request the conversion into the Company's common stock at any time from the day after 3 months following the date of issuance of the Consolidated Company's privately placed convertible bonds to 10 days prior to the maturity date, except for the period during which the transfer of common stock is suspended by law and from 15 business days prior to the date of suspension of stock transfer for the parent company's stock dividends, cash dividends, cash capital increase for subscription, until the base

date of distribution of rights, and from the base date of capital reduction until the day before the commencement of trading of the shares for capital reduction and exchange.

4. Conversion price: The conversion price of the privately placed convertible bonds is determined by taking March 28, 2019 as the base date (exclusive) for setting the conversion price and taking the higher of the simple arithmetic average of the closing prices of the parent company's common stock for the one, three or five business days before the base date and the 30 business days before the base date as the base price and multiplying it by the conversion premium rate of 110% to calculate the conversion price (rounded to NTD 0.1). If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. The conversion price of the convertible bonds is NTD 8.99 per share.
5. Sell-back rights of the bondholders: The parent company shall take the 3 years (May 2, 2022) and 4 years (May 2, 2023) after the issuance of the bonds as the base date of sell-back of the bonds, and the bondholders may request the parent company to redeem the bonds at the par value of the bonds plus interest compensation (101.508% of the face value of the bonds (0.5% real rate of return) for 3 years and 102.015% of the face value of the bonds (0.5% real rate of return) for 4 years). The parent company shall redeem the convertible bonds in cash within 5 business days after the base date of sell-back upon receipt of the request for redemption.
6. These convertible bonds consist of a liability and an equity component, which is presented under equity as capital surplus – stock options. The effective interest rate originally recognized for the liability component was approximately 1.81%; the option was measured at fair value through profit or loss, and the gain on change in fair value was recognized as \$396 thousand and \$56 thousand for 2023 and 2022, respectively.
7. On May 2, 2022, J.S. POWER CO., LTD., a bondholder, requested that the parent company repurchase privately placed convertible bonds with a par value of \$10,000 thousand for \$5,355 thousand in accounts receivable and \$4,796 thousand in cash, in accordance with the aforementioned repurchase condition. The Company recognized a loss of \$498 thousand on the repurchase of the bonds, which was included in non-operating income and expenses – other gains and losses.

In May 2023, the bondholder made a request, on May 5, 2023, to the parent company to repurchase the privately placed convertible bonds with a par value of \$1,530 thousand for \$1,500 thousand in cash, in accordance with the aforementioned repurchase condition. The parent company recognized a loss of \$56 thousand on the repurchase of the bonds, which was included in non-operating income and expenses – other gains and losses.

8. From January 1 to December 31, 2023, the face value of the corporate bonds with the conversion right exercised was \$70,000 thousand, and the conversion price was \$8.99 per share. A total of 7,786 shares were converted and recognized in share capital in the amount of \$77,864 thousand. The conversion price was lower than the face value, totaling \$7,864 thousand, and the discount of corporate bonds payable of \$989 thousand was derecognized and used to offset the capital surplus – convertible corporate bond stock options of \$4,473 thousand, capital surplus – stock issuance premium of \$3,425 thousand, and retained earnings of \$955 thousand.

Issue price	\$ 81,500
Equity components	(5,208)
Financial liabilities at fair value through profit or loss – sell-back options	(<u>1,777</u>)
Liability components on the date of issue	74,515
Repurchase of corporate bonds	(9,653)
Interest calculated at an effective rate of 1.81%	<u>4,993</u>
Liability components on December 31, 2022	69,855
Interest calculated at an effective rate of 1.81%	630
Repurchase of corporate bonds	(1,474)
Corporate bonds payable converted to common stock	(<u>69,011</u>)
Liability components on December 31, 2023	<u>\$ -</u>

- (II) On December 10, 2019, the parent company issued the second domestic privately placed unsecured convertible bonds with a total amount of \$40,000 thousand, issued at a par value of \$100 thousand each board lot, with a coupon rate of 0% and a maturity of 5 years and the following major terms of issuance:

1. Issuance Period: December 10, 2019 to December 9, 2024.
2. Repayment method: Repayable in cash at maturity in accordance with the par value of the bonds, except for the sale or conversion to stock at the request of the creditors.
3. Conversion period: The bondholders may request conversion into the Company's common stock at any time from the day after 3 months following the date of issuance of the Consolidated Company's privately placed convertible bonds to the maturity date, except for the period during which the transfer of common stock is suspended by law and from 15 business days prior to the date of suspension of stock transfer for the parent company's stock dividends, cash dividends, cash capital increase for subscription, until the base date of distribution of rights, and from the base date of capital reduction until the day before the commencement of trading of the shares for capital reduction and exchange.

4. Conversion price: The conversion price of the privately placed convertible bonds is determined by taking November 13, 2019 as the base date (exclusive) for setting the conversion price and taking the higher of the simple arithmetic average of the closing prices of the parent company's common stock for the one, three or five business days before the base date and the 30 business days before the base date as the base price and multiplying it by the conversion premium rate of 110% to calculate the conversion price (rounded to NTD 0.1). If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. The conversion price of the convertible bonds is NTD 8.20 per share.
5. Sell-back rights of the bondholders: The parent company shall take the 3 years (December 10, 2022) and 4 years (December 10, 2023) after the issuance of the bonds as the base date of sell-back of the bonds, and the bondholders may request the parent company to redeem the bonds at the par value of the bonds plus interest compensation (101.508% of the face value of the bonds (0.5% real rate of return) for 3 years and 102.015% of the face value of the bonds (0.5% real rate of return) for 4 years). The parent company shall redeem the convertible bonds in cash within 5 business days after the base date of sell-back upon receipt of the request for redemption.
6. These convertible bonds consist of a liability and an equity component, which is presented under equity as capital surplus – stock options. The effective interest rate originally recognized for the liability component was approximately 1.81%; the option was measured at fair value through profit or loss, and the loss on change in fair value was recognized as \$8 thousand for 2022.
7. In December 2022, the bondholder made a request, on December 10, 2022, to the Company to repurchase the privately placed convertible bonds with a par value of \$40,603 thousand for \$40,000 thousand in cash, in accordance with the aforementioned repurchase condition. The Company recognized a loss of \$1,992 thousand on the repurchase of the bonds, which was included in non-operating income and expenses – other gains and losses.

Issue price	\$ 40,000
Equity components	(2,428)
Financial liabilities at fair value through profit or loss – sell-back options	(1,000)
Liability components on the date of issue	36,572
Repurchase of corporate bonds	(38,611)
Interest calculated at an effective rate of 1.81%	2,039
Liability components on December 31, 2022	<u>\$ -</u>

XXI. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable- from operations	<u>\$ 2,557</u>	<u>\$ 2,162</u>
Accounts payable- from operations	<u>\$ 965,468</u>	<u>\$ 1,037,577</u>

The average credit period is 90 to 120 days. The Consolidated Company has a financial risk management policy to ensure that all accounts payable are repaid within the contracted credit period.

XXII. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payables	\$ 73,736	\$ 71,198
Insurance premiums payable	19,958	10,617
Service fee payable	11,233	15,703
Commissions payable	10,816	9,462
Freights payable	9,630	13,071
Business tax payables	3,238	4,004
Employee bonus payable	2,165	-
Taxes payable	1,616	1,435
Equipment Payables	581	447
Director remuneration and supervisor remuneration payable	433	-
Others	<u>77,123</u>	<u>84,488</u>
	<u>\$ 210,529</u>	<u>\$ 210,425</u>

XXIII. Post-employment benefit plans

(I) Defined contribution pension plan

The pension system of the Consolidated Company's parent company under the "Labor Pension Act" is a government-administered defined contribution pension plan with contributes 6% of employees' monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

The Consolidated Company's subsidiaries contribute a specific percentage of salaries to the retirement benefit plans for their employees in accordance with local laws and regulations to fund the plans.

The Consolidated Company's obligation for the government-operated retirement benefit plans is only to contribute a specific amount.

Pension costs related to defined contribution plans are included in the following items:

	<u>2023</u>	<u>2022</u>
Operating expenses	<u>\$ 13,399</u>	<u>\$ 12,743</u>

(II) Defined benefit pension plan

The pension system of the Consolidated Company's parent company under the Labor Standards Act is a defined benefit pension plan administered by the government. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The parent company contributes 6% of employees' monthly salaries to the pension fund, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the Committee into a special account at the Bank of Taiwan. If the balance of the special account is not sufficient to pay the employees who are expected to meet the retirement requirements in the following year, the difference will be made up for in one lump sum by the end of March of the following year. The management of the special account is entrusted to the Bureau of Labor Funds, the Ministry of Labor. The parent company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets for defined benefit plans are shown below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 13,770	\$ 13,606
Fair value of plan assets	(<u>15,008</u>)	(<u>16,203</u>)
Net defined benefit (assets) liabilities	(<u>\$ 1,238</u>)	(<u>\$ 2,597</u>)

The change in the net defined benefit (assets) liabilities under other non-current assets. The changes in the net defined benefit (assets) liabilities are as follows

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (assets) liabilities
January 1, 2022	<u>\$ 15,477</u>	<u>(\$ 15,292)</u>	<u>\$ 185</u>
Interest expenses (incomes)	<u>116</u>	<u>(117)</u>	<u>(1)</u>
Recognized in profit or loss	<u>116</u>	<u>(117)</u>	<u>(1)</u>
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(1,152)	(1,152)
Actuarial gain – changes in financial assumptions	(583)	-	(583)
Actuarial gain – experience adjustments	<u>(328)</u>	<u>-</u>	<u>(328)</u>
Recognized in other comprehensive income	<u>(911)</u>	<u>(1,152)</u>	<u>(2,063)</u>
Benefits paid	<u>(1,076)</u>	<u>1,076</u>	<u>-</u>
Employer appropriation	<u>-</u>	<u>(718)</u>	<u>(718)</u>
December 31, 2022	<u>\$ 13,606</u>	<u>(\$ 16,203)</u>	<u>(\$ 2,597)</u>
January 1, 2023	<u>\$ 13,606</u>	<u>(\$ 16,203)</u>	<u>(\$ 2,597)</u>
Interest expenses (incomes)	<u>190</u>	<u>(232)</u>	<u>(42)</u>
Recognized in profit or loss	<u>190</u>	<u>(232)</u>	<u>(42)</u>
Remeasurement			
Return on plan asset (other than amount included in net interest)	-	(104)	(104)
Actuarial gain – changes in financial assumptions	86	-	86
Actuarial gain – experience adjustments	<u>2,018</u>	<u>-</u>	<u>2,018</u>
Recognized in other comprehensive income	<u>2,104</u>	<u>(104)</u>	<u>2,000</u>
Benefits paid	<u>(2,130)</u>	<u>2,130</u>	<u>-</u>
Employer appropriation	<u>-</u>	<u>(599)</u>	<u>(599)</u>
December 31, 2023	<u>\$ 13,770</u>	<u>(\$ 15,008)</u>	<u>(\$ 1,238)</u>

The parent company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the parent company’s plan assets is based on the income at a rate no less than the local bank’s 2-year time deposit rate.

2. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the parent company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discounted rate	1.300%	1.400%
Expected rate of salary increase	1.875%	1.875%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discounted rate		
Increase by 0.25%	<u>\$ 222</u>	<u>\$ 230</u>
Decrease by 0.25%	<u>(\$ 227)</u>	<u>(\$ 236)</u>
Expected rate of salary increase		
Increase by 0.25%	<u>(\$ 219)</u>	<u>(\$ 229)</u>
Decrease by 0.25%	<u>(\$ 215)</u>	<u>\$ 224</u>

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Amount expected to be appropriated within 1 year	<u>\$ 576</u>	<u>\$ 714</u>
Average duration to maturity of defined benefit obligation	9 years	9 years

XXIV. Equity

(I) Common stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized number of shares (in thousands)	<u>300,000</u>	<u>200,000</u>
Authorized capital stock	<u>\$ 3,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>166,363</u>	<u>158,576</u>
Capital stock issued	<u>\$ 1,663,628</u>	<u>\$ 1,585,764</u>

The issued common stock has a face value of NTD 10 per share and each share is entitled to one voting right and receiving dividends.

The change in the Company's capital stock is mainly due to the conversion of 77,864 thousand yuan of the company's ordinary shares by holders of private placement corporate bonds on June 29, 2023. After three full years after the date of delivery of the aforementioned ordinary shares, the Company should first apply for a public offering with the FSC before applying to the Taiwan Stock Exchange for stock listing and trading. The Company completed the registration of the change in August 2023.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>For loss make-up, payment in cash or capitalization as equity (Note)</u>		
Treasury stock transactions	\$ 3,367	\$ 121,697
Stock issuance premium	-	22,701
Receipt of donated capital surplus	-	143
Changes in affiliates accounted for using the equity method	-	3,595
Employee stock option	-	8,553
Lapsed stock options of convertible bonds	-	3,067
<u>May not be used for any purpose</u>		
Issuance of convertible bonds	-	4,569
	<u>\$ 3,367</u>	<u>\$ 164,325</u>

Note: The type of capital surplus may be used to offset losses or, when the Company has no losses, to pay cash or to capitalize capital, provided that the capitalization is limited to a certain percentage of paid-in capital each year.

The changes in capital surplus for 2023 and 2022 are as follows:

	Stock issuance premium	Treasury stock transactions	Receipt of donated capital surplus	Changes in affiliates accounted for using the equity method	Employee stock option	Lapsed stock options of convertible bonds	Issuance of convertible corporate bonds	Total
Balance as of January 1, 2023	\$ 22,701	\$ 121,697	\$ 143	\$ 3,595	\$ 8,553	\$ 3,067	\$ 4,569	\$ 164,325
Capital surplus to cover losses	(19,276)	(121,697)	(143)	(3,595)	(8,553)	(3,163)	-	(156,427)
Capitalization of convertible corporate bonds	(3,425)	-	-	-	-	-	(4,473)	(7,898)
Cost of remuneration - employee stock options (Note 1)	-	-	-	-	3,367	-	-	3,367
Treasury shares transferred to employees	-	3,367	-	-	(3,367)	-	-	-
Changes in capital surplus of subsidiaries using the equity method (Note 2)	-	-	-	-	-	-	-	-
Convertible bondholders exercising their sell-back rights	-	-	-	-	-	96	(96)	-
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 3,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,367</u>
Balance as of January 1, 2022	\$ 326,096	\$ 121,697	\$ 143	\$ 7,494	\$ 8,553	\$ -	\$ 7,636	\$ 471,619
Changes in affiliates accounted for using the equity method	-	-	-	(3,899)	-	-	-	(3,899)
Capital surplus to cover losses	(303,395)	-	-	-	-	-	-	(303,395)
Convertible bondholders exercising their sell-back rights	-	-	-	-	-	3,067	(3,067)	-
Balance as of December 31, 2022	<u>\$ 22,701</u>	<u>\$ 121,697</u>	<u>\$ 143</u>	<u>\$ 3,595</u>	<u>\$ 8,553</u>	<u>\$ 3,067</u>	<u>\$ 4,569</u>	<u>\$ 164,325</u>

Note: The Company transferred treasury shares to employees on December 11, 2023. A remuneration cost of \$3,367 thousand was recognized as per a valuation report issued by a professional actuary. Costs of remuneration recognized for employee stock options in 2023 were \$3,367 thousand.

The excess of capital surplus over par value of shares issued and donations received may be used to offset losses or, when the Company has no losses, to pay cash dividends or to capitalize capital, provided that the capitalization is limited to a certain percentage of paid-in capital each year.

(III) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the parent company's Articles of Incorporation, if there is any surplus earnings as concluded by the year-end accounting close, 10% of the surplus shall be set aside as legal reserve and then special reserve should be set aside or reversed in accordance with the law. If there are still surplus, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders. In addition, in accordance with the parent company's Articles of Incorporation, the Board of Directors shall, after deducting the above provisions, prepare an earnings distribution proposal for bonus to shareholders and submit it to the shareholders for resolution. Dividends to shareholders may be paid in the form of stock dividends or cash dividends. The Board of Directors is authorized to declare dividends and bonuses or statutory surplus reserves and capital surplus in cash in whole or in part, and report such declaration at the meeting of shareholders to the extent that more than two thirds of the directors are present at such meeting, and a resolution on such declaration is approved by more than half of the attending directors. For profit-sharing remuneration for employees, directors and supervisors as stipulated in the parent company's Articles of Incorporation, see Note 26(7) Profit-sharing remuneration for employees and profit-sharing remuneration for directors and supervisors. profit-sharing remuneration.

In accordance with the dividend policy set forth in the parent company's Articles of Incorporation, the parent company is currently in a growth stage. In order to accommodate future business expansion, the parent company should consider its future capital expenditure budget and capital requirements for the distribution of earnings and set aside no less than 50% of the annual distributable earnings as dividends to shareholders, provided that the total amount of distributable earnings does not reach \$0.5 per share. Dividends to shareholders may be paid in the form of stock dividends or cash dividends, with stock dividends not exceeding 50% of the total amount of dividends paid to shareholders in the year.

The legal reserve shall be set aside until the balance reaches the amount of the Company's total paid-in capital. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The parent company's shareholders' meeting on June 24, 2022 resolved to amend the Articles of Incorporation. The amendment clearly stipulates that if the undistributed earnings from the previous period are insufficient to provide a net deduction of other equity accumulated in the previous period as a special reserve, it

will be provided from the net income after tax for the current period, plus items other than net income after tax included in undistributed earnings for the current period. Before the amendment to the Articles of Incorporation, the parent company made provision from undistributed earnings from the previous period in accordance with the law.

On June 21, 2023, the parent company's shareholders' meeting approved a proposal to make up for the losses for 2022 with capital surplus of \$156,427 thousand.

On June 24, 2022, the parent company's shareholders' meeting approved a proposal to make up for the losses for 2021 with capital surplus of \$303,395 thousand.

The parent company's 2023 earnings distribution proposal made by the Board of Directors on March 14, 2024 is as follows:

	Earnings distribution proposal
Legal reserve	<u>\$ 4,136</u>
Special reserve	<u>\$ 37,226</u>

The 2023 earnings distribution proposal is pending the resolution of the shareholders' meeting scheduled for June 21, 2024.

(IV) Other equity

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

The related exchange differences arising from the translation of the net assets of foreign operations from their functional currency to the presentation currency of the Consolidated Company (i.e. NTD) are recognized directly in the translation of the financial statements of foreign operations under other comprehensive income. Translation differences previously accumulated on the financial statements of foreign operating entities are reclassified to profit or loss upon disposal of the foreign operations

2. Unrealized valuation gain or loss on financial assets measured at fair value through other comprehensive income

	2023	2022
Balance, beginning of year	(\$ 137,869)	(\$ 106,331)
Accrued in current year		
Unrealized gain or loss	71,022	(31,538)
The accumulated		
gain/loss from the		
disposition of equity		
instruments will be		
transferred to		
retained earnings	(70)	-
Balance, end of year	(\$ 66,917)	(\$ 137,869)

(V) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)
Number of shares as of January 1, 2022	<u>2,000</u>
Number of shares as of December 31, 2022	<u>2,000</u>
Number of shares as of January 1, 2023	2,000
Decrease in this period	(<u>220</u>)
Number of shares as of December 31, 2023	<u>1,780</u>

The parent company transferred 220 thousand treasury shares to employees on December 11, 2023. For information on employee stock options, please refer to Note 29.

The parent company's treasury stock may not be pledged in accordance with the Securities and Exchange Act; moreover, it is without the privilege of dividend and voting right.

(VI) Non-controlling interests

	2023	2022
Balance, beginning of year	\$ 4,724	\$ 4,952
Share attributable to non-controlling interests		
Increase in non-controlling interests from acquisition of subsidiary	9,000	-
Net losses for the year	(2,410)	(228)
Exchange differences on the translation of financial statements of foreign operations	(<u>134</u>)	<u>-</u>
Balance, end of year	<u>\$ 11,180</u>	<u>\$ 4,724</u>

XXV. Revenues

	2023	2022
Customer contract revenues		
Merchandise sales revenues	\$ 3,739,280	\$ 4,528,466
Service revenues	<u>32,226</u>	<u>15,819</u>
	<u>\$ 3,771,506</u>	<u>\$ 4,544,285</u>

(I) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	<u>\$ 140,859</u>	<u>\$ 83,686</u>	<u>\$ 8,682</u>
Accounts receivable (Note 9)	<u>\$ 1,052,528</u>	<u>\$ 1,044,156</u>	<u>\$ 1,284,262</u>
Contract liabilities			
Product sales	<u>\$ 11,905</u>	<u>\$ 49,138</u>	<u>\$ 10,019</u>

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

The amount of revenue recognized in the year in which the performance obligation was satisfied from the beginning of the year was as follows:

	<u>2023</u>	<u>2022</u>
<u>Contract liabilities from the beginning of the year</u>		
Product sales	<u>\$ 46,358</u>	<u>\$ 7,362</u>
(II) Customer contracts not yet fully completed		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Product sales		
— Performed in 2023	\$ -	\$ 46,358
— Performed in 2024	8,573	2,780
— Performed in 2025	<u>3,332</u>	<u>-</u>
	<u>\$ 11,905</u>	<u>\$ 49,138</u>
(III) Breakdown of customer contract revenues		
	<u>2023</u>	<u>2022</u>
Merchandise sales revenues		
Switching power supply	\$ 1,862,117	\$ 2,214,984
Transformers	1,197,173	1,108,677
Others	<u>679,990</u>	<u>1,204,805</u>
	3,739,280	4,528,466
Service revenues	<u>32,226</u>	<u>15,819</u>
	<u>\$ 3,771,506</u>	<u>\$ 4,544,285</u>

XXVI. Net income (loss)

Net losses include the following items:

(I) Interest income		
	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 3,775	\$ 2,572
Loans to related parties	<u>-</u>	<u>63</u>
	<u>\$ 3,775</u>	<u>\$ 2,635</u>

