

Stock Code: 3167

Ta Liang Technology Co., Ltd.

**Parent Company Only Financial Statements and Independent
Auditors' Report**

2023 and 2022

Company address: No. 68, Fengtian Rd., Ruifeng Vil., Bade Dist., Taoyuan City
Tel.: (03)368-6368

Parent Company Only Financial Statements
Table of Contents

Item	Page
I. Cover page	1
II. Table of Contents	2
III. Independent Auditors' Report	3-7
IV. Unconsolidated Balance Sheets	8-9
V. Unconsolidated Statements of Comprehensive Income	10
VI. Unconsolidated Statement of Changes in Equity	11
VII. Parent Company Only Statement of Cash Flows	12
VIII. Notes to Parent Company Only Financial Statements	
(I) Company History	13
(II) Approval Date and Procedures of the Consolidated Financial Statements	13
(III) Application of New Standards, Amendments and Interpretations	13-16
(IV) Summary of Significant Accounting Policies	16-39
(V) Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty	39-41
(VI) Description of Significant Account Titles	41-74
(VII) Related Party Transactions	74-78
(VIII) Assets Pledged	78
(IX) Material Contingent Liabilities and Unrecognized Contractual Commitments	78
(X) Losses Due to Major Disasters	78
(XI) Material Events After the Balance Sheet Date	79
(XII) Others	79-91
(XIII) Other disclosures	
1. Information on Significant Transactions	92
2. Information on Investees	92-93
3. Information on Investment in China	94-98
4. Information on Major Shareholders	98
(XIV) Departmental Information	98
IX. Details of Significant Accounts	99-135

Independent Auditors' Report

To the Board of Directors and Shareholders of Ta Liang Technology Co., Ltd.

Audit opinion

We have audited the accompanying parent company only balance sheets of Ta Liang Technology Co., Ltd. (the “Company”) for the years ended December 31, 2023 and 2022 and the relevant parent company only 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 “parent company only financial statements”).

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

Basis for Opinion

We follow the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing Standards while performing the auditing. The responsibilities of the CPAs under the said standards will be explained further in the section about responsibilities in auditing financial statements. We are independent of the Company in accordance with the Norms of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to the most vital matters in our audit of the parent company only financial statements of the Company for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company's operating revenue in 2023 was NT\$541,171 thousand, mainly from the sales of equipment and machines. The sales locations included Taiwan, China, and Southeast Asian countries, and the sales contracts contain a variety of different terms, such as installation and acceptance terms. As it was necessary to exercise judgment regarding orders or contracts and determine the performance obligations and the timing of fulfilling such obligations, there were significant risks in the recognition of the operating revenue, so we listed revenue as one of the key audit matters. Our audit procedures included (but were not limited to) assessing the appropriateness of the accounting policy used upon recognition of revenue when performance obligations were fulfilled, including reviewing and confirming both parties' transaction terms, testing the effectiveness of internal controls in the sales cycle that are associated with the timing of recognition of revenue when contract or order performance obligations were fulfilled, and performing detailed testing of transactions, including obtaining customers' original orders or contracts, checking if the timing of recognition of revenue when performance obligations were fulfilled were consistent with the transaction conditions stated in the orders or contracts, and performing cut-off testing for revenue. We also considered the appropriateness of the disclosures in Note 6 to the parent company only financial statements related to operating revenue.

Allowance for Losses on Accounts Receivable

The carrying amount of the Company's accounts receivable and allowances for losses on December 31, 2023 were NT\$234,764 thousand and NT\$10,860 thousand, respectively, and the net accounts receivable accounted for 6% of the Company's assets and were significant to the Company. As the allowances for losses on accounts receivable were measured at the lifetime expected credit losses (ECLs), the accounts receivable should be properly grouped in the measurement process, and the use of relevant assumptions in the measurement process should be judged and analyzed, while the appropriate aging intervals and loss ratios for the various intervals should be considered. As the measurement of ECLs involved judgment, analysis, and estimation, and the measurement results affected the net accounts receivable, we believe that the allowances for losses on accounts receivable is a key audit matter. Our audit procedures included (but were not limited to) analyzing the appropriateness of the grouping method of accounts receivable, confirming if the customers with significantly different loss patterns (grouped by similar risk characteristics) were properly grouped (such as by historical experience), testing the provision matrix adopted by the Company, including assessing if the decision of each aging interval is reasonable, and sampling original documents to check the correctness based on basic information, while reviewing the collection of accounts receivable after the due dates to evaluate the recoverability of accounts receivable; analyzing the long-term trend of bad debt losses and the turnover of accounts receivable; evaluating the reasonableness of impairment of individual accounts receivable; and confirming whether there is any impairment on the balance sheet date. We also considered the appropriateness of the disclosures in Notes 5 and 6 to

the parent company only financial statements related to accounts receivable and risks.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting, unless the management intends to liquidate the Company or cease operations, or has no viable alternatives but to liquidate or cease operations.

The Company's governing body (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the R.O.C. will always detect a material misstatement when it exists in the standalone financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the unconsolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company-only financial statements to pay attention to relevant disclosures in said statements in our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinions on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2023. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young, Taiwan

Approved by the competent authority to audit/review
publicly listed companies' financial statements

Audit Case No.: (2002)-Tai-Cai-Zeng-(VI) No. 144183
(2017)-Jin-Guan-Zheng-Shen-Zi No.
1060026003

Chang, Chih-Ming

Certified Public Accountant

Lo, Hsiao-Chin

March 8, 2024

Ta Liang Technology Co., Ltd.
Unconsolidated Balance Sheets
December 31, 2023
and December 31, 2022
(All amounts are in NTD thousand)

Assets			December 31, 2023		December 31, 2022	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6.1	\$465,255	12	\$359,761	8
1150	Net value of notes receivable	4 and 6.5	811	-	908	-
1170	Net value of accounts receivable	4 and 6.6	165,538	4	369,213	9
1180	Accounts receivable - related parties, net	4, 6.6 and 7	58,366	2	128,088	3
1200	Other receivables		1,886	-	479	-
1210	Other receivables - related parties, net	7	285	-	177,443	4
130x	Net inventory	4 and 6.7	253,221	6	278,391	7
1410	Prepayments		9,677	-	8,870	-
1470	Other current assets		4,626	-	3,015	-
11xx	Total current assets		<u>959,665</u>	<u>24</u>	<u>1,326,168</u>	<u>31</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4 and 6.3	50,315	1	1,040	-
1517	Financial assets at fair value through other comprehensive income	4 and 6.4	6,102	-	10,755	-
1535	Financial assets measured at amortized cost	4, 6.2, and 8	-	-	5,500	-
1550	Investments accounted for using the equity method	4 and 6.8	1,588,824	41	1,674,705	39
1600	Property, plant and equipment	4, 6.9, and 8	1,296,773	33	1,276,878	29
1755	Right-of-use asset	4 and 6.21	756	-	-	-
1780	Intangible assets	4 and 6.10	12,813	-	4,169	-
1840	Deferred tax assets	4 and 6.25	25,052	1	26,340	1
1995	Other non-current assets		166	-	11,937	-
15xx	Total non-current assets		<u>2,980,801</u>	<u>76</u>	<u>3,011,324</u>	<u>69</u>
1xxx	Total assets		<u><u>\$3,940,466</u></u>	<u><u>100</u></u>	<u><u>\$4,337,492</u></u>	<u><u>100</u></u>

(See Notes to the Parent Company Only Financial Statements)

Chairman: Wang, Tso Ching

Managerial Officer: Chien, Chen-Chi

Chief Accounting Officer: Huang, Li-Fang

Ta Liang Technology Co., Ltd.
Unconsolidated Balance Sheets
December 31, 2023
and December 31, 2022
(All amounts are in NTD thousand)

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6.11	\$240,000	6	\$400,000	9
2130	Contract liability	4 and 6.19	17,905	1	20,441	-
2170	Accounts payable		115,917	3	53,150	1
2180	Accounts payable - related parties	7	95,553	2	21,476	1
2200	Other payables	6.12	78,180	2	110,263	3
2230	Current income tax liabilities	4 and 6.25	38,881	1	30,745	1
2250	Provision for liabilities	4 and 6. 17	9,330	-	8,393	-
2280	Lease liabilities	4 and 6.21	410	-	-	-
2321	Corporate bonds maturing or repurchase rights within one year or one business cycle	4 and 6.13	395,251	10	-	-
2322	Long-term borrowings due within one year or one business cycle	6.14 and 8	32,364	1	107,605	3
2399	Other current liabilities		16,671	-	13,935	-
21xx	Total current liabilities		<u>1,040,462</u>	<u>26</u>	<u>766,008</u>	<u>18</u>
	Non-current liabilities					
2531	Corporate bonds payable	4 and 6.13	-	-	389,658	9
2540	Long-term borrowings	6.14 and 8	542,107	14	604,471	14
2570	Deferred tax liabilities	4 and 6.25	242,357	6	270,510	6
2580	Lease liabilities	4 and 6.21	347	-	-	-
2600	Other non-current liabilities	6.8 and 6.15	1,027	-	7,324	-
25xx	Total non-current liabilities		<u>785,838</u>	<u>20</u>	<u>1,271,963</u>	<u>29</u>
2xxx	Total Liabilities		<u>1,826,300</u>	<u>46</u>	<u>2,037,971</u>	<u>47</u>
	Equity	6.18				
3100	Share capital					
3110	Ordinary share		825,381	21	801,341	18
3200	Additional paid-in capital		157,710	4	157,710	3
3300	Retained earnings					
3310	Statutory reserves		450,970	11	419,656	10
3320	Special reserves		99,965	3	119,921	3
3350	Undistributed earnings		718,013	18	900,858	21
3400	Other equity		(136,031)	(3)	(99,965)	(2)
3500	Treasury stock	4	(1,842)	-	-	-
3xxx	Total equity		<u>2,114,166</u>	<u>54</u>	<u>2,299,521</u>	<u>53</u>
3x2x	Total liabilities and equities		<u>\$3,940,466</u>	<u>100</u>	<u>\$4,337,492</u>	<u>100</u>

(See Notes to the Parent Company Only Financial Statements)

Chairman: Wang, Tso Ching

Managerial Officer: Chien, Chen-Chi

Chief Accounting Officer: Huang, Li-Fang

Ta Liang Technology Co., Ltd.
Unconsolidated Statements of Comprehensive Income
January 1 to December 31, 2023
and January 1 to December 31, 2022
(Amounts in NT\$ thousand, except earnings per share, which are in NT\$)

Code	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4, 6.19 and 7	\$541,171	100	\$989,500	100
5000	Operating cost	7	(350,828)	(65)	(704,367)	(71)
5900	Gross profit		190,343	35	285,133	29
5910	Unrealized gains (losses) among affiliates		37,623	7	40,245	4
5950	Gross profit, net		227,966	42	325,378	33
6000	Operating expenses	7				
6100	Selling expenses		(61,955)	(11)	(68,557)	(7)
6200	Administrative expenses		(85,118)	(16)	(99,377)	(10)
6300	R&D expenses		(79,296)	(15)	(103,344)	(10)
6450	Expected credit impairment losses (gains)	6.20	4,767	1	(4,071)	-
	Total operating expenses		(221,602)	(41)	(275,349)	(27)
6900	Operating income		6,364	1	50,029	6
7000	Non-operating income and expenses					
7010	Other income	6.23 and 7	33,049	6	24,183	2
7020	Other gains and losses	6.23	7,788	2	256,176	26
7050	Financial costs	6.23	(20,519)	(4)	(20,281)	(2)
7070	Share of profits and losses of subsidiaries, affiliates, and joint ventures using the equity method	4 and 6.8	(3,745)	(1)	53,409	5
	Total non-operating incomes and expenses		16,573	3	313,487	31
7900	Net income before tax		22,937	4	363,516	37
7950	Income tax expense	4 and 6.25	(10,115)	(2)	(50,373)	(5)
8200	Current net gain		12,822	2	313,143	32
8300	Other comprehensive income	6.24				
8310	Items not reclassified subsequently to profit or loss					
8316	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method.		(5,120)	(1)	(4,245)	-
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income of subsidiaries, affiliates, and joint ventures using the equity (loss) profit		(30,946)	(5)	24,201	2
	Other comprehensive income for this period (net of tax)		(36,066)	(6)	19,956	2
8500	Total comprehensive income for this period		<u>\$ (23,244)</u>	<u>(4)</u>	<u>\$333,099</u>	<u>34</u>
9750	Basic earnings per share (NT\$)	6.26	<u>\$0.16</u>		<u>\$3.79</u>	
9850	Diluted earnings per share (NT\$)	6.26	<u>\$0.16</u>		<u>\$3.63</u>	

(See Notes to the Parent Company Only Financial Statements)

Chairman: Wang, Tso Ching

Managerial Officer: Chien, Chen-Chi

Chief Accounting Officer: Huang, Li-Fang

Ta Liang Technology Co., Ltd.
Unconsolidated Statement of Changes in Equity
January 1 to December 31, 2023
and January 1 to December 31, 2022
(All amounts are in NTD thousand)

	Item	Share capital	Additional paid-in capital	Retained earnings			Other items of equity		Treasury stock	Total
				Statutory reserves	Special reserves	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
Code		3100	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance as of January 1, 2022	\$801,341	\$157,710	\$376,020	\$111,760	\$960,048	\$(114,521)	\$(5,400)	\$-	\$2,286,958
	Appropriation and distribution of 2021 earnings									
B1	Legal reserve provided			43,636		(43,636)				-
B3	Special reserve provided				8,161	(8,161)				-
B5	Common share cash dividend					(320,536)				(320,536)
D1	Net income for 2022					313,143				313,143
D3	Other comprehensive income for 2022						24,201	(4,245)		19,956
D5	Total comprehensive income for this period	-	-	-	-	313,143	24,201	(4,245)	-	333,099
Z1	Balance on December 31, 2022	801,341	157,710	419,656	119,921	900,858	(90,320)	(9,645)	-	2,299,521
	Appropriation and distribution of 2022 earnings									
B1	Legal reserve provided			31,314		(31,314)				-
B5	Common share cash dividend					(160,269)				(160,269)
B9	Common stock dividends	24,040				(24,040)				-
B17	Reversal of special reserve				(19,956)	19,956				-
D1	Net income for 2023					12,822				12,822
D3	Other comprehensive income (loss) for 2023						(30,946)	(5,120)		(36,066)
D5	Total comprehensive income for this period	-	-	-	-	12,822	(30,946)	(5,120)	-	(23,244)
L1	Treasury Stocks Repurchase	-	-	-	-	-	-	-	(1,842)	(1,842)
Z1	Balance as of December 31, 2023	<u>\$825,381</u>	<u>\$157,710</u>	<u>\$450,970</u>	<u>\$99,965</u>	<u>\$718,013</u>	<u>\$(121,266)</u>	<u>\$(14,765)</u>	<u>\$(1,842)</u>	<u>\$2,114,166</u>

(See Notes to the Parent Company Only Financial Statements)

Chairman: Wang, Tso Ching

Managerial Officer: Chien, Chen-Chi

Chief Accounting Officer: Huang, Li-Fang

Ta Liang Technology Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023
and January 1 to December 31, 2022
(Amounts are in NT\$ thousand)

Code	Item	2023	2022	Code	Item	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$22,937	\$363,516	B00010	Acquisition at fair value through other comprehensive income of the Company's financial assets	(467)	(15,000)
A20000	Adjustments:			B00040	Disposal (acquisition) of financial assets at amortized cost	5,500	-
A20010	Income/expenses items:			B00100	Acquisition of financial assets at fair value through profit or loss	(44,981)	(2,792)
A20100	Depreciation expenses (right-of-use assets included)	14,222	8,663	B02200	Acquisition of subsidiary (net of cash acquired)	(9,000)	-
A20200	Amortization cost	2,546	2,579	B02700	Acquisition of property, plant and equipment	(30,646)	(88,718)
A20300	Expected credit impairment losses (gains)	(4,767)	4,071	B02800	Disposal of property, plant and equipment	1,450	270,712
A20400	Net loss (gain) on financial assets and liabilities	(4,294)	3,192	B03700	Decrease (increase) in guarantee deposits paid	1	234
	Net losses (gains) on liabilities and liabilities			B04500	Acquisition of intangible assets	(4,421)	(1,284)
A20900	Interest expenses	20,519	20,281	BBBB	Net cash inflow (outflow) from investing activities	(82,564)	163,152
A21200	Interest revenue	(15,963)	(6,003)				
A22500	Loss (gain) on disposal and scrapping of property, plants, and equipment	(31)	(182,937)				
A22300	Subsidiaries and associates accounted for using equity method	3,745	(53,409)	CCCC	Cash flows from financing activities:		
	Share of joint venture profit or loss			C00200	Short-term borrowings (repayment)	(160,000)	339,208
A23200	Disposal of losses (gains) on investments accounted for using the equity method	(9,132)	-	C01700	Repayment of long-term borrowings	(137,605)	(370,174)
A23900	Unrealized losses (gains) among affiliates	(37,623)	(40,245)	C04500	Cash dividends paid out	(160,269)	(320,536)
A30000	Changes in assets/debts having to do with business activities:			C03000	Increase (decrease) in guarantee deposits received	1,027	(834)
A31130	Decrease (increase) of notes receivable	99	1,024	C04020	Repayment of lease principal	(70)	(771)
A31150	Decrease (Increase) in accounts receivable	209,491	136,110	C04900	Cost of repurchase of treasury shares	(1,842)	-
A31160	Decrease (increase) in accounts receivable - related parties	69,722	329,680	CCCC	Net cash inflow (outflow) from financing activities	(458,759)	(353,107)
A31180	Decrease (Increase) of other receivables	(2,740)	1,211				
A31190	Decrease (increase) in other receivables - related parties	177,158	(173,493)	EEEE	Increase (decrease) in cash and cash equivalents during this period	105,494	40,547
A31200	Decrease (increase) in net inventories	25,170	209,104	E00100	Cash and cash equivalents at the beginning of the year	359,761	319,214
A31230	Decrease (increase) in prepayments	(627)	3,660	E00200	Cash and cash equivalents at the end of the year	\$465,255	\$359,761
A31240	Decrease (increase) in other current assets	(1,611)	4,825				
A32125	Increase (decrease) in contract liabilities	(2,536)	(88,895)				
A32130	Increase (decrease) in notes payable	-	(173)				
A32150	Increase (decrease) in accounts payable	62,767	(139,773)				
A32160	Increase (decrease) in accounts payable - related parties	74,077	(93,842)				
A32180	Increase (decrease) in other payables	(17,426)	(84,427)				
A32200	Increase (decrease) in provisions	937	(3,603)				
A32230	Increase (decrease) in other current liabilities	2,736	2,323				
A33000	Cash in (out)-flows generated by business operation	589,376	223,439				
A33100	Interest received	16,245	7,305				
A33200	Dividends received	90,621	88,428				
A33300	Interest paid	(20,581)	(20,233)				
A33500	Income tax received (paid)	(28,844)	(68,437)				
AAAA	Net cash inflow (outflow) from operating activities	646,817	230,502				

(See Notes to the Parent Company Only Financial Statements)

Chairman: Wang, Tso Ching

Managerial Officer: Chien, Chen-Chi

Chief Accounting Officer: Huang, Li-Fang

Ta Liang Technology Co., Ltd.
Notes to Parent Company Only Financial Statements
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Ta Liang Technology Co., Ltd. (hereinafter referred to as the “Company”) was incorporated on December 26, 1980 and mainly engaged in the design and manufacturing of various CNC precision machines. Its place of registration and main operating site are located at No. 68, Fengtian Road, Bade District, Taoyuan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The 2023 and 2022 parent company only financial statements of the Company were released after being approved by the Board of Directors on March 8, 2024.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies due to the initial application of the IFRSs

The Company has adopted the IFRSs and IAS that have been endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2023, and the initial application of the newly issued and amended standards and interpretations caused no material impact on the Company.

2. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Company:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
2	Lease Liabilities for Leasebacks (amendments to IFRS 16)	January 1, 2024
3	“Classification of Liabilities with Covenants” (amendments to IAS 1)	January 1, 2024
4	Supplier Financing Arrangement (Amendment to IAS 7 and IFRS 7)	January 1, 2024

(1) Classification of Liabilities as Current or Non-current (Amendment to IAS 1)

The classification of liabilities as current or non-current in paragraphs 69 to 76 of IAS 1 “Classification of Liabilities as Current or Non-current” was amended.

(2) Lease Liabilities for Leasebacks (amendments to IFRS 16)

In IFRS 16 “Leases”, the seller and lessee shall add additional accounting treatment in the leaseback transactions, in order to improve the consistent application of the Standards.

(3) Classification of Liabilities with Covenants (amendments to IAS 1)

The amendments were made in order to improve an enterprise’s provision of the information related to long-term debt contracts. They explained the contractual covenants to be followed within 12 months after the reporting period, but posed no effect to the liabilities which shall be classified as current or non-current during the reporting period.

(4) Supplier financing arrangement (Amendment to IAS 7 and IFRS 7)

This amendment includes the pertinent disclosure of the supplier's financing arrangement, in addition to the description of the supplier's financing arrangement.

The Company evaluated the above new, revised, and amended standards and interpretations that have been published by the IASB and endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2024, and determined that they did not cause any material impact on the Company.

3. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Company:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined by the IASB

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
2	IFRS 17 Insurance Contracts	January 1, 2023
3	Lack of Exchangeability (Amendment to IAS 21)	January 1, 2025

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments aim to address the inconsistency regarding the loss of control due to the investment in an affiliate or a joint venture through a subsidiary between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 28 stipulates that when non-monetary assets are invested in exchange for the equity in an affiliate or a joint venture, the share of the resulting profit or loss shall be eliminated as the treatment method adopted for downstream transactions. IFRS 10 stipulates that the total gain or loss upon loss of control over a subsidiary shall be recognized. The amendments restrict the above requirements of IAS 28: when assets that constitute a business as defined in IFRS 3 are sold or purchased, the total resulting gain or loss shall be recognized.

In the amendments, IFRS 10 was amended so that when an investor sells or invests in a subsidiary (affiliate or joint venture) that does not constitute a business as defined by IFRS 3, only the profit or loss arising therefrom within the scope not belonging to the investor shall be recognized.