(II) Other income		2023	2022
	Least incomes	\$ 12,413	\$ 13,371
	Government subsidies income	1,061	2,569
	Dividend income	1,099	4,555
	Other income	<u>50,177</u>	<u>45,372</u>
		<u>\$ 64,750</u>	<u>\$ 65,867</u>
(III) Other gains and losses		2023	2022
	Gain on disposal of investment property	\$ 53,838	\$ -
	Net gains on disposal of property, plant and equipment	42,901	(2,903)
	Foreign exchange gains (losses)	13,194	(21,471)
	Impairment of Property, plant, and equipment	(3,456)	(15,991)
	Depreciation expense on investment property	(2,539)	(2,979)
	Net loss on financial instruments at fair value through profit or loss	(1,457)	(26,007)
	Loss on redemption of convertible bonds	(56)	(2,490)
	Others	<u>(3,593)</u>	<u>(5,971)</u>
		<u>\$ 98,832</u>	<u>(\$ 77,812)</u>
(IV) Depreciation and amortization		2023	2022
	Property, plant, and equipment	\$ 107,317	\$ 126,238
	Right-of-use assets	23,322	21,177
	Investment property	<u>2,539</u>	<u>2,979</u>
	Total	<u>\$ 133,178</u>	<u>\$ 150,394</u>
	Intangible assets	<u>\$ 10,578</u>	<u>\$ 7,556</u>
	Summary of depreciation expenses by function		
	Operating costs	\$ 77,695	\$ 91,710
	Operating expenses	52,944	55,705
	Other gains and losses	<u>2,539</u>	<u>2,979</u>
		<u>\$ 133,178</u>	<u>\$ 150,394</u>
	Summary of depreciation expenses by function		
	Operating costs	\$ 247	\$ 212
	Operating expenses	<u>10,331</u>	<u>7,344</u>
		<u>\$ 10,578</u>	<u>\$ 7,556</u>

(V) Financial costs

	2023	2022
Interest from bank borrowings	\$ 53,437	\$ 42,958
Interest on lease liabilities	2,371	2,492
Interest on privately placed convertible bonds	630	1,945
Notes receivable discount charge	318	-
Interest on loans from related parties	-	25
	<u>\$ 56,756</u>	<u>\$ 47,420</u>

(VI) Employee benefits expenses

	2023	2022
Post-employment benefits (Note 23)		
Defined contribution pension plan	\$ 13,399	\$ 12,743
Defined benefit pension plan	(<u>42</u>)	(<u>1</u>)
	13,357	12,742
Salaries and wages	613,350	724,311
Labor insurance and national health insurance	15,241	14,259
Remuneration for directors	5,253	6,418
Other employee benefits	<u>84,229</u>	<u>93,202</u>
Total employee benefits expenses	<u>\$ 731,430</u>	<u>\$ 850,932</u>
Summary by function		
Operating costs	\$ 437,067	\$ 551,468
Operating expenses	<u>294,363</u>	<u>299,464</u>
	<u>\$ 731,430</u>	<u>\$ 850,932</u>

(VII) Profit-sharing remuneration for employees, directors and supervisors

In accordance with the parent company's Articles of Incorporation, not less than 5% and not more than 15% of the profit for the year shall be allocated as profit-sharing remuneration for employees and not more than 1% as profit-sharing remuneration for directors and supervisors. However, if the Company still has accumulated losses, the amount of loss make-up shall be retained in advance. Profit-sharing remuneration for employees may be paid in stock or cash, and may be paid to employees of subordinate companies as defined in the Company Act.

The parent company did not estimate profit-sharing remuneration for employees and profit-sharing remuneration for directors and supervisors because it had an after-tax loss in 2022. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year.

The details of employee remuneration and director remuneration and supervisor remuneration for 2023 as resolved by the Board of Directors on March 14, 2024 are as follows:

Percentage for estimation

	<u>2023</u>
Employee remuneration	5%
Director remuneration and supervisor remuneration	1%

Amount

	<u>2023</u>
Employee remuneration	<u>\$ 2,165</u>
Director remuneration and supervisor remuneration	<u>\$ 433</u>

For information on the profit-sharing remuneration for employees and profit-sharing remuneration for directors and supervisors resolved by the Company's Board of Directors, please visit the "Market Observation Post System" of the Taiwan Stock Exchange.

(VIII) Net foreign exchange gain or loss

	<u>2023</u>	<u>2022</u>
Total gain on foreign currency exchange	\$ 144,610	\$ 343,780
Total loss on foreign currency exchange	(<u>131,416</u>)	(<u>365,251</u>)
Net income (loss)	<u>\$ 13,194</u>	<u>(\$ 21,471)</u>

XXVII. Income tax

(I) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	<u>2023</u>	<u>2022</u>
Income tax expenses in the current period		
Accrued in current year	\$ 6,192	\$ 4,016
Land value increment tax	1,837	
Prior year adjustment	<u>2,309</u>	<u>2,886</u>
	10,338	6,902
Deferred tax		
Accrued in current year	(<u>5,390</u>)	(<u>590</u>)
Income tax recognized in profit or loss	<u>\$ 4,948</u>	<u>\$ 6,312</u>

The reconciliation of accounting income to income tax expense is as follows.

	2023	2022
Profit (loss) before tax	<u>\$ 46,785</u>	<u>(\$ 152,406)</u>
Income tax on net loss before tax at statutory rate	\$ 9,357	(\$ 30,481)
Non-deductible expenses for tax purposes	159	13,025
Not included in taxable income	(10,710)	-
Land value increment tax	1,837	-
Use of unrecognized loss carryforwards	-	(89)
Unrecognized loss carryforwards	11,748	18,066
Unrecognized temporary differences	-	3,231
Effect of different tax rates of subsidiaries operating in other jurisdictions	5,745	(2,479)
Adjustments to prior years' income tax expense recorded in the current period	2,309	2,886
Loss carryforwards	(2,320)	-
Change in temporary differences	(3,510)	
Tax-exempt income	(<u>9,667</u>)	<u>2,153</u>
Income tax recognized in profit or loss	<u>\$ 4,948</u>	<u>\$ 6,312</u>

(II) Current income tax asset and liability

	December 31, 2023	December 31, 2022
Current tax assets	<u>\$ 1,781</u>	<u>\$ 1,490</u>
Current tax liabilities	<u>\$ 19,958</u>	<u>\$ 16,434</u>

(III) Deferred tax assets

Changes in the deferred income tax assets are as follows:

2023

	Balance, beginning of year	Recognized in profit or loss	Balance, end of year
Deferred tax assets			
Temporary difference			
Leave payables	\$ 1,040	\$ 198	\$ 1,238
Allowance for losses	<u>2,643</u>	<u>5,192</u>	<u>7,835</u>
	<u>\$ 3,683</u>	<u>\$ 5,390</u>	<u>\$ 9,073</u>

2022

	Balance, beginning of year	Recognized in profit or loss	Balance, end of year
<u>Deferred tax assets</u>			
Temporary difference			
Leave payables	\$ 1,376	(\$ 336)	\$ 1,040
Allowance for losses	1,614	1,029	2,643
Defined benefit pension plans	<u>103</u>	<u>(103)</u>	<u>-</u>
	<u>\$ 3,093</u>	<u>\$ 590</u>	<u>\$ 3,683</u>

(IV) Deductible temporary differences and unused loss carryforwards for deferred income tax assets not recognized in the consolidated balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforwards		
Expired in 2023	\$ -	\$ 1,371
Expired in 2024	1,398	3,718
Expired in 2025	36,291	36,669
Expired in 2026	15,499	15,840
Expired in 2027	12,324	8,432
Expired in 2028	15,609	4,398
Expired in 2029	19,581	19,623
Expired in 2030	-	12,128
Expired in 2031	-	12,879
Expired in 2032	10,260	9,779
Expired in 2033	<u>372</u>	<u>-</u>
	<u>\$ 111,334</u>	<u>\$ 124,837</u>
Deductible temporary differences	<u>\$ 9,856</u>	<u>\$ 18,787</u>

(V) Information related to unused loss carryforwards

Information on loss carryforwards as of December 31, 2023 is as follows.

<u>Unused tax credits</u>	<u>Final deductible year</u>
\$ 1,398	113
36,291	114
15,499	115
12,324	116
15,609	117
19,581	118
-	119
-	120
10,260	121
<u>372</u>	<u>122</u>
<u>\$111,334</u>	

(VI) The state of income tax assessment

The parent company's income tax returns have been assessed by the tax authorities through 2021.

XXVIII. Earnings (losses) per share

The net loss and weighted average number of shares of common stock used to calculate the loss per share were as follows:

Net income (loss)

	2023	2022
Net profit (loss) attributable to owners of the Parent	\$ 44,247	(\$ 158,490)
Net income (loss) used to calculate basic and diluted earnings (loss) per share	\$ 44,247	(\$ 158,490)

Quantity

Unit: Thousand shares

	2023	2022
Weighted average number of shares used to calculate basic earnings per share	160,451	156,576
Effect of dilutive potential ordinary shares:		
Convertible corporate bonds	3,874	
Employee remuneration	109	
Weighted average number of shares of common stock used to calculate the diluted earnings per share was as follows:	164,434	

XXIX. Share-based payment arrangements

First treasury shares transfer to employees

The parent company transferred 220 thousand treasury shares to employees for subscription on December 11, 2023. Those who are entitled to subscription include employees of the Company who meet certain criteria.

The information on treasury stock options is as follows:

	2023	
Employee stock option	Number of shares (In thousands)	Weighted average strike price (NTD)
Granted in this period	220	\$ 5.495
Exercised in this period	(220)	5.495
Outstanding at the end of the period	-	
Exercisable at the end of the period	-	

The parent company took December 11, 2023 as the record date for employee subscription, and employees subscribe for treasury shares between December 11, 2023 and December 20, 2023.

The parent company granted its employees stock options in December 2023 using the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

	<u>December 2023</u>
Stock price on grant date	NTD 20.8
Strike price	NTD 5.495
Expected volatility	(0.16%)
Duration	10 days
Risk-free interest rate	1.641%
Weighted average fair value of stock options on grant date	NTD 15.3003

Expected volatility is based on volatility of historical stock prices over the past six months.

In 2023, the above-mentioned treasury stock options were exercised by employees, and the capital surplus – employee stock options of \$3,367 thousand initially recognized were reclassified as capital surplus –treasury stock transactions. The transfer price was the same as the average price of the shares repurchased.

XXX. Business combination

(I) Acquisition of subsidiary

	<u>Main operating activities</u>	<u>Acquisition date</u>	<u>Voting ownership interests/ Acquisition ratio (%)</u>	<u>Transfer consideratio n</u>
Power Aquarium Enterprise Co., Ltd.	Energy Technical Services	April 26, 2023	100%	<u>\$ 8,523</u>
Guansheng Investment Co., Ltd. and its subsidiaries	Energy Technical Services	October 23, 2023	100%	<u>\$ 1,150</u>

To expand the energy technology-related business, the Consolidated Company acquired 100% of the equity in Power Aquarium Enterprise Co., Ltd.

To expand the energy technology-related business, the Consolidated Company acquired 100% of the equity in Guansheng Investment Co., Ltd. and its subsidiary, Chuanglixin Energy Co., Ltd.

(II) Assets acquired and liabilities assumed on acquisition date

1. Acquired Power Aquarium Enterprise Co., Ltd.

2023

	Power Aquarium Enterprise Co., Ltd.
Current assets	
Cash	\$ 10
Tax overpaid retained for offsetting the future tax payable	49
Non-current assets	
Franchise	7,929
Prepayments for equipment	762
Current liabilities	
Other payables	(227)
Identifiable net assets	<u>\$ 8,523</u>

2. Acquired Guansheng Investment Co., Ltd. and its subsidiary, Chuanglixin Energy Co., Ltd.

2023

	Guansheng Investment Co., Ltd. and its subsidiary
Current assets	
Cash	\$ 445
Tax overpaid retained for offsetting the future tax payable	33
Non-current assets	
Other receivables – related parties	50
Unamortized expenses	47
Prepayments for equipment	624
Current liabilities	
Other payables	(49)
Identifiable net assets	<u>\$ 1,150</u>

(III) Net cash outflow from subsidiary acquired

2023

	Power Aquarium Enterprise Co., Ltd.
Consideration paid in cash	\$ 8,523
Less: Balance of cash acquired	(10)
Net cash outflow from subsidiary acquired	<u>\$ 8,513</u>

	Guansheng Investment Co., Ltd. and its subsidiary
Consideration paid in cash	\$ 1,150
Less: Balance of cash acquired	(445)
Net cash outflow from subsidiary acquired	<u>\$ 705</u>

(IV) The influence of business combination on operating results

If the acquisition of Guansheng Investment Co., Ltd. and its subsidiary, Power Aquarium Enterprise Co., Ltd., in April 2023 took place in 2023, the Consolidated Company's proposed operating revenue would have been \$3,771,506 thousand and the proposed net income \$41,782 thousand. These amounts cannot reflect the Consolidated Company's actual revenue and operating results if the business combination was completed on the start date of the year of acquisition and should not be used to predict future operating results.

XXXI. Cash flow information

(I) Non-cash transactions

The Consolidated Company entered into the following partial cash transactions for investing activities in 2023 and 2022:

1. Partial cash payment for purchase of property, plant, and equipment

	2023	2022
Purchase of property, plant, and equipment	\$103,613	\$ 69,398
Net change in prepayments for equipment	(1,237)	(9,093)
Net change in equipment payables	(134)	(6)
Net exchange differences	(139)	(236)
Payment of cash	<u>\$102,103</u>	<u>\$ 60,063</u>

2. Part of cash paid to purchase intangible assets

	2023	2022
Acquisition of intangible assets	\$ 6,124	\$ 2,866
Net change in prepayments for intangible assets	<u>2,430</u>	<u>-</u>
Payment of cash	<u>\$ 8,554</u>	<u>\$ 2,866</u>

3. The Consolidated Company transferred \$7,933 thousand of prepayments for equipment to inventory in January 2022.

4. In January 2022, the Consolidated Company capitalized a debt of \$9,070 thousand to increase the capital of the equity-method investment in SEETEL NEW ENERGY CO., LTD. not in proportion to the shareholding.

(II) Changes in liabilities from financing activities

2023

	Balance, beginning of year	Cash flow	Non-cash changes							Balance, end of period
			Discount amortization	Corporate bonds converted to common stock	Liability losses derecognized	Exchange rate impact	New lease	Deferred profits	Lease modification	
Short-term borrowings	\$1,149,518	(\$ 739,117)	\$ -	\$ -	\$ -	\$ 1,581	\$ -	\$ -	\$ -	\$ 411,982
Bonds payable and corporate bonds due or subject to sell-back rights within one year	69,855	(1,530)	630	(69,011)	56	-	-	-	-	-
Long-term loans and long-term loans due within one year	341,667	618,666	-	-	-	(968)	-	-	-	959,365
Deposits received	2,521	(335)	-	-	-	(29)	-	-	-	2,157
Lease liability	146,281	(21,639)	-	-	-	658	10,964	4,446	(2,016)	138,694
	<u>\$1,709,842</u>	<u>(\$ 143,955)</u>	<u>\$ 630</u>	<u>(\$ 69,011)</u>	<u>\$ 56</u>	<u>\$ 1,242</u>	<u>\$ 10,964</u>	<u>\$ 4,446</u>	<u>(\$ 2,016)</u>	<u>\$1,512,198</u>

2022

	Balance, beginning of year	Cash flow	Non-cash changes					Offset with accounts receivable and loss on derecognition of liabilities	Balance, end of year
			Discount amortization	Exchange rate impact	New lease				
Short-term borrowings	\$1,251,664	(\$ 103,016)	\$ -	\$ 870	\$ -	\$ -	\$ -	\$ -	\$1,149,518
Bonds payable and corporate bonds due or subject to sell-back rights within one year	116,174	(45,399)	1,945	-	-	(2,865)			69,855
Long-term loans and long-term loans due within one year	374,237	(46,411)	-	13,841	-	-	-	-	341,667
Deposits received	2,480	(18)	-	59	-	-	-	-	2,521
Lease liability	155,851	(17,555)	-	1,893	6,092	-	-	-	146,281
	<u>\$1,900,406</u>	<u>(\$ 212,399)</u>	<u>\$ 1,945</u>	<u>\$ 16,663</u>	<u>\$ 6,092</u>	<u>(\$ 2,865)</u>			<u>\$1,709,842</u>

XXXII. Capital Risk Management

The Consolidated Company engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

XXXIII. Financial instruments

(I) Fair value information – Financial instruments that are not measured at fair value

Carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values or their fair values cannot be reliably measured.

December 31, 2022

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial assets at amortized cost					
— Domestic corporate bonds	\$ 69,855	\$ -	\$ 69,813	\$ -	\$ 69,813

The fair value measurement of Level 2 above was determined based on the binary tree convertible bond valuation model.

(II) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Principal-guaranteed products	\$ <u>-</u>	\$ <u>61,852</u>	\$ <u>-</u>	\$ <u>61,852</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic TWSE listed stocks	\$ 12	\$ -	\$ -	\$ 12
Domestic and foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>144,145</u>	<u>144,145</u>
Total	\$ <u>12</u>	\$ <u>-</u>	\$ <u>144,145</u>	\$ <u>144,157</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Privately placed convertible bonds	\$ <u>-</u>	\$ <u>32,957</u>	\$ <u>-</u>	\$ <u>32,957</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic TWSE listed stocks	\$ 12	\$ -	\$ -	\$ 12
Domestic and foreign unlisted stocks	<u>-</u>	<u>-</u>	<u>74,975</u>	<u>74,975</u>
Total	\$ <u>12</u>	\$ <u>-</u>	\$ <u>74,975</u>	\$ <u>74,987</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Sell-back rights of domestic corporate bonds	\$ <u>-</u>	\$ <u>396</u>	\$ <u>-</u>	\$ <u>396</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of financial instruments measured at fair value in Level 3

2023

	Financial assets measured at fair value through other comprehensive income
Financial assets	Equity instruments
Balance, beginning of year	\$ 74,975
Increased in this period	7,000
Refund of share price for capital reduction	(3,600)
Disposal of financial instruments	(4,400)
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings	(70)
Recognized in other comprehensive income	71,022
Exchange rate impact	(782)
Balance, end of year	<u>\$144,145</u>

2022

	Financial assets measured at fair value through other comprehensive income
Financial assets	Equity instruments
Balance, beginning of year	\$105,730
Recognized in other comprehensive income	(31,529)
Exchange rate impact	774
Balance, end of year	<u>\$ 74,975</u>

3. Valuation techniques and assumptions used to measure fair value

The fair value of financial assets and financial liabilities is determined as follows:

- (1) The fair value of stocks and convertible bonds traded in an active market is the closing market price on the balance sheet date.
- (2) The fair value of the private placement of convertible bonds of TPEx listed companies is based on the discounted cash flow method, and the future cash flows are estimated based on the observable share price on the balance sheet date and the contracted conversion price, and are discounted by a discount rate that reflects the credit risk of each counterparty.
- (3) For principal-guaranteed products, the future cash flow is estimated in a discounted cash flow method at the product yield stated in the trade confirmation and discounted at a market interest rate that reflects the remaining product period.

- (4) Domestic and foreign unlisted equity investments are accounted for using the net asset value method, which is comparable to the listed company method and the net asset value method, without the control discount and liquidity discount, to reflect the overall value of the enterprise or business.
- (5) The fair value of convertible bonds payable and the right to repurchase are estimated based on external experts' appraisal reports. The valuation model is a binary tree convertible bond valuation model that uses market-based observable inputs that include stock price volatility, risk-free interest rate, risk discount rate and liquidity risk to reflect the fair value of the options.

(III) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair values through profit or loss		
Measured at fair value through income under compulsion	\$ 61,852	\$ 32,957
Financial assets at amortized cost (Note 1)	1,726,694	1,618,639
Financial assets measured at fair value through other comprehensive income	144,157	74,987
<u>Financial liabilities</u>		
Measured at fair values through profit or loss		
Held-for-sale	-	396
Measured at amortize cost (Note 2)	2,458,082	2,737,088

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable, net, other receivables, other financial assets – restricted bank deposits (recognized in other current assets), and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, notes payable, accounts payable, bonds payable (including bonds due or subject to sell-back rights within one year), certain other payables, deposits received and long-term loans (including those due within one year).

(IV) Purpose and policy of financial risk management

The Consolidated Company's main financial instruments include equity investments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Consolidated Company's financial management department monitors and manages the financial risks associated with the Consolidated Company's operations through internal risk reports that analyze the risks based on the degree and breadth of

risk. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk. The Consolidated Company mitigates the effects of these risks by hedging them through derivative financial instruments. The use of derivative financial instruments is governed by the policies approved by the Board of Directors of the Consolidated Company, which are the written principles for exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment with surplus liquidity. The Consolidated Company does not engage in transactions in financial instruments (including derivative financial instruments) for speculative purposes.

1. Market Risk

The main financial risks to which the Consolidated Company is exposed as a result of the Consolidated Company's operating activities are the risk of changes in foreign currency exchange rates, the risk of changes in interest rates, and the risk of other price changes. The Consolidated Company engages in various derivative financial instruments to manage its exposure to foreign currency exchange rate and interest rate risks.

There have been no changes in the Consolidated Company's exposure to financial instrument market risks and its method in managing and measuring such exposure.

(1) Exchange rate risk

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies and the carrying amounts of derivative instruments with exchange rate risk exposure of the Consolidated Company at the balance sheet date are disclosed in Note 37.

Sensitivity analysis

The Consolidated Company is mainly affected by the fluctuation of the USD and RMB exchange rates.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of the NTD (functional currency) increases and decreases by 2.5% against the foreign currency balance at each relevant balance sheet date. 2.5% is the sensitivity ratio used by the Consolidated Company in reporting exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The following table represents the amount of change in pre-tax income or loss that would result from a 2.5% strengthening of the entity's functional currency relative to each of the related currencies, and the reverse equivalent effect on pre-tax income or loss that would result from a 2.5% weakening of the entity's functional currency relative to each of the related foreign currencies.

	Impact of USD		Impact of RMB	
	2023	2022	2023	2022
Gain (loss)	(\$ 217)	(\$ 32,028)	(\$ 109)	\$ 6,036

The above mainly resulted from the Consolidated Company's bank deposits, bank loans, receivables and payables denominated in USD and RMB that were outstanding at the balance sheet date.

(2) Interest rate risk

The carrying amount of financial assets and liabilities of the Consolidated Company under interest rate exposure on balance sheet date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With fair value interest rate risk		
– Financial assets	\$ 2,902	\$ 136,692
– Financial liabilities	138,694	216,136
With cash flow interest rate risk		
– Financial assets	471,126	319,620
– Financial liabilities	1,371,347	1,491,185

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For assets and liabilities with floating interest rates, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date are outstanding at the reporting period. The rate of change used in reporting interest rates internally to key management of the Consolidated Company is a 25 basis point increase or decrease in interest rates, which also represents management's assessment of the reasonably possible range of interest rate changes.

If interest rates increase/decrease by 25 basis points, with all other variables held constant, the Consolidated Company's pre-tax net income for 2023 would decrease/increase by \$2,250 thousand, mainly due to the exposure to interest rate risk on demand deposits and floating rate loans of the Consolidated Company.

If interest rates increase/decrease by 25 basis points, with all other variables held constant, the Consolidated Company's pre-tax net loss for 2022 would increase/decrease by \$2,929 thousand, mainly due to the exposure to interest rate risk on demand deposits and floating rate loans of the Consolidated Company.