(2) IFRS 17 Insurance Contracts

This standard provides a comprehensive model of insurance contracts, including all accounting-related elements (recognition, measurement, presentation, and disclosure principles). The core of the standard is a regular model. Under this model, during initial recognition, the group of insurance contracts are measured at the aggregate amount of fulfillment cash flows and contractual service margins. The carrying amount at the end of each reporting period is the sum of the liabilities for the remaining coverage and the liabilities for incurred claims.

In addition to the regular model, it also provides a specific applicable method for contracts with direct participation features (variable fee approach and a simplified method for short-

term contracts) (premium allocation approach).

After this standard was published in May 2017, the amendments were published in 2020 and 2021. In these amendments, the effective date in the transitional provisions will be postponed for two years (that is, from January 1, 2021 postponed to January 1, 2023) with additional exemptions provided, while some regulations are simplified to reduce the cost of adopting this standard, and some regulations are amended to make some scenarios easier to interpret. After this standard becomes effective, it will supersede the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

(3) Lack of Exchangeability (Amendment to IAS 21)

This amendment defines exchangeability and lack thereof among currencies, specifies how the exchange rate is calculated in the case of exchangeability deficiency, and imposes additional disclosure obligations in such cases. These amendments shall be applicable for the fiscal year beginning after January 1, 2025.

The date of applying the above standards or interpretations that have been published by the IASB but have not yet been endorsed by the FSC shall be subject to the decisions made by the FSC. As per the Company’s assessment, the above new or revised standards or interpretations did not impose a significant impact on the Company.

IV. Summary of Significant Accounting Policies

1. Compliance Statement

The Company’s parent company only financial statements for 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of preparation

The Company prepared the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company-only financial statements are the same as the share of the current profit or loss and other comprehensive income attributable to the owners of the parent company in the financial

statements prepared on a consolidated basis; and the owner's equity in the parent company-only financial statements is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Therefore, the investment in subsidiaries is presented as "investments using the equity method" in the parent company only financial statements, with necessary valuation adjustments made.

The parent company only financial statements have been prepared on the historical cost basis except for the financial instruments at fair value. The parent company only financial statements are presented in NT\$ thousand, unless otherwise specified.

3. Foreign currency transaction

The Company's parent company only financial statements are presented in New Taiwan dollar (NTD), the Company's functional currency.

Transactions in foreign currencies are recognized at the exchange rates prevailing on the transaction dates. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate prevailing on that date. Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on that date when the fair value is determined. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rates prevailing on the initial transaction dates.

Except as stated below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss for the period in which they occur.

- (1) Regarding foreign-currency borrowings incurred to acquire an eligible asset, if the resulting exchange difference is regarded as an adjustment to interest costs, it is part of the borrowing cost and is capitalized as the cost of the asset.
- (2) Foreign-currency items to which IFRS 9 "Financial Instruments" applies are handled in accordance with the accounting policies for financial instruments.
- (3) Regarding monetary items that form part of a reportable entity's net investment in foreign operations, exchange differences arising therefrom are initially recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed of.

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

4. Translation of Foreign-currency Financial Statements

Each of the Company's foreign operations determines its own functional currency and measures its financial statements in the functional currency accordingly. When the parent company only financial statements were prepared, the assets and liabilities of the foreign operations are translated into NTD at the closing exchange rate on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Any exchange differences arising from translation were recognized in other comprehensive income. When the foreign operations were disposed of, the cumulative exchange differences that were previously recognized in other comprehensive income as an independent component under equity was reclassified from equity to profit or loss when the gains or losses on disposal were recognized. When control, significant influence, or joint control over foreign operations is lost with some equity retained, it is still treated as disposal.

Regarding the partial disposal of a subsidiary with foreign operations (over which the control is not lost), the cumulative exchange difference recognized in other comprehensive income is adjusted in proportion through "investment using the equity method" and is not recognized in profit or loss. The partial disposal of an affiliate or a jointly controlled entity with foreign operations (over which the significant influence or joint control is not lost), when part of the disposal includes affiliated enterprises or jointly controlled entities of foreign operating institutions, the cumulative exchange difference is reclassified to profit or loss in proportion.

5. Criteria for Classification of Current and Non-current Assets and Liabilities

Assets that meet one of the following criteria are classified as current assets, otherwise they are non-current assets:

- (1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed;
- (2) Assets held primarily for the purpose of trading;
- (3) Assets expected to be realized within 12 months after the balance sheet date;
- (4) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle liabilities for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities, otherwise they are non-current liabilities:

- (1) Liabilities expected to be settled in the normal operating cycle;
- (2) Liabilities held primarily for the purpose of trading;
- (3) Liabilities expected to be settled within 12 months after the balance sheet date;
- (4) Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments that do not affect its classification.

6. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments that are highly liquid and readily convertible into a fixed amount of cash at any time with little risk of value changes (including time deposits within a duration of three months).

7. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are measured at fair value upon initial recognition; the transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except financial assets and financial liabilities classified as at fair value through profit or loss) are added to or subtracted from the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

The Company classifies financial assets as those subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the two bases below:

- A. The business model for financial asset management
- B. Contractual cash flow characteristics of financial assets

Financial assets measured at amortized cost

Financial assets that meet both of the following criteria are measured at amortized cost and are recognized in the balance sheet as notes or accounts receivable, financial assets at amortized cost, or other receivables:

- A. Business Model for Financial Asset Management: Holding financial assets to collect contractual cash flows.
- B. Contractual Cash Flow Characteristics of Financial Assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

Such financial assets (excluding those for hedging) are subsequently measured at the amortized cost [the amount measured upon initial recognition, less the principal repaid, plus or less the cumulative amortization of the differences between the initial amount and the due amount (the effective interest approach adopted), with the allowance for losses adjusted]. The gain or loss is recognized in profit or loss upon de-recognition, through the amortization process, or when an impairment gain or loss is recognized.

Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:

- A. In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
- B. If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following criteria are measured at fair value through other comprehensive income and recognized in the balance sheet as financial assets at fair value through other comprehensive income:

- A. Business Model for Financial Asset Management: Collection of contractual cash flows and sales of financial assets.
- B. Contractual Cash Flow Characteristics of Financial Assets: The cash flow is entirely

the payment for principal and the interest on the outstanding principal.

The recognition of relevant gains and losses on such financial assets is specified below:

- A. Before de-recognition or reclassification, except for impairment gains or losses and foreign currency exchange gains or losses that are recognized in profit or loss, such gains or losses are recognized in other comprehensive income.
- B. Upon de-recognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:
 - (a) In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset;
 - (b) If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, regarding equity instruments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group, upon initial recognition, elects (irrevocably) to recognize the subsequent changes in the fair values thereof in other comprehensive income. The amount recognized in other comprehensive income must not be subsequently reclassified to profit or loss (when such equity instruments are disposed of, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings) and is recognized in the balance sheet as a financial asset at fair value through other comprehensive income. Investment dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

Except for the above financial assets in alignment with specific criteria that are measured at amortized cost or fair value through other comprehensive income, financial assets are

measured at fair value through profit or loss and recognized in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss. The gain or loss recognized in profit or loss includes any dividends or interest received due to the financial asset.

(2) Impairment of financial assets

The Company's investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost are recognized as expected credit losses with an allowance for losses provided. An allowance for losses on an investment in a debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income without reducing the carrying amount of the investment.

The Company measures expected credit losses in a way that reflects the following:

- A. An unbiased, probability-weighted amount determined by evaluating each potential outcome
- B. Time value of money
- C. Reasonable and corroborative information related to past events, present conditions, and future economy forecasts (which can be accessed without an excessive cost or investment on the balance sheet date)

The methods of measuring an allowance for losses are specified below:

- A. Measured at 12-month Expected Credit Losses: Including financial assets with the credit risk not increasing significantly since the initial recognition or those with an estimated low credit risk on the balance sheet date. Additionally, it also includes an allowance for the lifetime expected credit losses during the prior reporting period, without meeting the indicator that the credit risk has significantly increased since the initial recognition on the balance sheet date of this period.
- B. Measured at lifetime expected credit losses: Including financial assets with the credit risk increasing significantly since the initial recognition or credit-impaired financial assets purchased or created.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures an allowance for lifetime expected credit losses.

On each balance sheet date, the Company evaluates whether the credit risk of a financial instrument has increased significantly after the initial recognition by comparing the default risk of the financial instrument on the balance sheet date and the initial recognition date. Please refer to Note 12 for relevant credit risk information.

(3) Derecognition of financial assets

The Company derecognizes a financial asset held in the case of any of the following circumstances:

- A. The contractual rights to receive the cash flows from the financial asset have expired.
- B. A financial asset is transferred with all the risks and rewards attached to the ownership of the asset substantially transferred to the counterparty.
- C. All the risks and rewards attached to the ownership of the asset are neither substantially transferred nor retained, but the control over the asset is transferred.

When a financial asset as a whole is derecognized, the difference between its carrying amount and the sum of the consideration received or receivable plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities and equity

Liabilities and equity instruments issued by the Company are classified as financial liabilities or equity as per the substance of the agreement and the definitions of financial liabilities and equity instruments.

Equity instrument

Equity instrument refers to any contract that demonstrates the Company's remaining interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition prices, less the direct issuance cost.

Compound instrument

The Company recognizes the components of financial liabilities and equity for the convertible corporate bonds issued in accordance with the contractual terms. Additionally, for the issued convertible corporate bonds, before the equity elements are distinguished, whether the economic characteristics and risks of the embedded call and put options are closely related to the main debt products are assessed.

For the liability without derivatives involved, after the market interest rate assessment of the non-convertible bonds with similar fair values, the amount of the liability is classified as financial liabilities at amortized cost before conversion or redemption. Regarding the embedded derivatives with their economic characteristics and risks not closely related to the master contract (such as the embedded repurchase right and the right for redemption with the exercise price confirmed to be unable to be almost equal to the amortized cost of the debt products on each exercise date), except for equity component, they are classified as a liability component and measured at fair value through profit or loss after the balance sheet date. The amount of the equity component is determined at the fair value of the convertible corporate bonds less the liability component, and its book value is not remeasured in the period following the balance sheet date. If the issued convertible corporate bond does not include an equity element, it is handled as a hybrid instrument in accordance with IFRS 9.

Transaction costs are allocated to the liability and equity components in proportion to the percentage of the initially recognized convertible corporate bonds allocated to the liability and equity components.

When a holder of the convertible corporate bonds requests the exercise of their conversion right before the convertible corporate bonds matures, the carrying amount of the liability component shall be adjusted to the carrying amount that should have been upon conversion as the basis for accounting for ordinary shares issued.

Financial liability

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

When satisfying one of the criteria below, it is classified as a liability held for trading:

- A. The acquisition is mainly for short-term sale;
- B. It is part of a portfolio of identifiable financial instruments that are managed on a consolidated basis upon initial recognition, with evidence showing that the portfolio has recently been used to make a short-term profit; or
- C. Derivatives (excluding financial guarantee contracts or effective designated hedging instruments).

For contracts containing one or more embedded derivatives, an overall hybrid (combined) contract can be designated as a financial liability at fair value through profit or loss; when it is aligned with one of the factors below with more relevant information that can be provided, it is designated as a financial liability at fair value through profit or loss upon initial recognition:

- A. The designation eliminates or considerably reduces the measurement or recognition inconsistency; or
- B. The performance of a group of financial assets, a group of financial liabilities, or both is managed and measured at fair value in accordance with the written risk management or investment strategies, and the portfolio information provided to the management team within the Group is also measured at fair value.