(3) Other price risks

The Consolidated Company has price risk exposure arising from investments in equity securities and bonds. The equity investments are not held for trading but are strategic investments, and the Consolidated Company does not actively trade these investments.

Sensitivity analysis

The following sensitivity analysis was carried out based on the equity price risk as of the balance sheet date.

If the equity price had increased/decreased by 5%, the pre-tax income for 2023 would have increased/decreased by \$3,093 thousand, as a result of changes in fair value of financial assets measured at fair value through profit or loss.

If the equity price had increased/decreased by 5%, the pre-tax loss for 2022 would have decreased/increased by \$1,648 thousand, as a result of changes in fair value of financial assets measured at fair value through profit or loss.

If the equity price had increased/decreased by 5%, other comprehensive income would have increased/decreased by \$7,208 thousand and \$3,749 thousand for 2023 and 2022, respectively, as a result of the change in fair value of financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counterparties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties is mainly from the carrying amount of financial assets recognized in individual balance sheets.

It is the Consolidated Company's policy to deal only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default.

The Consolidated Company's credit risk is mainly concentrated in the Consolidated Company's five largest customers. As of December 31, 2023 and 2022, 67% and 44%, respectively, of the total accounts receivable were from the aforementioned customers.

3. Liquidity Risk

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the borrowing agreements.

The Consolidated Company manages liquidity risk by maintaining adequate bank deposits and banking facilities and continuously monitoring projected and actual cash flows, as well as matching the maturity profile of financial assets and liabilities.

(1) Liquidity and interest rate risk of non-derivative financial liabilities

The Consolidated Company's non-interest-bearing liabilities for non-derivative financial liabilities are payable within one year.

The following table presents an analysis of the remaining contractual maturities of the Consolidated Company's bank loans with contractual repayment terms, based on the earliest possible date on which the Consolidated Company could be required to make repayments, and the undiscounted cash flows of financial liabilities (including principal and estimated interest).

December 31, 2023

	Repayment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative financial assets</u>					
No interest-bearing liabilities	\$ 1,086,735	\$ -	\$ -	\$ -	\$ -
Lease liability	2,034	4,070	17,961	83,246	86,646
Floating rate instruments	<u>24,607</u>	<u>114,206</u>	<u>700,422</u>	<u>401,125</u>	<u>226,752</u>
	<u>\$ 1,113,376</u>	<u>\$ 118,276</u>	<u>\$ 718,383</u>	<u>\$ 484,371</u>	<u>\$ 313,398</u>

December 31, 2022

	Repayment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative financial assets</u>					
No interest-bearing liabilities	\$ 1,173,527	\$ -	\$ -	\$ -	\$ -
Lease liability	1,699	3,400	15,457	44,325	94,156
Fixed rate instruments	-	-	71,500	-	-
Floating rate instruments	<u>273,522</u>	<u>81,443</u>	<u>957,512</u>	<u>178,709</u>	<u>-</u>
	<u>\$ 1,448,748</u>	<u>\$ 84,843</u>	<u>\$ 1,044,469</u>	<u>\$ 223,034</u>	<u>\$ 94,156</u>

(2) Financing facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank facilities		
– Borrowing facilities used	\$ 1,016,788	\$ 873,472
– Borrowing facilities unused	<u>255,117</u>	<u>401,524</u>
	<u>\$ 1,271,905</u>	<u>\$ 1,274,996</u>
Unsecured bank facilities		
– Borrowing facilities used	\$ 354,558	\$ 617,713
– Borrowing facilities unused	<u>364,432</u>	<u>258,349</u>
	<u>\$ 718,990</u>	<u>\$ 876,062</u>

XXXIV. Related Party Transactions

The transactions, account balances, revenues and expenses between the parent company and its subsidiaries, which are related parties of the parent company, were eliminated upon consolidation and are not disclosed in the notes. Except as disclosed in other notes, the terms of the transactions between the Consolidated Company and other related parties did not differ materially from those of non-related parties, and the transactions were as follows:

(I) Name of related parties and the relationships

<u>Name of related parties</u>	<u>Relationship with the Consolidated Company</u>
SEETEL NEW ENERGY CO., LTD. (SEETEL)	Affiliate

(II) Operating revenues

<u>Account in the book</u>	<u>Type and name of related party</u>	<u>2023</u>	<u>2022</u>
Sales revenues	Affiliate		
	SEETEL	<u>\$ -</u>	<u>\$ 242,659</u>

As of December 31, 2023, the unrealized gain on sales to affiliates was \$822 thousand.

(III) Other income

<u>Account in the book</u>	<u>Type and name of related party</u>	<u>2023</u>	<u>2022</u>
Consulting services revenue	Affiliate		
	SEETEL	<u>\$ -</u>	<u>\$ 71</u>

(IV) Operating lease agreements

<u>Account in the book</u>	<u>Type and name of related party</u>	<u>2023</u>	<u>2022</u>
Least incomes	Affiliate		
	SEETEL	<u>\$ 1,207</u>	<u>\$ 1,324</u>

The rental income of the Consolidated Company derived from the rental of office space to affiliates, and the terms of the transaction were mutually agreed upon and the rent is paid monthly.

(V) Loans to related parties

Interest income

<u>Type and name of related party</u>	<u>2023</u>	<u>2022</u>
Affiliate		
SEETEL	\$ <u>-</u>	\$ <u>63</u>

(VI) Loans from related parties

Interest expense

<u>Type and name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliate		
SEETEL	\$ <u>-</u>	\$ <u>25</u>

(VII) Contract liabilities

<u>Type and name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliate		
SEETEL	\$ <u>-</u>	\$ <u>16,156</u>

(VIII) Deposits received

<u>Type and name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliate		
SEETEL	\$ <u>214</u>	\$ <u>214</u>

(IX) Remuneration for key management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 29,548	\$ 38,546
Post-employment benefits	<u>1,195</u>	<u>1,456</u>
	\$ <u>30,743</u>	\$ <u>40,002</u>

The remuneration for directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

XXXV. Pledged Assets

The following assets were provided as collateral for customs duties on imported raw materials, financing and project performance bonds:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant, and equipment	\$ 667,558	\$ 711,516
Other financial assets – restricted bank deposits (included in other current assets)	63,526	133,756
Investment property	36,303	36,336
Refundable deposits (included in other non-current assets)	24,634	5,017
	<u>\$ 792,021</u>	<u>\$ 886,625</u>

The Consolidated Company's other financial assets consist of bank deposits pledged as bank secured loans and performance bonds with interest rates ranging from 0.002% to 4.377% and 0.46% to 4.8% as of December 31, 2023 and 2022, respectively.

XXXVI. Significant Subsequent Events: None

XXXVII. Information on foreign currency assets and liabilities with significant effect

The information below is aggregated and presented in foreign currencies other than the functional currencies of the entities under the Consolidated Company. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

December 31, 2023

	<u>Foreign currencies (in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 37,210	30.705 (USD : NTD)	\$ 1,142,543
USD	38,823	7.083 (USD : CNY)	1,192,066
USD	5,735	55.586 (USD : PHP)	176,039
RMB	1,005	1.103 (RMB : HKD)	4,356
Foreign currency liabilities			
<u>Monetary items</u>			
USD	61,892	30.705 (USD : NTD)	1,900,386
USD	14,141	7.083 (USD : CNY)	434,189
USD	5,453	55.586 (USD : PHP)	167,386

December 31, 2022

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 26,740	30.71 (USD : NTD)	\$ 821,190
USD	77,254	6.96 (USD : CNY)	2,372,525
USD	8,162	55.80 (USD : PHP)	250,675
RMB	1,005	1.12 (RMB : HKD)	4,432
Foreign currency liabilities			
<u>Monetary items</u>			
USD	4,199	30.71 (USD : NTD)	128,940
USD	54,821	6.96 (USD : CNY)	1,683,580
USD	11,421	55.80 (USD : PHP)	350,769
RMB	58,191	4.41 (RMB : NTD)	256,674

The Consolidated Company's foreign currency exchange losses (realized and unrealized) amounted to \$13,194 thousand and (21,471) thousand in 2023 and 2022, respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the Group's entities, it is not possible to disclose the exchange gains and losses by currencies with material effects.

XXXVIII. Additional Disclosure

(I) Information on Significant Transactions

1. Loaning funds to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries and affiliates): Table 3.
4. The cumulative amount of purchase or sale of the same marketable securities reaches at least NTD 300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NTD 300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NTD 300 million or 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 5.

9. Trading in Derivative Instruments: None.
 10. Others: Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries: Table 8
- (II) Information on Investees: Table 6.
- (III) Information on investment in mainland China:
1. Information on investees in Mainland China, including the name, main business and products, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, profit or loss for this period, recognized investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the Mainland China area: Table 7.
 2. The following significant transactions with investees in mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses:
 - (1) The amount and percentage of purchases and the ending balance and percentage of related payables: Table 8.
 - (2) The amount and percentage of sales and the ending balance and percentage of related receivables: Table 8.
 - (3) The amount of property transactions and the amount of gain or loss arising therefrom: Table 8.
 - (4) The ending balance of endorsement or guarantee of notes or the provision of collateral and their purpose: Table 2.
 - (5) The maximum balance, ending balance, interest rate range and total interest for the period of financial accommodation: Table 1.
 - (6) Other transactions that have a significant effect on the current profit or loss or financial position: None.
- (IV) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares: Table 9.

XXXIX. Segment Information

Information provided to the chief operating decision maker to allocate resources and measure segment performance, with emphasis on the operating performance of each region. The reportable segments of the Consolidated Company are Taiwan, Mainland China and other regions.

(I) Revenue and operating results of segments

The revenues and operating results of the Consolidated Company's continuing operations, based on the analysis of reporting segments, are as follows:

Item	2023				Total
	Taiwan	Mainland China	Other regions	Elimination of inter-segment revenue and profit or loss	
Revenues from external customers	\$ 2,706,812	\$ 989,126	\$ 75,568	\$ -	\$ 3,771,506
Inter-segment revenues	-	1,579,057	505,477	(2,084,534)	-
Total consolidated revenues	<u>\$ 2,706,812</u>	<u>\$ 2,568,183</u>	<u>\$ 581,045</u>	<u>(\$ 2,084,534)</u>	<u>\$ 3,771,506</u>
Segment profit (loss)	<u>\$ 40,695</u>	<u>\$ 2,161</u>	<u>\$ 145,150</u>	<u>(\$ 141,221)</u>	<u>\$ 46,785</u>

Item	2022				Total
	Taiwan	Mainland China	Other regions	Elimination of inter-segment revenue and profit or loss	
Revenues from external customers	\$ 3,278,949	\$ 1,172,135	\$ 93,201	\$ -	\$ 4,544,285
Inter-segment revenues	-	2,466,886	815,659	(3,282,545)	-
Total consolidated revenues	<u>\$ 3,278,949</u>	<u>\$ 3,639,021</u>	<u>\$ 908,860</u>	<u>(\$ 3,282,545)</u>	<u>\$ 4,544,285</u>
Segment profit (loss)	<u>(\$ 159,080)</u>	<u>(\$ 38,912)</u>	<u>(\$ 191,876)</u>	<u>\$ 237,462</u>	<u>(\$ 152,406)</u>

This measure is provided to the chief operating decision maker to allocate resources to segments and to measure their performance.

(II) Segments' assets

The measurement amounts of the Consolidated Company's assets were not provided to the operating decision maker for reference.

(III) Revenue from main products and services

The Consolidated Company is in a single electronics industry and does not operate in other industries. Its revenues from external customers are disclosed in the operating segment's financial information.

(IV) Regional Information

Information on the Consolidated Company's revenues from external customers by geographic location of customers and non-current assets by geographic location of assets is presented below:

	Revenues from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Mainland China (including Hong Kong)	\$ 1,324,004	\$ 1,860,153	\$ 579,342	\$ 675,477
Taiwan	413,950	698,944	631,093	693,007
Philippines	557,275	538,127	257,209	278,075

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	Revenues from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
U.S.A	\$ 456,150	\$ 370,067	\$ -	\$ -
Germany	291,128	273,984	-	-
Malaysia	146,988	228,080	-	-
Others	<u>582,011</u>	<u>574,930</u>	<u>7,719</u>	<u>12,512</u>
	<u>\$ 3,771,506</u>	<u>\$ 4,544,285</u>	<u>\$ 1,475,363</u>	<u>\$ 1,659,071</u>

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets and prepayments for equipment, but exclude non-current assets of financial instruments and deferred income tax assets.

(V) Information on key customers

Revenues from a single customer accounting for 10% or more of the Consolidated Company's total revenues were as follows:

	2023	2022
Customer A	\$ 712,374	\$ 823,551
Customer B	389,490	411,675

Leader Electronics Inc. and Its Subsidiaries
The Loaning of Funds
January 1 to December 31, 2023

Table 1 Unit: In thousand NTD, unless specified otherwise

No.	The lender of funds	The borrower of funds	Transactions	Related parties or not	Maximum balance for the period (Note 6)	Balance, end of period (Note 6)	Actual amounts drawn	Interest rate range	Nature of funds loaning (Note 1)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds loaning (Note 2, 3, 4 and 5)	The limit for total funds loading (Note 2, 3, 4 and 5)
													Name	Value		
0	Leader Electronics Inc.	LEI POWERGEAR PRIVATE LIMITED	Other receivables	Yes	\$ 2,108	\$ 1,996	\$ 1,995	-	2	\$ -	Operating turnover	\$ -	-	\$ -	\$ 630,292	\$ 630,292
0	Leader Electronics Inc.	Leader Electronics Affiliated Inc.	Other receivables	Yes	97,275	92,115	-	-	2	-	Operating turnover	-	-	-	630,292	630,292
0	Leader Electronics Inc.	Chuanglixin Energy Co., Ltd.	Other receivables	Yes	14,000	14,000	14,000	2.50%	2	-	Operating turnover	-	-	-	630,292	630,292
0	Leader Electronics Inc.	Dongguan Leader Electronics Inc.	Other receivables	Yes	25,940	24,564	-	-	2	-	Operating turnover	-	-	-	630,292	630,292
1	Leader International Holding Ltd.	Leader Electronics (B.V.I) Inc.	Other receivables	Yes	729,563	690,863	679,933	-	2	-	Operating turnover	-	-	-	2,259,159	2,259,159
1	Leader International Holding Ltd.	LEI Electronics (B.V.I.) Inc.	Temporary payments	Yes	6,485	6,141	2,518	-	2	-	Operating turnover	-	-	-	2,259,159	2,259,159
1	Leader International Holding Ltd.	Leader Electronics Inc.	Other receivables	Yes	298,310	282,486	277,810	-	2	-	Operating turnover	-	-	-	2,259,159	2,259,159
2	LEI Electronics (B.V.I.) Inc.	Leader Electronics (Singapore) Pte. Ltd.	Payments on behalf of others/temporary payments	Yes	2,594	2,456	1,300	-	2	-	Operating turnover	-	-	-	12,552	12,552
3	Dongguan Linghung Electronics Inc.	Dongguan Leader Electronics Inc.	Other receivables	Yes	356,218	346,817	113,583	4.35%	2	-	Operating turnover	-	-	-	530,722	530,722
4	Jiangsu Leader Electronics Co., Ltd	Dongguan Linghung Electronics Inc.	Other receivables	Yes	89,055	86,704	43,352	4.35%	2	-	Operating turnover	-	-	-	503,439	503,439
4	Jiangsu Leader Electronics Co., Ltd	Dongguan Leader Electronics Inc.	Other receivables	Yes	66,791	65,028	43,352	4.35%	2	-	Operating turnover	-	-	-	503,439	503,439
5	LEI Industrial (HK) Limited	Leader Electronics Inc.	Other receivables	Yes	324,250	307,050	68,948	-	2	-	Operating turnover	-	-	-	1,317,026	1,317,026
6	Leader Electronics (B.V.I.) Inc.	Leader Electronics Inc.	Other receivables	Yes	64,850	61,410	-	-	2	-	Operating turnover	-	-	-	307,050	307,050
6	Leader Electronics (B.V.I.) Inc.	Leader Electronics Affiliated Inc.	Other receivables	Yes	92,115	92,115	71,899	-	2	-	Operating turnover	-	-	-	307,050	307,050
7	Leader Electronics Affiliated Inc.	Leader Electronics Inc.	Other receivables	Yes	31,420	-	-	-	2	-	Operating turnover	-	-	-	224,202	224,202

Note 1: The method of filling in the nature of lending of funds:

- For those who have business transactions, please fill in 1.
- Fill in 2 for those in need of short-term financing.

Note 2: The calculation of the funds lending limit and its amount are as follows:

- (I) The total amount of the lending is limited to 40% of the net worth of the lending company; however, if the lending company and the borrowing company are both directly (indirectly) 100% owned by Leader Electronics Inc. and are not registered affiliates in Taiwan., the amount of the lending is limited to 100% of the net worth of the lending company.
- (II) The limit for individual funds loaning
- When the lending company and the borrowing company are both directly (indirectly) 100% owned by Leader Electronics Inc. and are not registered affiliates in Taiwan., the amount of the lending is limited to 100% of the net worth of the lending company.
 - For a single company or firm that does business with the lending company, the amount of each lending shall be limited to the lower of the following:
 - Limited to the amount of business transactions between the parties. The amount of business transactions refers to the higher of the purchase or sale amount between the parties.
 - 40% of the net worth of the lending company.
- (III) For companies or firms with needs for short-term finance accommodation, the amount of individual loans shall not exceed 40% of the net worth of the lending company.

Note 3: The calculation of the funds lending limit and its amount for Leader Electronics Inc. are as follows:

- (I)
- The total amount of lending of funds to external parties shall not exceed 40% of the net worth of the lending company.
 - The total amount of lending of funds from the lending company to its subsidiaries shall not exceed 200% of the net worth of the lending company.
- (II) The limit for individual funds loaning
- The amount of lending of funds to a single company shall not exceed 40% of the net worth of the lending company.
 - For a single company or firm that does business with the lending company, the amount of each lending shall be limited to the lower of the following:
 - Limited to the amount of business transactions between the parties. The amount of business transactions refers to the higher of the purchase or sale amount between the parties.

- (B) 40% of the net worth of the lending company
- (III) For companies or firms with needs for short-term finance accommodation, the amount of individual loans shall not exceed 40% of the net worth of the Company.
- Note 4: The calculation of the funds lending limit and its amount Dongguan Linghung Electronics Inc. are as follows
 - (I) The total amount of the lending is limited to 40% of the net worth of the lending company; however, if the lending company and the borrowing company are both directly (indirectly) 100% owned by Leader Electronics Inc. and are not registered affiliates in Taiwan., the amount of the lending is limited to 200% of the net worth of the lending company.
 - (II) The limit for individual funds loaning
 - 1. When the lending company and the borrowing company are both directly (indirectly) 200% owned by Leader Electronics Inc. and are not registered affiliates in Taiwan., the amount of the lending is limited to 100% of the net worth of the lending company.
 - 2. For a single company or firm that does business with the lending company, the amount of each lending shall be limited to the lower of the following:
 - (A) Limited to the amount of business transactions between the parties. The amount of business transactions refers to the higher of the purchase or sale amount between the parties.
 - (B) 40% of the net worth of the lending company.
 - (III) For companies or firms with needs for short-term finance accommodation, the amount of individual loans shall not exceed 40% of the net worth.
- Note 5: Leader Electronics (B.V.I) Inc.’s calculation of the funds lending limit and its amount are as follows:
 - (I) The total amount of lending is limited to 40% of the net worth of the lending company. However, if the lending company and the borrowing company are both directly or indirectly 100% owned by Leader Electronics Inc. and are not registered affiliates in Taiwan, the amount of lending is limited to no more than US\$10 million.
 - (II) The limit for individual funds loaning
 - 1. When the lending company and the borrowing company are both directly or indirectly 100% owned by Leader Electronics Inc. and are not registered affiliates in Taiwan, the amount of lending is limited to no more than US\$10 million.
 - 2. For a single company or firm that does business with the lending company, the amount of each lending shall be limited to the lower of the following:
 - (A) Limited to the amount of business transactions between the parties. The amount of business transactions refers to the higher of the purchase or sale amount between the parties.
 - (B) 40% of the net worth of the lending company.
 - (III) For companies or firms with needs for short-term finance accommodation, the amount of individual loans shall not exceed 40% of the net worth.
- Note 6: The limit of lending of funds approved by the Board of Directors.
- Note 7: Transactions between consolidated entities are eliminated during the preparation of the consolidated financial statements.

Leader Electronics Inc. and Its Subsidiaries
Endorsements and guarantees for others
January 1 to December 31, 2023

Table 2

Unit: In thousand NTD, unless specified otherwise

No.	Name of the company providing endorsement and guarantee	Endorsed or guaranteed party		Limit of endorsement and guarantee to a single enterprise	Maximum balance of endorsement and guarantee for the period (Note 4)	Balance of endorsement and guarantee at the end of the period (Note 4)	Actual amounts drawn for the period	Amount of endorsement and guarantee pledged by property	Cumulative endorsement and guarantee amount as a percentage of net worth on the most recent financial statements (%)	Maximum limit of endorsement and guarantee	Endorsement and guarantee by the parent company to subsidiaries	Endorsement and guarantee by subsidiaries to the parent company	Endorsement and guarantee to Mainland China	Remarks
		Company name	Relationship (Note 3)											
0	Parent company	Jiangsu Leader Electronics Co., Ltd	1, 3	\$ 1,575,731	\$ 89,053	\$ 86,704	\$ -	\$ -	5.50%	\$ 1,575,731	Y	N	Y	Note 1
0	Parent company	Dongguan Linghung Electronics Inc.	1, 3	1,575,731	89,053	86,704	64,981	-	5.50%	1,575,731	Y	N	Y	Note 1
0	Parent company	Leader Electronics Affiliated Inc.	1, 3	1,575,731	170,441	24,564	-	-	1.56%	1,575,731	Y	N	N	Note 1
0	Parent company	Dongguan Leader Electronics Inc.	1, 3	1,575,731	106,865	104,045	41,054	-	6.60%	1,575,731	Y	N	Y	Note 1
0	Parent company	Lu Li New Energy Co., Ltd.	1, 3	1,575,731	80,000	80,000	2,000	-	5.08%	1,575,731	Y	N	N	Note 1
1	Dongguan Leader Electronics Inc.	Jiangsu Leader Electronics Co., Ltd	1, 3	946,938	267,160	195,084	-	-	41.20%	946,938	N	N	Y	Note 2
1	Dongguan Leader Electronics Inc.	Dongguan Linghung Electronics Inc.	1, 3	946,938	289,426	281,786	194,888	-	59.52%	946,938	N	N	Y	Note 2

Note 1: The total amount of the endorsement and guarantee of the company providing endorsement and guarantee shall not exceed 100% of the current net worth of the company providing endorsement and guarantee The endorsement and guarantee limit for a single company in which 100% of its voting shares are directly or indirectly held by the Company shall not exceed 100% of the total current net worth; The endorsement and guarantee limit for a single company in which 50%–99% of its voting shares are directly or indirectly held by the Company shall not exceed 50% of the current net worth

Note 2: The total amount of the endorsement and guarantee of the company providing endorsement and guarantee shall not exceed 200% of the current net worth of the company providing endorsement and guarantee The endorsement and guarantee limit for a single company in which 100% of its voting shares are directly or indirectly held by the Company shall not exceed 200% of the total current net worth; The endorsement and guarantee limit for a single company in which 50%–99% of its voting shares are directly or indirectly held by the Company shall not exceed 50% of the current net worth

Note 3: There are seven types of relationships between the endorser and guarantor and the endorsed and guaranteed party. Please just indicate the type:

1. A company with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company which directly or indirectly holds more than 50% of the voting shares of the Company
4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Intra-industry or co-founded companies with mutual insurance in accordance with contractual provisions based on the need for contracted work.
6. A company that is endorsed and guaranteed by all contributing shareholders in proportion to their shareholdings as a result of joint investment.
7. Intra-industry companies engaged in joint guarantees for the performance of the pre-sale house sales contract in accordance with the regulations of the Consumer Protection Act.