Any gain or loss arising from remeasurement of such financial liabilities is recognized in profit or loss. The gain or loss recognized in profit or loss includes any interest paid for the financial liability.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest rate method after the initial recognition. When financial liabilities are derecognized and amortized with the effective interest rate method, the relevant gains or losses and amortizations are recognized in profit

or loss.

The amortized cost is calculated with the discount or premium and the transaction cost upon acquisition taken into account.

Derecognition of financial liabilities

When the obligations of financial liabilities are lifted, cancelled, or expire, the financial liabilities are derecognized.

When the Company exchanges debt instruments with materially different terms with a creditor or significantly changes all or part of the terms of the existing financial liabilities (financial difficulties or not), the initial liabilities are derecognized and new liabilities are recognized. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including the non-cash assets transferred or the liabilities assumed) is recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities can only be offset and presented in the balance sheet as a net amount when the recognized amount is legally entitled to be offset with an intention to be settled in a net amount or realize the asset and settle the liability at the same time.

8. Fair value measurement

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. It is assumed that the sale of the asset or transfer of the liability takes place in one of the markets below when the fair value is measured:

- (1) The principal market for the asset or liability, or
- (2) If there is no principal market, the most favorable market for the asset or liability.

The principal or most favorable market should be accessible for the Company to trade in.

The measurement of the fair value of an asset or a liability serves as an assumption that market participants would adopt when pricing the asset or liability in the best economic interest of the market participants.

The fair value of a non-financial asset is measured based on market participants' ability to make the most of or put the asset to the best use or by selling the asset to another market participant who will make the most of or put the asset to the best use to generate economic benefits.

The Company measures the fair value using a valuation technique that is appropriate in relevant situations with sufficient information available and maximizes the use of relevant observable inputs while minimizing the use of unobservable inputs.

9. Inventories

Inventories are valued at the lower of cost or net realizable value with an item-by-item comparison method.

Costs refer to the costs incurred in bringing inventories to a condition and location ready for sale or production.

Raw materials are valued at the actual purchase cost with a weighted average method.

Works-in-process and finished goods include direct raw materials, labor, and fixed manufacturing overhead apportioned based on normal production capacity, excluding the borrowing costs.

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required till completion in the ordinary course of business.

The provision of labor is handled in accordance with IFRS 15 and is not within the scope of inventory.

10. Investment accounted for using the equity method

As per Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as "investments using the equity method" with necessary valuation adjustments made, to bring

the current profit or loss and other comprehensive income in the parent company-only financial statements to be the same as the share of the current profit or loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis; and the owner's equity in the parent company-only is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Such adjustments are mainly made to the treatment of investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 "Consolidated Financial Statements" and the differences in the application of IFRS by reportable entities at different levels, while being debited to or credited from "investments using the equity method", "share of profit or loss of subsidiaries, affiliates, or joint ventures using the equity method", or "share of other comprehensive income of subsidiaries, affiliates, or joint ventures using the equity method".

The Company's investments in affiliates are accounted for using the equity method, except for assets that are classified as assets held for sale. Affiliates refer to those on which the Company has significant influence. A joint venture is one where the Company has rights to the net assets of a joint agreement (with joint control).

With an equity method adopted, an investment in an affiliate or joint venture recognized in the balance sheet is the amount of cost, plus the amount of the net change in the Company's net assets in the affiliate or joint venture after the acquisition in proportion to the Group's shareholding. After the carrying amount of the investment in the affiliate or joint venture and other relevant long-term interests are reduced to zero using the equity method, additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said affiliate. Unrealized gains or losses arising from transactions between the Company and its affiliates or joint ventures are eliminated in proportion to its equity in the affiliates.

When a change in the equity in an affiliate or joint venture does not occur due to an item under profit or loss or other comprehensive income and does not affect the Company's shareholding, the Company recognizes the change in ownership interests in proportion to its shareholding. Therefore, when the affiliate or joint venture is subsequently disposed of, the capital surplus recognized is transferred to profit or loss in proportion to the disposal.

In the event of issuance of new shares by an affiliate or joint venture, when the Company does not subscribe in proportion to its shareholding, resulting in a change in the proportion of investment and an increase or decrease in the Company's share in the affiliate or joint venture's net assets, "capital surplus" and "investments using the equity method" are

adjusted accordingly. When the proportion of investment decreases, the relevant items previously recognized in other comprehensive income will be reclassified to profit or loss or other appropriate accounts depending on the percentage of the decrease. When the affiliate or joint venture is subsequently disposed of, the capital surplus recognized is transferred to profit or loss in proportion to the disposal.

The financial statements of the affiliate or joint venture are prepared for the same reporting period as the Company, with adjustments made to bring its accounting policies in line with the Company's accounting policies.

At the end of each reporting period, the Company confirms whether there is objective evidence showing impairment of the investment in affiliates or joint ventures in accordance with IAS 28 "Investments in Associates and Joint Ventures". That is, in accordance with IAS 36 "Impairment of Assets", the amount of impairment is calculated based on the difference between the recoverable amount and the carrying amount of the affiliate or joint venture, and the amount is recognized in the profit or loss of the affiliate or joint venture. If the value in use of the investment is adopted for the above recoverable amount, the Company determines the relevant values in use based on the estimates below:

- (1) The Company's share of the present value of the estimated future cash flows generated from an affiliate or joint venture, including the cash flow generated by the affiliate or joint venture due to its operations and the proceeds from the disposal of the investment; or
- (2) The present value of the estimated future cash flows from dividends from the investment that the Company expects to receive and the proceeds from the disposal of the investment.

As the components of goodwill that constitute the carrying amount of an investment in an affiliate or joint venture are not separately recognized, it is not necessary to apply IAS 36 "Impairment of Assets" regarding the goodwill impairment test.

When the Company loses the significant influence over the affiliated enterprise or the joint control over the joint venture, the Company measures the investment retained at fair value and recognizes it. When the significant influence or joint control is lost, the difference between the book value of the investment in the affiliated enterprise or joint venture and the fair value of the retained investment plus the proceeds from disposal is recognized in profit or loss. In addition, when the investment in an affiliate becomes an investment in a joint venture, or the investment in the joint venture becomes an investment in an affiliate, the Company continues to apply the equity method and does not remeasure the reserved equity.

11. Property, plant and equipment

Property, plants, and equipment are accounted for on the basis of acquisition cost and recognized after accumulated depreciation and impairment are deducted. The above costs include the cost of dismantling or removing of property, plants, and equipment and restoring the location, and necessary interest expenses arising from unfinished projects. Each component of property, plants, and equipment is depreciated separately if it is significant. When a major component of property, plants, and equipment needs to be replaced regularly, the Company regards it as an individual asset and recognizes it separately with a specific useful life and a depreciation method. The carrying amount of the replaced part should be derecognized in accordance with the requirement for derecognition under IAS 16 “Property, Plants, and Equipment”. If a major examination or repair cost meets the criteria for recognition, it is regarded as a replacement cost and recognized as part of the carrying amount of plants and equipment, while other repair and maintenance expenses are recognized in profit or loss.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Buildings: 1–54 years

Machinery and Equipment: 3–8 years

Transportation Equipment: 5–8 years

Miscellaneous Equipment: 3–10 years

After the initial recognition of property, plants, and equipment or any important component, if it is disposed of or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of property, plants, and equipment are assessed at the end of each fiscal year. If the expected value is different from the previous estimate, the change is considered as a change in accounting estimates.

12. Leases

The Company assesses whether or not an arrangement is (or includes) a lease arrangement on the inception of the agreement. If an agreement transfers control over the use of an identified asset for a period of time in exchange for consideration, the agreement is (or includes) a lease arrangement. In order to assess whether the agreement transfers control over the use of the identified asset for a period of time, the Company assesses whether it

meets both of the following conditions during the entire period of use:

- (1) Obtaining the right to almost all economic benefits from the use of the identified asset;
and
- (2) The right to direct the use of the identified asset.

For the agreement that belongs to (or includes) a lease arrangement, the Company treats each lease component in the agreement as a separate lease and treats it separately from the non-lease component in the agreement. For the agreement that includes one lease component and one or more additional lease or non-lease components, the Company adopts the relative standalone price of each lease component and the aggregate standalone prices of the non-lease components as the basis to distribute the consideration in the agreement to the lease component. The relative standalone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If an observable standalone price is not readily available, the Company maximizes the use of observable information to estimate the standalone price.

The Company as Lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Company is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Company measures the lease liabilities on the inception date based on the present value of the lease payments not yet paid on that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If such interest rate is not easily determined, the incremental borrowing rate will be used. On the inception date, the lease payments included in the lease liabilities include the following payments related to the right to use the underlying assets during the lease period and not yet paid on that date:

- (1) Fixed payment (including substantive fixed payment) less any lease incentives that can be collected;
- (2) Lease payment that depends on changes in an index or rate (using the index or rate on the inception date for initial measurement);
- (3) The amount expected to be paid by the lessee under the residual value guarantee;
- (4) If the Group can reasonably determine the exercise price of call option, it will exercise the option; and

- (5) The penalty payable for the termination of a lease, if there is a sign that the lessee, in the lease period, will exercise the option of terminating the lease.

After the inception date, the Company measures the lease liabilities at amortized cost, and increases the carrying amount of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the carrying amount of the lease liabilities.

On the inception date, the Company measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

- (1) The monetary amount of the lease liability initially measured;
- (2) Any lease payments made on or before the inception date less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e., the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use assets reflects that the Company will exercise the call option, the right-of-use assets will be depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use assets from the inception date to the end of the useful life of the right-of-use assets or to the expiration of the lease period, whichever is earlier.

The Company applies IAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Company chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses over the lease term.

The Company as Lessor

The Company classifies each of its leases as operating leases or financial leases on the contract inception date. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it does not transfer said matters, it is classified as an operating lease. On the inception date, the Company recognizes the assets held under the finance leases in the balance sheet and presents them as financial lease receivables based on the net lease investment.

For agreements that include lease components and non-lease components, the Company applies IFRS 15 to distribute the consideration in the agreements.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on change in some index or rate are recognized as rental income when they occur.

13. Intangible assets

Intangible assets that are acquired separately are initially measured at cost. The cost of intangible assets acquired through a business combination is the fair value at the acquisition date. After initial recognition of intangible assets, the carrying amount is the amount of the cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition criteria shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into limited and indefinite useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and method of intangible assets with limited useful life are reviewed at least at the end of each fiscal year. If the estimated useful life of an asset is different from the previous estimate,

or the expected pattern of future economic benefit consumption has changed, the amortization method or period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but impairment tests are conducted on each asset or based on the level of cash-generating units each year. Intangible assets with indefinite useful lives are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from indefinite to limited, the application will be applied prospectively.

The profit or loss arising from the derecognition of an intangible asset is recognized as profit or loss.

The Company's accounting policy for intangible assets is summarized as follows:

	Computer software cost	Patents
Useful life	3~5 years	4 years
Amortization method	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internal generation or external acquisition	Acquired externally	Acquired externally

14. Impairment of non-financial assets

At the end of each reporting period the Company assesses whether all assets subject to IAS 36 "Impairment of Assets" show signs of impairment. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Company tests the individual asset or the cash-generating unit to which the asset belongs. If the carrying amount of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of fair value or value in use.

At the end of each reporting period, the Company assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount has increased due to the change in the estimated service potential of the asset, the impairment

amount is reversed. However, the reversed carrying amount shall not exceed that before recognizing impairment loss and after deducting depreciation or amortization.

The cash-generating unit or group to which the goodwill belongs, regardless of whether there are signs of impairment, is subject to impairment tests on an annual basis. If the result of an impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the amount after deduction will be allocated to other assets other than goodwill based on the relative proportion of the carrying amount. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and reversal amount of the continuing operations are recognized in profit or loss.

15. Provision for liabilities

Provisions for liabilities are recognized when there is present legal or constructive obligations as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. When the Company expects that some or all of the provisions can be reimbursed, only when the reimbursement is almost completely certain, it will be recognized as a separate asset.

If the time value of money has a material impact, the provisions discounted at the current pre-tax interest rate can appropriately reflect the specific risks of the liability. When liability is discounted, the increase in the amount of liability due to the passage of time is recognized as a borrowing cost.

Provision for repair or maintenance or warranty liabilities

The provision for repair or maintenance or warranty liabilities is estimated based on the agreement in the sales contracts and management's best estimate of the outflow of future economic benefits for repair or maintenance or warranty obligations (based on historical experience in warranty).

16. Treasury stock

When the company acquires its own shares (treasury stock), it is recognized at cost and deducted from equity. The price difference of treasury stock transactions is recognized in equity.

17. Revenue recognition

The Company's revenue from contracts with customers mainly includes sales of goods, and the accounting treatment details are specified below:

Product Sales

The Company manufactures and sells products and recognizes revenue when the promised products are delivered to a customer and the customer obtains control over them (i.e., the customer's ability to guide the use of the products and obtain almost all the remaining benefits of the products). Its main products are machinery and equipment with high unit prices, and revenue is recognized on the basis of the prices stated in the contracts, and the remaining sales of goods usually contain quantity discounts (based on the cumulative total sales over a specific period). Thus, revenue is recognized at the prices stated in the contracts, less estimated quantity discounts. The Company estimates the variable consideration from the quantity discounts based on the cumulative experience and the expected value; however, it is limited to the portion of the cumulative income recognized that is highly probable not to be significantly reversed when the uncertainty associated with the variable consideration is eliminated after the period.

The warranty provided by the Company is based on the guarantee that the goods provided will function as expected by the customers and is handled in accordance with IAS 37.

The credit period of the Company's goods sold is handled as per contracts. Most of the contracts are recognized as accounts receivable when the control over the goods is transferred with an unconditional right to receive consideration. Such accounts receivable are usually short-term and do not contain significant financial components. A small number of contracts with goods transferred to customers still bear no unconditional right to receive consideration and are recognized as contract assets, for which an allowance for impairment should be measured over the lifetime ECLs in accordance with IFRS 9.

18. Borrowing costs

Borrowing costs that can be directly attributable to the acquisition, construction, or production of qualified assets are capitalized as part of the costs of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in relation to borrowings.

19. Government grants

The Company recognizes an amount in government grants when it is reasonably sure that it will meet the conditions set by the government for such grants and can receive the inflow of economic benefits from the government grants. When a grant is related to assets, the government grants are recognized in deferred income and recognized in income in installments over the estimated useful lives of the relevant assets. When a government grant is related to an expense, the grant is recognized in income in a reasonable and systematic manner for a period in which relevant costs are expected to be incurred.

When the Company receives a non-monetary government grant, the asset and grant received are recognized at the nominal amount, and the income is recognized in the statement of comprehensive income in equal installments over the estimated useful lives of the underlying assets based on the benefit consumption pattern. The loans with interest rates lower than the market level or similar supports obtained from the government or relevant institutions are regarded as additional government grants.

20. Post-employment benefit plans

The pension plan for the Company's employees applies to all full-time employees. The employee pension fund is fully contributed to the Labor Retirement Reserve Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Retirement Reserve Committee, which is completely separate from the Company, so it is not included in the parent company-only financial statements in the preceding paragraph.

For the defined contribution pension plan, the monthly pension payable rate of the Company shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized in current expenses.

21. Income Taxes

Income tax expenses (benefits) refer to the sum related to current income tax and deferred tax included in the current profit or loss.

Current Income Tax

The current income tax liabilities (assets) related to the current and prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss.

A surtax of the profit-seeking enterprise income tax levied on the undistributed earnings is recognized as income tax expenses on the date when the distribution of earnings is resolved in the shareholders' meeting.

Deferred tax

The deferred tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the carrying amount on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred tax liabilities except for the following two items:

- (1) The initial recognition of goodwill; Assets and liabilities resulting from non-corporate merger-related transactions are recognized initially at the moment of the transaction, with no impact on accounting profit or taxable income (loss). Additionally, these do not generate temporary differences that are taxable or deductible at the time of the transaction.
- (2) Taxable temporary difference arising from investment in subsidiaries, affiliates and joint agreement equity, whose reversal timing is controllable and is unlikely to be reversed in the foreseeable future.

Except for the following two items, deductible temporary difference and deferred tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

- (1) With a transaction that is not a business combination, at the time of the transaction, it affects neither the accounting profit nor the taxable income (loss), and no equivalent taxable and deductible temporary difference is generated at the time of the transaction.
- (2) To the extent that the deductible temporary difference arising from the investment in subsidiaries, affiliates and joint agreement equity is likely to be reversed in the foreseeable future and there will be sufficient taxable income at the time of the reversal for the use of the temporary difference has been recognized.

Deferred tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the book value of the liability is settled at the end of the reporting period. If the deferred tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred tax assets are reexamined and recognized at the end of each reporting period.

Deferred tax assets and liabilities can be legally offset against each other only in the current period, and the deferred tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

When the parent company only financial statements are prepared by the Company, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosures of income, expenses, assets and liabilities, and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the carrying

amounts of assets and liabilities in the next fiscal year. The explanations are given as follows:

(1) Fair values of financial instruments

When the fair values of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including the income approach (such as cash flow discount model) or market approach. The changes in the assumptions of said approaches will affect the fair value of the financial instruments reported. Please refer to Note 12 for details.

(2) Accounts receivable - estimation of impairment losses

The impairment loss on the Company's receivables is estimated at the lifetime ECLs, and the present value of the difference between the contractual cash flow (carrying amount) that can be received as per contracts and the cash flows that are expected to be received (forward-looking information evaluated) is credit losses. However, the impact of discounting on short-term receivables is not significant, and credit losses are measured at undiscounted difference. If the actual cash flow in the future is lower than expected, significant impairment losses may be incurred. See Note 6 for details.

(3) Inventories

The net realizable value of inventories is estimated based on the most reliable evidence of the expected realizable number of inventories available upon estimation by taking into account the fact that the inventory may be damaged or wholly or partially obsolete, or the selling price has dropped. Please refer to Note 6 for details.

(4) Income Taxes

The uncertainty of income tax exists in the interpretation of complex tax regulations and the amount and timing of future taxable income. Due to a wide range of international business relationships and the long-term and complexity of contracts, the differences between actual results and assumptions made, or changes in such assumptions in the future, may cause the booked income tax benefits and expenses to be adjusted in the future. The recognition of income tax is a reasonable estimation made according to the possible audit results of the local tax authorities of the countries in which the Company operates. The amount recognized is based on different factors, such as previous tax audit experience and the difference in tax law

interpretation between the tax entity and the tax authority. The difference in interpretation may result in a variety of issues due to the local situation of the country where an individual enterprise of the Company operates.

The carryforwards of the taxable loss and income tax credit and deductible temporary differences are recognized as deferred tax assets within the range of probable future taxable income or taxable temporary differences. The amount of the deferred income tax assets to be recognized is estimated according to the possible timing and level of the future taxable income and taxable temporary difference, and also, the future tax planning strategy.

VI. Description of Significant Account Titles

1. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$250	\$200
Checks and demand deposit	248,608	236,721
Time deposit	216,397	122,840
Total	<u>\$465,255</u>	<u>\$359,761</u>

2. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted cash in banks	<u>\$-</u>	<u>\$5,500</u>
Current	\$-	\$-
Non-current	-	5,500
Total	<u>\$-</u>	<u>\$5,500</u>

See Note 8 for details of collateral provided by the Company for financial assets at amortized cost.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3. Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Designation as at fair value through profit or loss:		
Preferred shares of non-TWSE/TPEX-listed companies	\$2,792	\$2,792
USD corporate bonds	44,981	-
Subtotal	47,773	2,792
Valuation adjustment	2,542	(1,752)
Total	<u>\$50,315</u>	<u>\$1,040</u>
Current	\$-	\$-
Non-current	50,315	1,040
Total	<u>\$50,315</u>	<u>\$1,040</u>

The Company's financial assets at fair value through profit or loss were not provided as collateral.

4. Financial assets at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in equity instruments measured at fair value through other comprehensive income-non-current:		
Unlisted stocks (see Table 3)	\$20,867	\$20,400
Valuation adjustment	(14,765)	(9,645)
Total	<u>\$6,102</u>	<u>\$10,755</u>

The Company classified some financial assets as financial assets at fair value through other comprehensive income and did not provide such assets as collateral during this period.

5. Net value of notes receivable

(1) Details of the net amounts of notes receivable are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable - from operations	\$823	\$922
Less: Allowance for bad debts	(12)	(14)
Total	<u>\$811</u>	<u>\$908</u>

(2) The Company did not provide notes receivable as collateral.

(3) The Company evaluated impairment losses in accordance with IFRS 9. See Note 6.20 for information on allowances for losses and Note 12 for information on credit risks.

6. Net accounts receivable and accounts receivable - related parties, net

(1) The details of net amounts of accounts receivable are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Trade receivable	\$134,694	\$91,345
Installment accounts receivable	41,723	294,563
Less: Unrealized interest income - installment accounts receivable	(19)	(1,070)
Less: Allowance for bad debts	(10,860)	(15,625)
Subtotal	<u>165,538</u>	<u>369,213</u>
Total accounts receivable - related parties	58,366	128,088
Less: Allowance for bad debts	-	-
Subtotal	<u>58,366</u>	<u>128,088</u>
Total	<u>\$223,904</u>	<u>\$497,301</u>

(2) The Company's installment accounts receivable arising from sales due as of December 31, 2023 and 2022 are listed below:

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2023	December 31, 2022
Amount due in one year	\$41,723	\$287,062
Amount due in one or two years	-	7,501
Total	\$41,723	\$294,563

(3) The Company did not provide accounts receivable as collateral.

(4) The Company's credit period for customers is usually subject to the terms in the sales contracts. The total carrying amounts on December 31, 2023 and 2022 were NT\$234,764 thousand and NT\$512,926 thousand, respectively. See Note 6.20 for information on allowances for losses for 2023 and 2022 and Note 12 for information on credit risks.