Note 4: The limit of endorsement and guarantee approved by the Board of Directors.

Leader Electronics Inc. and Its Subsidiaries
Marketable securities held at the end of the period (excluding investments in subsidiaries and affiliates)
December 31, 2023

Table 3

Unit: In thousand NTD, unless specified otherwise

Companies held	Types and names of marketable securities	Relationship with the securities issuer	Account in the book	End of the period				Remarks
				Number of shares (shares/number of units)	Carrying amount (Note)	Shareholdings ratio (%)	Fair value (Note)	
Parent company	principal-guaranteed products							
	Shin Kong Commercial Bank's TC1482 one-year USD-denominated interest rate hybrid product	-	Financial assets that are measured at fair value through profit or loss – current	-	\$ 30,941	-	\$ 30,941	
	Shin Kong Commercial Bank's TCI436 one-year USD-denominated interest rate hybrid product	-	"	-	<u>30,911</u>	-	<u>30,911</u>	
					<u>\$ 61,852</u>		<u>\$ 61,852</u>	
	Shares of TWSE listed companies							
	MOSA INDUSTRIAL CORPORATION	-	Financial assets measured at fair value through other comprehensive income	493	\$ 12	-	\$ 12	
	Shares of unlisted companies							
	eTreego Co., Ltd.	-	"	17,790,443	69,886	6.72	69,886	
	Panshi Lianda Venture Capital Co., Ltd.	-	"	1,500,000	17,857	23.07	17,857	
	Aeroprobing Inc.	-	"	861,333	6,099	19.99	6,099	
	SUPER BRAVO BIO CO., LTD.	-	"	78,418	1,959	0.25	1,959	
	Metagone Biotech Inc.	-	"	400,000	788	1.12	788	
	SIMPOWER TECHNOLOGY INC.	-	"	600,000	-	10.58	-	
	J.S POWER CO., LTD. (formerly known as J.S ELECTRONICS CO., LTD.)	-	"	2,200,235	-	3.63	-	
Jiangsu Leader Electronics Co., Ltd	PHECDA TECHNOLOGY CO., LTD.	-	"	500,000	<u>-</u>	1.76	<u>-</u>	
					<u>\$ 96,601</u>		<u>\$ 96,601</u>	
	Shares of unlisted companies							
	ZHANGJIAGANG UCHEN NEW ENERGY TECHNOLOGY CO.,LTD	-	Financial assets measured at fair value through other comprehensive income	1,000,000	\$ 47,556	1.18	\$ 47,556	
	Equity							
	Guang'an Huaying Mountain Lingchuang Electron Limited Company	-	"	-	<u>-</u>	33.80	<u>-</u>	
					<u>\$ 47,556</u>		<u>\$ 47,556</u>	
LEI Industries (H.K.) Limited	Equity							
	Zhejiang eTreego Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income	-	<u>\$ -</u>	9.00	<u>\$ -</u>	

Note: The fair value of TWSE-/TPEX-listed stocks traded in an active market is based on the closing market price on the balance sheet date. For principal-guaranteed products, the future cash flow is estimated using the discounted cash flow method at the product yield stated in the trade confirmation and discounted at a market interest rate that reflects the remaining product period. The fair value of private placement convertible bonds of TPEX-listed companies is based on the discounted cash flow method, and the future cash flows are estimated based on the observable share price on the balance sheet date and the contracted conversion price, and discounted at a rate that reflects the credit risk of each counterparty. Investments in unlisted domestic and overseas stocks are accounted for using the net asset value method, which is comparable to the listed company method and the net asset value method, without the control discount and liquidity discount, to reflect the overall value of the enterprise or business.

Leader Electronics Inc. and Its Subsidiaries

Purchase or sale of goods with related parties amounting to at least NTD 100 million or 20% of the paid-in capital

January 1 to December 31, 2023

Table 4

Unit: In thousand NTD, unless specified otherwise

Purchase (sale) company	Counterparty name	Relationship (Note 1)	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale) (Note 2)	Amount	As a percentage of total purchase (sales) (%)	The credit period	Unit price	The credit period	Balance	As a percentage of notes and accounts receivable (payable) (%)	
Parent company	Leader Electronics (B.V.I.) Inc.	1	Purchase	\$ 1,327,992	73.77	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	(\$ 1,118,384)	(74.62)	
Leader Electronics (B.V.I.) Inc.	Parent company	3	Sales	(1,327,992)	(94.98)	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	1,118,384	97.63	
Parent company	Leader Electronics (Philippine Branch) Incorporated	1	Purchase	490,992	16.31	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	(128,555)	(100)	
Leader Electronics (Philippine Branch) Incorporated	Parent company	3	Sales	(490,992)	(99.94)	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	128,555	98.31	
Leader Electronics (B.V.I.) Inc.	Dongguan Leader Electronics Inc.	2	Purchase	1,389,052	100	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	(880,519)	(98.31)	
Dongguan Leader Electronics Inc.	Leader Electronics (B.V.I.) Inc.	2	Sales	(1,389,052)	(95.33)	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	880,519	93.74	
Leader Electronics (Philippine Branch) Incorporated	Dongguan Linghung Electronics Inc.	2	Purchase	17,280	17.08	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	(12,787)	(18.18)	
Dongguan Linghung Electronics Inc.	Leader Electronics (Philippine Branch) Incorporated	2	Sales	(17,280)	(2.01)	Settled on an irregular basis	as agreed by both parties	Settled on an irregular basis	12,787	3.27	

Note 1: The relationship to the counterparty is divided into four categories as follows:

1. Parent company to subsidiary.
2. Subsidiary to subsidiary.
3. Subsidiary to parent company.
4. Subsidiary to related party not within the Group

Note 2: Transactions between consolidated entities are eliminated during the preparation of the consolidated financial statements.

Leader Electronics Inc. and Its Subsidiaries
Receivables from Related Parties Amounting to at Least NTD 100 million or 20% of the Paid-in Capital
December 31, 2023

Table 5

Unit: Thousands of NTD

The company that listed the transaction as accounts receivable	Counterparty name	Relationship	Receivables from related parties		Turnover rate	Overdue receivables from related parties		Receivables from related parties recovered in the subsequent period (Note 1)	Provision of allowance for losses
			Account	Amount		Amount	Processing method		
Leader Electronics (B.V.I.) Inc.	Parent company	Subsidiary to parent company	Accounts receivable	\$ 1,118,384	1.25	\$ -	—	\$ 247,643	\$ -
Leader Electronics (Philippine Branch) Incorporated	Parent company	Subsidiary to parent company	Accounts receivable	128,555	3.08	-	—	56,908	-
Dongguan Linghung Electronics Inc.	Leader Electronics (Philippine Branch) Incorporated	Subsidiary to subsidiary	Accounts receivable	12,787	1.86	-	—	-	-
Dongguan Leader Electronics Inc.	Leader Electronics (B.V.I.) Inc.	Subsidiary to subsidiary	Accounts receivable	880,519	1.59	-	—	266,693	-
Leader International Holding Ltd.	Leader Electronics (B.V.I.) Inc.	Subsidiary to subsidiary	Other receivables	658,617		-	—		-
Leader International Holding Ltd.	Parent company	Subsidiary to parent company	Other receivables	277,810		-	—		-
Dongguan Linghung Electronics Inc.	Dongguan Leader Electronics Inc.	Subsidiary to subsidiary	Other receivables	210,029		-	—		-
Leader Electronics (B.V.I.) Inc.	Dongguan Leader Electronics Inc.	Subsidiary to subsidiary	Other receivables	203,854		-	—		-

Note 1: As of March 14, 2023

Note 2: Transactions between consolidated entities are eliminated during the preparation of the consolidated financial statements.

Leader Electronics Inc. and Its Subsidiaries
Name of investee, location and other related information (excluding investees in Mainland China)
January 1 to December 31, 2023