7. Inventories

(1) The details of net amounts of inventories are as follows:

	December 31, 2023	December 31, 2022
Raw materials	\$122,627	\$163,584
Work in process	76,417	72,270
Finished goods	54,177	42,537
Net Amount	\$253,221	\$278,391

(2) The inventory costs recognized in expenses for 2023 and 2022 by the Company were NT\$350,828 thousand and NT\$704,367 thousand, respectively, including the following losses:

Item	2023	2022
Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	\$10,021	\$(4,101)
Loss on obsolescence of inventory	1,514	3,891
Total	\$11,535	\$(210)

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Company already disposed of some of the inventories in 2022, for which an allowance for inventory valuation and obsolescence losses was provided, so it recognized the amount in gains on inventory value recoveries.

(3) The Group did not provide the aforementioned inventories as collateral.

8. Investment accounted for using the equity method

Name of investee	December 31, 2023		December 31, 2022	
	Amount	Shareholding Ratio	Amount	Shareholding Ratio
Investment in subsidiaries:				
TA LIANG TECHNOLOGY CO., LTD.	\$1,588,824	100%	\$1,674,705	100%
aePlasma 41 Co., Ltd.	-	Note	(7,324)	62%
Subtotal	1,588,824		1,667,381	
Add: Other non-current liabilities	-		7,324	
Total	<u>\$1,588,824</u>		<u>\$1,674,705</u>	

Note: aePlasma 41 Co., Ltd. resolved to liquidate at the extraordinary general meeting of shareholders on July 14, 2023. Consequently, the Company lost control from that date, and the investments previously accounted for using the equity method were reclassified as financial assets measured at fair value through other comprehensive income starting from July 14, 2023, with the amount calculated as NT\$0 thousand.

(1) The investment in subsidiaries is presented as “investments using the equity method” in the parent company only financial statements, with necessary valuation adjustments made.

(2) The above investments using the equity method were not provided as collateral.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

9. Property, plant and equipment

(1) Property, plants, and equipment for self-use

	Land	Buildings	Machinery and equipment	Transporta tion Equipment	Miscellane ous equipment	Unfinished construction work and equipment to be accepted	Total
Cost:							
January 1, 2023	\$1,120,394	\$150,206	\$32,285	\$16,684	\$15,448	\$4,000	\$1,339,017
Additions	-	2,248	4,164	-	653	23,942	31,007
Disposal	-	-	(471)	(2,559)	(153)	-	(3,183)
Other changes	-	-	4,030	-	430	-	4,460
December 31, 2023	<u>\$1,120,394</u>	<u>\$152,454</u>	<u>\$40,008</u>	<u>\$14,125</u>	<u>\$16,378</u>	<u>\$27,942</u>	<u>\$1,371,301</u>
January 1, 2022	\$1,136,926	\$77,403	\$34,969	\$12,349	\$17,718	\$-	\$1,279,365
Additions	-	-	-	-	479	17,857	18,336
Disposal	(16,532)	(8,073)	(5,124)	(2,772)	(6,719)	-	(39,220)
Other changes	-	80,876	2,440	7,107	3,970	(13,857)	80,536
December 31, 2022	<u>\$1,120,394</u>	<u>\$150,206</u>	<u>\$32,285</u>	<u>\$16,684</u>	<u>\$15,448</u>	<u>\$4,000</u>	<u>\$1,339,017</u>
Depreciation and impairment:							
January 1, 2023	\$-	\$16,837	\$26,453	\$8,933	\$9,916	\$-	\$62,139
Depreciation	-	7,367	2,820	1,622	2,344	-	14,153
Disposal	-	-	(471)	(1,140)	(153)	-	(1,764)
December 31, 2023	<u>\$-</u>	<u>\$24,204</u>	<u>\$28,802</u>	<u>\$9,415</u>	<u>\$12,107</u>	<u>\$-</u>	<u>\$74,528</u>
January 1, 2022	\$-	\$14,680	\$29,699	\$9,500	\$15,334	\$-	\$69,213
Depreciation	-	2,561	1,799	2,205	1,301	-	7,866
Disposal	-	(404)	(5,045)	(2,772)	(6,719)	-	(14,940)
December 31, 2022	<u>\$-</u>	<u>\$16,837</u>	<u>\$26,453</u>	<u>\$8,933</u>	<u>\$9,916</u>	<u>\$-</u>	<u>\$62,139</u>
Net carrying amount:							
December 31, 2023	<u>\$1,120,394</u>	<u>\$128,250</u>	<u>\$11,206</u>	<u>\$4,710</u>	<u>\$4,271</u>	<u>\$27,942</u>	<u>\$1,296,773</u>
December 31, 2022	<u>\$1,120,394</u>	<u>\$133,369</u>	<u>\$5,832</u>	<u>\$7,751</u>	<u>\$5,532</u>	<u>\$4,000</u>	<u>\$1,276,878</u>

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(2) See Note 8 for details of property, plants, and equipment provided as collateral.

(3) Significant components of the Company's property, plants, and equipment have been depreciated over their applicable useful lives.

10. Intangible assets

	Computer software cost	Patents	Total
Cost:			
January 1, 2023	\$8,958	\$-	\$8,958
Additions - acquired separately	4,421	-	4,421
Additions - other changes	6,769	-	6,769
Derecognized upon due date	-	-	-
December 31, 2023	<u>\$20,148</u>	<u>\$-</u>	<u>\$20,148</u>
January 1, 2022	\$9,483	\$2,000	\$11,483
Additions - acquired separately	2,304	-	2,304
Derecognized upon due date	(2,829)	(2,000)	(4,829)
December 31, 2022	<u>\$8,958</u>	<u>\$-</u>	<u>\$8,958</u>
Amortization and impairment:			
January 1, 2023	\$4,789	\$-	\$4,789
Amortisation	2,546	-	2,546
Derecognized upon due date	-	-	-
December 31, 2023	<u>\$7,335</u>	<u>\$-</u>	<u>\$7,335</u>
January 1, 2022	\$5,164	\$1,875	\$7,039
Amortisation	2,454	125	2,579
Derecognized upon due date	(2,829)	(2,000)	(4,829)
December 31, 2022	<u>\$4,789</u>	<u>\$-</u>	<u>\$4,789</u>
Net carrying amount:			
December 31, 2023	<u>\$12,813</u>	<u>\$-</u>	<u>\$12,813</u>
December 31, 2022	<u>\$4,169</u>	<u>\$-</u>	<u>\$4,169</u>

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Amortization amounts of intangible assets are as follows:

Item	2023	2022
Administrative expenses	\$661	\$414
Research and development expenses	1,885	2,165
Total	<u>\$2,546</u>	<u>\$2,579</u>

11. Short-term borrowings

Details of short-term borrowings are as follows:

	Interest rate range (%)	December 31, 2023	December 31, 2022
Unsecured bank borrowings	1 %~2%	\$-	\$400,000
Secured bank borrowings	1.65%~1.80%	240,000	-
Total		<u>\$240,000</u>	<u>\$400,000</u>

As of December 31, 2023 and 2022, the amounts of the Company's undrawn short-term borrowings were approximately NT\$1,062,435 thousand and NT\$430,000 thousand, respectively.

See Note 8 for the assets pledged and provided as collateral.

12. Other payables

	December 31, 2023	December 31, 2022
Employee benefits payable	\$34,322	\$55,147
Investment payable	2,500	11,500
Other payables	41,358	43,616
Total	<u>\$78,180</u>	<u>\$110,263</u>

13. Corporate bonds payable

(1) Statement of Corporate Bonds Payable:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Elements of liabilities:		
Face value of domestic convertible corporate bonds payable	\$400,000	\$400,000
Less: Discounted domestic convertible corporate bonds payable	(4,749)	(10,342)
Subtotal	<u>395,251</u>	<u>389,658</u>
Less: Amount due in one year	<u>(395,251)</u>	<u>-</u>
Amount due in more than one year	<u>\$-</u>	<u>\$389,658</u>
Embedded derivative financial instruments - right for redemption	\$-	\$-
Elements of equity - conversion right	<u>\$16,250</u>	<u>\$16,250</u>

See Note 6.23 for the recognized interest expense on corporate bonds.

(2) The Company issued the first domestic unsecured convertible corporate bonds on November 8, 2021, with the main terms specified below:

- (A) Total issuance amount: NT\$400,000 thousand
- (B) Date of issuance: November 8, 2021
- (C) Issue price: Issued at 101% of the face value
- (D) Coupon rate: 0%
- (E) Issue period: November 8, 2021~November 8, 2024
- (F) Repayment upon maturity: As per Article 5 of the Company's First Domestic Unsecured Convertible Corporate Bonds Issuance and Conversion Rules (hereinafter referred to as the "Rules"), the coupon rate of the bonds is 0%, so there is no need to specify the date and method of

interest payment. Except for the fact that the convertible corporate bondholders (hereinafter referred to as “bondholders”) converted such bonds into ordinary shares of the Company in accordance with Article 10 of the Rules; the Company redeemed such bonds in advance in accordance with Article 18 of the Rules, or the securities dealer commissioned by the Company repurchased and cancelled such bonds, when such bonds mature, the Company will make a repayment in cash in one lump sum at the face value of the bonds within ten business days (the tenth business day included) from the day following the due date.

(G) Conversion period:

From the day following the end of three months after the date such bonds were issued (February 9, 2022) to the maturity date (November 8, 2024), the bondholders may notify Taiwan Depository & Clearing Corporation (hereinafter referred to as “TDCC”) through the initial broker to request the Company’s shareholder service agency to convert the convertible corporate bonds into ordinary shares of the Company at any time in compliance with Articles 10, 11, 13, and 15 of the Rules, except for (1) the book closure period as per law; (2) the period commencing 15 business days before the book closure date for the Company’s stock dividends, cash dividends, or share subscription for cash capital increase until the record date of rights distribution; (3) the period between the capital reduction record date and the day before the start of share exchange for capital reduction; and (4) the period between the start date of suspending the conversion for the change of the face value of the stock and the day before the start date of exchange for new shares.

The start date of suspending the conversion for the change of the face value of the stock mentioned in

the preceding paragraph refers to the business day before filing an application for change registration to the Ministry of Economic Affairs. The Company shall announce the book closure period for conversion four business days before the start date.

(H) Conversion price:

The conversion price of said bonds is set on the record date (October 29, 2021) at the simple arithmetic mean of the closing prices of the Company's ordinary shares on one business day, three business days, or five business days before the record date, then multiplied by the conversion premium rate of 110% as the basis for the conversion price (rounded to the nearest NT\$0.1). In the case of ex-rights or ex-dividends before the pricing record date, the closing price that is sampled and adopted to calculate the conversion price shall first be used to calculate the ex-rights or ex-dividend price. The conversion price shall be adjusted based on the conversion price adjustment formula in the case of ex-rights or ex-dividends after the conversion price is determined before the issuance date. The conversion price of said bonds is NT\$85 per share. The conversion price was adjusted to NT\$72.6 per share by December 31, 2023.

(I) The Company's right for redemption:

(1) From the day following the end of three months after such bonds were issued (February 9, 2022) to 40 days before the end of the issuance period (September 29, 2024), if the closing price of the Company's ordinary shares exceeds the conversion price of said bonds by 30% or more for 30 business days, the Company may, within the next 30 business days, send a bond redemption notice with a time limit of 30 days by registered mail (said period shall be counted from the day the Company sends the notice, and

the end of the period shall be adopted as the bond redemption record date, and said period shall not be the period of suspending conversion as in Article 9) to the bondholders (the bondholders listed on the register of bondholders on the 5th business day before the date of sending said notice shall prevail. Bondholders who subsequently acquire such bonds through trading or due to other reasons shall be notified through an announcement). The redemption price shall be set at the face value of the bonds, and all the bonds shall be redeemed in cash, and a letter shall be sent to the Taipei Exchange to make an announcement on behalf of the Company. The Company shall redeem the outstanding bonds in cash at the face value of such bonds within five business days after the bond redemption record date to implement the redemption request.

- (2) From the day following the end of three months after such bonds were issued (February 9, 2022) to 40 days before the end of the issuance period (September 29, 2024), if the balance of such outstanding bonds is less than 10% of the initial total issuance amount, the Company may, at any time, send a bond redemption notice with a time limit of 30 days by registered mail (said period shall be counted from the day the Company sends the notice, and the end of the period shall be adopted as the bond redemption record date, and said period shall not be the period of suspending conversion as in Article 9) to the bondholders (the bondholders listed on the register of bondholders on the 5th business day before the date of sending said notice shall prevail. Bondholders who subsequently acquire

such bonds through trading or due to other reasons shall be notified through an announcement). The redemption price shall be set at the face value of the bonds, and all the bonds shall be redeemed in cash, and a letter shall be sent to the Taipei Exchange to make an announcement on behalf of the Company. The Company shall redeem the outstanding bonds in cash at the face value of such bonds within five business days after the bond redemption record date to implement the redemption request.

- (3) If a bondholder fails to reply in writing to the Company's shareholder service agency before the bond redemption record date stated in the notice (takes effect when it is delivered, and the postmark date will be adopted as proof in the case of delivery by mail), the Company shall, within five business days after the bond redemption record date, redeem such bonds in cash at the face value of the bonds.
- (4) If the Company exercises the right to redeem such bonds early, the deadline for bondholders to request conversion is the second business day following the date the trading on the Taipei Exchange has ended; however, they shall apply to their securities dealers no later than one business day before the deadline.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

14. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	\$-	\$105,240
Secured bank borrowings	574,471	606,836
Total	574,471	712,076
Less: Long-term borrowings due within one year	(32,364)	(107,605)
Long-term borrowings due in more than one year	\$542,107	\$604,471
Interest rate	1.7%	1.5%~2.0%
Maturity date	130.08.23	130.08.23

See Note 8 for the assets pledged and provided as collateral.

15. Other non-current liabilities

	December 31, 2023	December 31, 2022
Deposits received	\$1,027	\$-
Credit balance of investments accounted for using the equity method	-	7,324
Total	\$1,027	\$7,324

16. Post-employment benefit plans

Defined contribution plans

The Company has an employee retirement plan stipulated in accordance with the “Labor Pension Act”, which is a defined contribution plan. According to the Act, the Company’s monthly labor pension contribution rate shall not be less than 6% of employees’ monthly salary. The Company makes a monthly contribution equivalent to 6% of employees’ monthly salary to their personal pension accounts with the Bureau of Labor Insurance.

The amount of expenses of the defined contribution pension plan recognized by the Company for 2023 and 2022 was NT\$6,611 thousand and NT\$7,752 thousand, respectively.

17. Provision for liabilities

	Repair or maintenance or warranty
Balance as of January 1, 2023	\$8,393
Additions and reversals during this period	11,379
Used during this period	(10,442)
Balance as of December 31, 2023	<u>\$9,330</u>
Balance as at January 1, 2022	\$11,996
Additions and reversals during this period	1,089
Used during this period	(4,692)
Balance as at December 31, 2022	<u>\$8,393</u>

Repair or maintenance or warranty

This provision for liabilities is based on historical experience, judgment by management, and other known factors to estimate potential services related to product repair or maintenance or warranty in the future.

18. Equity

(1) Ordinary share

As of December 31, 2023 and 2022, the authorized share capital was NT\$1,500,000 thousand, and the issued share capital were NT\$825,381 thousand and NT\$801,341 thousand, 82,538,140 shares and 80,134,116 shares, respectively, at a par value of NT\$10 per share.

On May 30, 2023, the Company's annual shareholders' meeting resolved to capitalize earnings by NT\$24,040 thousand, and on August 10, 2023, the Board resolved to set September 12, 2023 as the reference date for capital increase, after the capital increase, the paid-in capital amounted to NT\$825,381 thousand, at NT\$10 par value per share, divided into 82,538,140 shares.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$136,531	\$136,531
Employee stock options in an amount of	4,929	4,929
Stock options	16,250	16,250
Total	\$157,710	\$157,710

As per law, paid-in capital shall not be used for any purpose except for making up for the Company's losses. When the Company has no losses, a certain percentage of the paid-in capital from the stock premium and the gift can be applied to replenish the capital per year. The aforementioned paid-in capital can be allocated in cash to shareholders in proportion to their shareholdings.

(3) Treasury stock

There was no change in the Company's treasury stock in 2022, and the change in treasury stock in 2023 is as follows:

Reason for recovery	Number of shares, beginning of period	Increase during this period	Decrease during this period	Number of shares, end of period
Safeguarding the Company's credit and shareholders' equity	-thousand shares	38 thousand shares	-thousand shares	38 thousand shares

In accordance with regulations governing the securities industry, a company is prohibited from repurchasing more than 10% of the outstanding shares it has issued. In addition, the aggregate expenditure for acquiring these shares ought not to surpass the combination of the realized capital surplus, the premium on issued shares, and the retained earnings.

According to the Securities and Exchange Act, the Company's treasury stock may not be pledged, nor is it entitled to the distribution of dividends, voting rights, etc.

(4) Earnings distribution and dividend policy

A. Earnings distribution

As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for paying taxes, offsetting a cumulative deficit, providing 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's capital, providing an amount for or reversing a special reserve in accordance with laws and regulations or the competent authority's regulations, and then any remaining profit, together with any undistributed retained earnings, shall be adopted as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholder dividends.

All or part of the dividends to be paid out to shareholders shall be made in cash, with the consent of more than half of the directors present at a Board meeting attended by two-thirds or more of all directors. This shall then be reported to the shareholders' meeting.

The Company convened a shareholders' meeting on May 30, 2023 to amend the Articles of Incorporation. The amended Articles of Incorporation is as follows:

According to the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for paying taxes, offsetting a cumulative deficit, providing 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's total capital, providing an amount for or reversing a special reserve in accordance with laws and regulations or the competent authority's regulations, followed by which the distributable earnings after tax of the current year combined with the accumulated undistributed earnings of the previous year shall be adopted as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholder dividends.

All or part of the dividends to be paid out to shareholders shall be made in cash, with the consent of more than half of the directors present at a Board meeting attended by two-thirds or more of all directors. This shall then be reported to the shareholders' meeting.

B. Dividends policy

The Company is in the precision machinery manufacturing industry and is currently in a growth stage. To meet the needs in the industry environment and the need for business expansion, we will consider the Company's business development, investment expansion plan, and mid- and long-term capital budget plan to balance our dividend policy and pay out dividends in the future, thereby ensuring stable and sustainable development. We distribute at least 20% of the annual distributable earnings as shareholder dividends, and the cash dividends to be paid out per year shall not be less than 10% of the total shareholder dividends to be paid out for the year.

The Company convened a shareholders' meeting on May 30, 2023 to amend the Articles of Incorporation. The amended Articles of Incorporation is as follows:

The Company is in the precision machinery manufacturing industry and is entering a stage of stable growth. It shall consider its capital needs and capital structure to determine the dividends to be paid out. It shall adopt a balanced dividend policy and pursue steady development and sustainable development. In principle, the annual dividend to shareholders shall not be less than 20% of the distributable earnings after tax of the current year, and the cash dividends paid each year shall not be less than 10% of the total dividends to shareholders of the current year.

C. Legal reserve

As per the Company Act, the Company shall provide a legal reserve unless its total amount has reached the amount of the total paid-in capital. The legal reserve may be used to offset a deficit. When the Company has no losses, the portion of the legal reserve that exceeds 25% of the paid-in capital may be used to distribute shares or cash to shareholders in proportion to their shareholdings.

D. Special reserve

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve

may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

In accordance with Letter Jin-Guan-Zheng- Fa-Zi No. 1090150022 issued by the FSC dated March 31, 2021, a special reserve shall be set aside for unrealized revaluation gains and cumulative translation adjustment (gains), which were reclassified to retained earnings on the conversion date due to the adoption of exemptions under IFRS 1 “First-time Adoption of International Financial Reporting Standards” when IFRS was first adopted. When the Company uses, disposes of, or re-classifies the relevant assets later, it may reverse the portion of the special reserve in the same percentage to distribute earnings. The special reserve adopted by the Company for the first time was NT\$17,293 thousand.

E. The Company’s shareholders’ meetings on May 30, 2023 and May 23, 2022 made and resolved a decision to the 2022 and 2021 earnings appropriation and distribution proposal, as well as earnings per share, respectively. The details are as follows:

	Earnings appropriation and distribution proposal		Dividends per share (NT\$)	
	2022	2021	2022	2021
Statutory reserves	\$31,314	\$43,636		
Special reserve provided (reversed)	(19,956)	8,161		
Common stock dividends	24,040	-	\$0.30	\$-
Ordinary share cash dividends (Note)	160,269	320,536	\$2.00	\$4.00
Total	<u>\$195,667</u>	<u>\$372,333</u>		

Note: As per the Articles of Incorporation, shareholder dividends distributed in cash shall be resolved by the Board of Directors as delegated and reported to the shareholders’ meeting. The Company’s 2022 and 2021 earnings distribution proposal and cash dividends were resolved by the Board of Directors’ meetings on April 18, 2023 and February 25, 2022. The common stock cash dividends were NT\$160,269 thousand and NT\$320,536 thousand, with earnings per share, NT\$2.00 and NT\$4.00, respectively.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

19. Operating revenue

	2023	2022
Sales revenue	\$529,914	\$969,124
Service income	11,257	20,376
Total	<u>\$541,171</u>	<u>\$989,500</u>

Information on the Company's revenue from contracts with customers for 2023 and 2022 is as follows:

(1) Breakdown of revenue

	2023	2022
Sales of goods - machines	\$439,961	\$732,912
Sales of goods - parts	89,953	236,212
Service income	11,257	20,376
Total	<u>\$541,171</u>	<u>\$989,500</u>

Timing of revenue recognition:

A point in time	<u>\$541,171</u>	<u>\$989,500</u>
-----------------	------------------	------------------

(2) Contract balance

A. Contract liabilities - current

	December 31, 2023	December 31, 2022	January 1, 2022
Product Sales	<u>\$17,905</u>	<u>\$20,441</u>	<u>\$109,336</u>

Major changes in the balance of the Company's contract liability during 2023 and 2022 are specified below:

	2023	2022
Opening balance transferred to revenue in this period	\$(20,441)	\$(109,336)
Increase in advance receipts for this period (those for this period were deducted and transferred to revenue)	17,905	20,441

(3) Transaction prices apportioned to the outstanding performance obligations: None.

(4) Assets recognized from the cost of obtaining or fulfilling a customer contract: None.

20. Expected credit impairment losses (gains)

	2023	2022
Operating expenses - expected credit impairment losses (gains)		
Notes receivable	\$(2)	\$(7)
Trade receivable	(4,765)	4,078
Total	<u>\$(4,767)</u>	<u>\$4,071</u>

Please refer to Note 12 for relevant credit risk information.