Table 6

Unit: In thousand NTD, unless specified otherwise

Investor name	Name of Investee	Location	Principal business	Original investment amount		Holding, end of period			Profits (losses) of the investee for the period	Investment incomes (losses) recognized in the period	Remarks
				End of the period	End of last year	Quantity	Percentage (%)	Carrying amount			
Parent company	LEI Group Limited	British Virgin Islands	Investment holdings	\$ 756,540 (USD 24,639)	\$ 756,664 (USD 24,639)	23,248	100	\$ 2,157,430	\$ 55,689	\$ 48,432	Note 1, 2 and 3
	Leader Electronics Affiliated Inc.	British Virgin Islands	Production and sales of transformers	307,050 (USD 10,000)	305,104 (USD 9,935)	10,000	100	168,167	2,361	2,361	Notes 2 and 3
	LEI POWERGEAR PRIVATE LIMITED	India	Production and sales of transformers, power converters, etc.	11,729 (USD 382)	11,731 (USD 382)	2,750,000	55	2,809	(4,872)	(2,679)	Notes 2 and 3
	LEI AFFILIATED PRIVATE LIMITED	India	Production and sales of transformers	61 (USD 2)	61 (USD 2)	99,000	99	31	(2)	(2)	Notes 2 and 3
	SEETEL NEW ENERGY CO., LTD.	Taiwan	Manufacturing industry	27,412	27,412	882,269	29.69	36,033	5,757	3,857	Note 2
	Leader & Crescendo Electronics International Pte. Ltd.	Singapore	Trading industry	890 (USD 29)	891 (USD 29)	40,000	40	-	135	-	Notes 2 and 3
	Leader New Energy Co., Ltd.	Taiwan	Energy service management	69,100	-	6,910,000	100	67,789	(1,311)	(1,311)	Notes 2 and 3
	Lu Li New Energy Co., Ltd.	Taiwan	Energy service management	36,533	-	3,653,300	37.85	35,668	(2,285)	(865)	Notes 2 and 3
Leader New Energy Co., Ltd.	Lu Li New Energy Co., Ltd.	Taiwan	Energy service management	51,000	-	5,100,000	52.83	49,791	(2,285)	(1,207)	Notes 2 and 3
	Ruide New Energy Co., Ltd.	Taiwan	Energy service management	1,000	-	100,000	100	997	(3)	(3)	Notes 2 and 3
	Guansheng Investment Co., Ltd.	Taiwan	Energy service management	1,150	-	115,000	100	1,081	(69)	(69)	Note 4
Lu Li New Energy Co., Ltd.	Power Aquarium Enterprise Co., Ltd.	Taiwan	Energy service management	8,523	-	125,000	100	531	(118)	(118)	Notes 2 and 3
Guansheng Investment Co., Ltd.	Chuanglixin Energy Co., Ltd.	Taiwan	Energy service management	100	-	10,000	100	53	(47)	(47)	Note 3
LEI Group Limited	Leader International Holding Ltd.	British Cayman Islands	Investment holdings	535,495 (USD 17,440)	535,582 (USD 17,440)	17,440,000	100	2,259,159	68,455	68,455	Notes 2 and 3
	LEI Holdings Limited	British Virgin Islands	Trading holdings	155,674 (USD 5,070)	155,700 (USD 5,070)	5,070	100	(108,089)	(13,548)	(13,548)	Notes 2 and 3
	LEI Electronics (B.V.I.) Inc.	British Virgin Islands	Marketing and holding	36,232 (USD 1,180)	36,238 (USD 1,180)	1,180	100	12,552	282	282	Notes 2 and 3
LEI Holdings Limited	Leader Electronics (B.V.I.) Inc.	British Virgin Islands	Trading services	155,060 (USD 5,050)	155,086 (USD 5,050)	5,050	100	(108,168)	(13,548)	(13,548)	Notes 2 and 3
Leader International Holding Ltd.	LEI Industries (H.K.) Limited	Hong Kong	Investment holdings	25,147 (USD 819)	25,151 (USD 819)	1,000	100	1,317,026	50,736	50,736	Notes 2 and 3
LEI Electronics (B.V.I.) Inc.	LEI Japan Co., Ltd.	Japan	Import and export trade	21,340 (USD 695)	21,343 (USD 695)	1,488	99.20	11,663	(567)	(563)	Notes 2 and 3
	Leader Electronics (Singapore) Pte. Ltd.	Singapore	Import and export trade	-	-	2	100	(1,300)	26	26	Notes 2 and 3
	Leader Electronics N.A. Inc. (L.A.)	U.S.A	Import and export trade	22,384 (USD 729)	22,388 (USD 729)	10,000	100	2,693	797	797	Notes 2 and 3
	LEI Malaysia Sdn. Bhd.	Malaysia	Import and export trade	399 (USD 13)	399 (USD 13)	50,000	100	714	23	23	Notes 2 and 3

Note 1: The difference between the investment income or loss of the investee and the investment income or loss recognized in the current period is the gross loss on unrealized gross profit.

Note 2: It was calculated based on the financial report for the same period audited by CPAs.

Note 3: It was all eliminated during the preparation of the consolidated financial statements.

Leader Electronics Inc. and Its Subsidiaries
Information on investment in mainland China
January 1 to December 31, 2023

Table 7Unit: In thousand NTD, unless specified otherwise

Names of investees in Mainland China	Principal business	Paid-in capital	Type of investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profits (losses) of the investee for the period	Shareholding in direct or indirect investment	Investment income (loss) recognized in this period (Notes 2 and 3)	Book value of investments at the end of the period (Notes 2 and 3)	Investment income remitted back as of the end of the period	Remarks
					Outward remittance	Recover							
Dongguan Linghung Electronics Inc.	Production and sales of transformers, power converters, etc.	\$ 55,491 (RMB 12,800)	(2)	\$ 34,189 (USD 1,057)	\$ -	\$ -	\$ 34,189 (USD 1,057)	(\$ 10,019)	100%	(\$ 10,019)	\$ 265,361	\$	
Dongguan Leader Electronics Inc.	Production and sales of transformers, power converters, etc.	363,897 (RMB 83,940)	(2)	268,615 (USD 8,324)	-	-	268,615 (USD 8,324)	69,925	100%	69,925	473,469		
Jiangsu Leader Electronics Co., Ltd	Production and sales of transformers, power converters, etc.	304,318 (RMB 70,197)	(2)	150,540 (USD 4,665)	-	-	150,540 (USD 4,665)	(63,331)	100%	(63,331)	503,439	18,976 (USD 618)	

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
\$ 450,258 (USD 14,664)	\$ 450,381 (USD 14,668)	\$ 952,146

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

(1) Invest in mainland China directly.

(2) The Company invested in LEI Group Limited in the British Virgin Islands, which in turn invested in Leader International Holding Ltd. in the British Cayman Islands, which in turn invested in LEI Industries (H.K.) Limited in Hong Kong, and indirectly invested in investees in Mainland China.

(3) Other methods: Invested in the investees in Mainland China by the companies in Mainland China with their own capitals.

Note 2: The investment gain or loss recognized in the current period is based on the financial statements audited by the attesting CPAs of the parent company in Taiwan.

Note 3: The investment gain or loss recognized during the period and the investment book value at the end of the period were eliminated during the preparation of the consolidated financial statements.

Leader Electronics Inc. and Its Subsidiaries
Business relationships, significant transactions and amounts between parent company and subsidiaries and among subsidiaries.
January 1 to December 31, 2023

Table 8

Unit: Thousands of NTD

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount (Note 5)	Trading conditions (Note 3)	As a percentage of consolidated total revenues or total assets (%) (Note 4)
0	Parent company	LEI POWERGEAR PRIVATE LIMITED	1	Other receivables	\$ 1,996	—	0.05
		Leader Electronics (Philippine Branch) Incorporated	1	Sales revenues	23,088	—	0.61
		Dongguan Leader Electronics Inc.	1	Accounts receivable	23,025	—	0.52
			1	Sales revenues	12,122	—	0.32
				Accounts receivable	18	—	0.00
		Jiangsu Leader Electronics Co., Ltd	1	Sales revenues	1,111	—	0.03
		LEI Japan Co., Limited	1	Other receivables	964	—	0.02
		Leader Electronics (N.A.) Inc. L.A.	1	Other receivables	6,647	—	0.15
		Chuanglixin Energy Co., Ltd.	1	Other receivables	14,000	—	0.32
1	Leader Electronics (Philippine Branch) Incorporated	Parent company	2	Sales revenues	490,992	—	12.99
				Accounts receivable	128,555	—	2.93
2	Dongguan Linghung Electronics Inc.	Parent company	2	Sales revenues	73,509	—	1.94
		Leader Electronics (Philippine Branch) Incorporated	3	Accounts receivable	20,245	—	0.46
				Sales revenues	17,280	—	0.46
				Accounts receivable	12,787	—	0.29
		Dongguan Leader Electronics Inc.	3	Sales revenues	3,032	—	0.08
				Accounts receivable	5,786	—	0.13
				Other receivables	113,583	—	4.79
				Interest income	7,625	—	0.17
		Jiangsu Leader Electronics Co., Ltd	3	Sales revenues	244	—	0.01
		Accounts receivable	1,028	—	0.02		
3	Dongguan Leader Electronics Inc.	2	Sales revenues	61,586	—	1.40	
			Accounts receivable	37,011	—	0.84	

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No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount (Note 5)	Trading conditions (Note 3)	As a percentage of consolidated total revenues or total assets (%) (Note 4)
3	Dongguan Leader Electronics Inc.	Dongguan Linghung Electronics Inc.	3	Sales revenues	\$ 6,371	—	0.17
				Rental incomes	26,133	—	0.69
				Accounts receivable	3,825	—	0.09
				Other receivables	35,158	—	0.80
4	Jiangsu Leader Electronics Co., Ltd	Jiangsu Leader Electronics Co., Ltd	3	Sales revenues	2,016	—	0.05
				Accounts receivable	17,997	—	0.41
				Other receivables	6	—	0.00
				Sales revenues	1,389,052	—	36.76
		Leader Electronics (B.V.I.) Inc.	3	Accounts receivable	880,519	—	20.09
				Sales revenues	25,840	—	0.68
				Accounts receivable	5,594	—	0.13
				Other receivables	55	—	-
		Leader Electronics (Philippine Branch) Incorporated	3	Net gains on disposal of property, plant and equipment	101	—	-
				Sales revenues	121	—	-
				Interest income	1,699	—	0.04
				Accounts receivable	111	—	-
		Dongguan Linghung Electronics Inc.	3	Other receivables	43,352	—	0.99
				Sales revenues	1,949	—	0.05
				Accounts receivable	71,989	—	1.64
				Other receivables	43,352	—	0.99
5	LEI Industries (H.K.) Limited	Dongguan Leader Electronics Inc.	3	Interest income	1,594	—	0.04
				Other receivables	68,948	—	1.57
				Other receivables	4,300	—	0.10
				Service revenues	4,147	—	0.11
				Other receivables	2,992	—	0.07
6	Leader International Holding Ltd.	Parent company	2	Other receivables	277,810	—	6.34
				Other receivables	679,933	—	15.52
				Other receivables	2,518	—	0.06

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No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount (Note 5)	Trading conditions (Note 3)	As a percentage of consolidated total revenues or total assets (%) (Note 4)
7	Leader Electronics (B.V.I.) Inc.	Parent company	2	Sales revenues	\$ 1,327,992	—	35.15
				Accounts receivable	1,118,384	—	25.52
		Dongguan Linghung Electronics Inc.	3	Accounts receivable	92	—	-
		LEI Japan Co., Limited	3	Sales revenues	70,544	—	1.87
				Accounts receivable	27,039	—	0.62
		LEI Malaysia Sdn. Bhd.	3	Other receivables	61	—	-
		Leader Electronics Affiliated Inc.	3	Other receivables	71,899	—	1.64
8	LEI Electronic (B.V.I.) Inc.	Leader Electronics (Singapore) Pte. Ltd	3	Other receivables	1,300	—	0.03
9	LEI Japan Co., Limited	Parent company	2	Service revenues	2,800	—	0.07
				Other receivables	3,861	—	0.09
		Dongguan Leader Electronics Inc.	3	Sales revenues	226	—	0.01
10	Leader Electronics (N.A.) Inc. L.A.	Parent company	2	Service revenues	7,316	—	0.19
				Other receivables	3,898	—	0.09
11	LEI Malaysia Sdn. Bhd.	Leader Electronics (B.V.I.) Inc.	3	Other receivables	700	—	0.02
12	Guansheng Investment Co., Ltd.	Chuanglixin Energy Co., Ltd.	3	Other receivables	1,000	—	0.02

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

1. Fill in “0” for parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: There are three types of relationships with the counterparties, which are numbered as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The related transaction price is based on mutual agreement and is settled on an irregular basis.

Note 4: Transaction amount as a percentage of total consolidated revenues or total assets is calculated as the ending balance to total consolidated assets for balance sheet accounts and as the cumulative amount to total consolidated revenues for income statement accounts.

Note 5: All were eliminated during the preparation of the consolidated financial statements.

Leader Electronics Inc. and Its Subsidiaries
Information on major shareholders
December 31, 2023

Table 9

Information on major shareholders	Shares	
	Number of shares held (shares)	Shareholding percentage
Property trust account entrusted by C.Y Pao to C.C Pao	6,000,000	3.61%
C.Y Pao	2,747,606	1.65%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). For information on major shareholders with less than 5% ownership, please visit the "Market Observation Post System" of the Taiwan Stock Exchange.