The Company's receivables are measured at the lifetime expected credit losses. The information on the amounts of the allowances for losses estimated as of December 31, 2023 and 2022 is as follows:

(1) Regarding accounts receivable, counterparties' credit ratings, regions, industries, and other factors are considered for classification, and a provision matrix is adopted to measure the allowances for losses; the relevant information is as follows:

December 31, 2023

Group 1

	Not past due (Note)	Number of days past due			Total
		Less than 6 months	6-12 months	More than 12 months	
Total carrying amount	\$149,931	\$17,499	\$4,087	\$5,704	\$177,221
Loss ratio	1%	5%	50%	100%	
Lifetime expected credit losses	(2,249)	(875)	(2,044)	(5,704)	(10,872)
Carrying amount	<u>\$147,682</u>	<u>\$16,624</u>	<u>\$2,043</u>	<u>\$-</u>	<u>\$166,349</u>

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Group 2

	Not past due (Note)	Number of days past due			Total
		Less than 6 months	6-12 months	More than 12 months	
Total carrying amount	\$58,366	\$-	\$-	\$-	\$58,366
Loss ratio	-%	-%	-%	-%	
Lifetime expected credit losses	(-)	(-)	(-)	(-)	-
Carrying amount	\$58,366	\$-	\$-	\$-	\$58,366

December 31, 2022

Group 1

	Not past due (Note)	Number of days past due			Total
		Less than 6 months	6-12 months	More than 12 months	
Total carrying amount	\$330,433	\$44,586	\$4,606	\$6,135	\$385,760
Loss ratio	1%	5%	50%	100%	
Lifetime expected credit losses	(4,972)	(2,229)	(2,303)	(6,135)	(15,639)
Carrying amount	\$325,461	\$42,357	\$2,303	\$-	\$370,121

Group 2

	Not past due (Note)	Number of days past due			Total
		Less than 6 months	6-12 months	More than 12 months	
Total carrying amount	\$128,088	\$-	\$-	\$-	\$128,088
Loss ratio	-%	-%	-%	-%	
Lifetime expected credit losses	(-)	(-)	(-)	(-)	-
Carrying amount	\$128,088	\$-	\$-	\$-	\$128,088

Note: None of the Company's notes receivable were overdue.

- (2) The movements in the allowances for losses on the Company's notes and accounts receivable for 2023 and 2022 are as follows:

	Notes receivable	Trade receivable	Total
Balance as of January 1, 2023	\$14	\$15,625	\$15,639
Increase (decrease) during this period	(2)	(4,765)	(4,767)
Balance as of December 31, 2023	<u>\$12</u>	<u>\$10,860</u>	<u>\$10,872</u>
Balance as at January 1, 2022	\$21	\$11,547	\$11,568
Increase (decrease) during this period	(7)	4,078	\$4,071
Balance as at December 31, 2022	<u>\$14</u>	<u>\$15,625</u>	<u>\$15,639</u>

21. Leases

- (1) The Company as lessee

The Company leases a number of different assets, including real estate (houses and buildings). The lease terms of each contract ranges within 2 years. Some of the contracts stipulate that the lessee, without the lessor's consent, shall not lend, sublease, transfer, or use in other disguised methods all or part of the leased property, or transfer the right to lease to another party.

The impact of leasing on the Company's financial position, financial performance, and cash flows is specified below:

A. Amounts recognized in the balance sheet

- (a) Right-of-use assets

	December 31, 2023	December 31, 2022
Buildings	<u>\$756</u>	<u>\$-</u>

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	\$757	\$-
Current	\$410	\$-
Non-current	\$347	\$-

For the Company's interest expenses on lease liabilities for 2023, please refer to Note 6.23(3) Financial Cost.

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings	\$69	\$797

C. Lessee's income and expenses related to leasing activities

	2023	2022
Expenses relating to short-term leases	\$834	\$1,052

D. Lessee's cash outflows from leasing activities

The amounts of the Company's cash outflows from leasing activities during 2023 and 2022 were NT\$904 thousand and NT\$1,823 thousand.

22. Statement of employee benefits, depreciation, depletion, and amortization expenses by function is as follows:

By function Classified as	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salary expense	\$34,334	\$78,983	\$113,317	\$44,687	\$88,396	\$133,083
Labor and health insurance expense	4,580	9,461	14,041	6,201	11,174	17,375
Pension costs	2,026	4,585	6,611	2,533	5,219	7,752
Remuneration to directors	-	(2,028)	(2,028)	-	5,080	5,080
Other employee benefit expenses	7,164	13,056	20,220	12,214	29,910	42,124
Depreciation expense	1,851	12,371	14,222	2,220	6,443	8,663
Amortization cost	-	2,546	2,546	-	2,579	2,579

Note: 1. The number of employees for the current year and the previous year were 188 and 232, respectively, of which the number of directors who did not serve as employees concurrently was 7 and 6, respectively.

2. Companies whose stocks are listed on the Taiwan Stock Exchange or Taipei Exchange shall disclose the following information additionally:

(1) The average employee benefit expenses for this year and the prior year were NT\$852 thousand and NT\$886 thousand, respectively.

(2) The average employee salaries for this year and the prior year were NT\$626 thousand and NT\$589 thousand, respectively.

(3) The average employee salary increase is 6.28%.

(4) The Company has set up an Audit Committee to replace supervisors in accordance with the regulations, so remuneration to supervisors was not recognized.

(5) The Company's Remuneration Policy: In accordance with the Articles of Incorporation, the Company shall provide no less than 2.5% of profit, if any, as employee remuneration and no more than 2.5% as directors' remuneration.

Regarding employee remuneration, in addition to the base salary, the Company pays out bonuses based on operating performance. Salary increases shall be made at an appropriate time with reference to the price index and the operating performance, while individuals with outstanding performance will be promoted with a pay raise. Directors' remuneration and managers' remuneration suggested by the Remuneration Committee shall be submitted to the Board of Directors for approval in accordance with regulations.

In accordance with the Articles of Incorporation, the Company shall provide no less than 2.5% of a profit, if any, as employee remuneration and no more than 2.5% as directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. The above employee remuneration may be distributed in stock or cash, which shall be approved by half of all directors present at a Board meeting attended by more than two-thirds of all directors and then reported to the shareholders' meeting. Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

The Group provided no less than 2.5% and no more than 2.5% of the profit as employee remuneration and director's remuneration. The 2023 and 2022 employee remuneration recognized amounted to NT\$604 thousand and NT\$9,566 thousand, respectively, while the 2023 and 2022 directors' remuneration recognized totaled NT\$604 thousand and NT\$9,566 thousand, all accounted for under Salary Expenses.

On April 18, 2023, the Company's Board of Directors resolved a decision to pay out 2022 employee remuneration and directors' remuneration of NT\$9,566 thousand and NT\$5,035 thousand in cash, while such amounts recognized in the 2022 financial statements were both NT\$9,566 thousand; thus, the differences were NT\$0 and NT\$(4,531) thousand, respectively. The main reason is that the estimated amounts were calculated based on the percentages in the Articles of Incorporation, so there was a difference from the amount approved by the Board of Directors, and the difference will be recognized in profit or loss for 2023.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

23. Non-operating income and expenses

(1) Other income

	2023	2022
Interest revenue		
Financial assets at amortized cost	\$14,912	\$2,707
Realized interest revenue from installment accounts receivable	1,051	3,296
Government grant income (Note)	13,762	10,957
Other income - others	3,324	7,223
Total	<u>\$33,049</u>	<u>\$24,183</u>

Note: In which, the government subsidy income is recognized because the Company has received government subsidies for applying for the industrial innovation plan of the Ministry of Economic Affairs and has met the conditions of government subsidies and received government subsidies.

(2) Other gains and losses

	2023	2022
Gains (losses) on disposal of property, plants, and equipment	\$31	\$182,937
Disposal of losses (gains) on investments accounted for using the equity method	9,132	-
Net foreign currency exchange gains (losses)	(5,601)	76,431
Gains (losses) on valuation of financial assets at fair value through profit or loss	4,294	(3,192)
Miscellaneous expenses	(68)	-
Total	<u>\$7,788</u>	<u>\$256,176</u>

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Financial costs

	2023	2022
Interest on bank borrowings	\$14,924	\$14,760
Interest on lease liabilities	2	7
Interest on corporate bonds payable	5,593	5,514
Total	\$20,519	\$20,281

24. Components of other comprehensive income

The components of 2023 other comprehensive income are as follows:

	Generated during this period	Reclassific ation adjustment s during this period	Other comprehensi ve income	Tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Equity instruments at fair value through other comprehensive income	\$(5,120)	\$-	\$(5,120)	\$-	\$(5,120)
Unrealized valuation gain (loss) on instrument investments (Loss) Profit					
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, affiliates, and joint ventures using the equity method	(30,946)	-	(30,946)	-	(30,946)
Total	\$(36,066)	\$-	\$(36,066)	\$-	\$(36,066)

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The components of 2022 other comprehensive income are as follows:

	Generated during this period	Reclassific ation adjustment s during this period	Other comprehensi ve income	Tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Equity instruments at fair value through other comprehensive income	\$(4,245)	\$-	\$(4,245)	\$-	\$(4,245)
Unrealized valuation gain (loss) on instrument investments (Loss) Profit					
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of subsidiaries, affiliates, and joint ventures using the equity method	24,201	-	24,201	-	24,201
Total	\$19,956	\$-	\$19,956	\$-	\$19,956

25. Income Taxes

(1) The main components of income tax expenses (benefits) are as follows:

Income tax recognized in profit or loss

	2023	2022
Current tax expenses (income):		
Income tax payable for the current period	\$32,188	\$31,333
Land value increment tax	-	14,637
Integrated housing and land tax	-	2,300
Income taxes for prior years adjusted into this year	4,792	(11,153)
Deferred tax expenses (income):		
Deferred tax expenses (income) related to the initial temporary differences and reversal of temporary differences	(26,865)	13,256
Tax expenses (income)	<u>\$10,115</u>	<u>\$50,373</u>

(2) The amount of income tax expenses and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2023	2022
Net income before tax of the continuing operations	<u>\$22,937</u>	<u>\$363,516</u>
Amounts of taxes calculated at relevant countries' domestic tax rates applicable to income	\$4,587	\$72,703
Income tax effect of tax exempt income	(1,826)	(33,461)
Income tax effect of expenses not deductible for tax purposes	1,480	1,908
Income tax effect of deferred tax assets/liabilities	(4,792)	(7)
Surtax on undistributed earnings	5,874	3,446
Land value increment tax	-	14,637
Integrated housing and land tax	-	2,300
Income taxes for prior years adjusted into this year	4,792	(11,153)
Total income tax expenses (income) recognized in profit or loss	<u>\$10,115</u>	<u>\$50,373</u>

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Balances of deferred tax assets (liabilities) related to the following items:

2023

	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehens ive income	Ending balance
Temporary difference				
Loss for market price decline and obsolete and slow-moving inventories.	\$4,212	\$1,883	\$-	\$6,095
Bad debts	2,100	(397)	-	1,703
Unrealized sales gross profit	17,920	(7,524)	-	10,396
Amount payable overdue for over two years	78	-	-	78
Provision for liabilities - repair or maintenance or warranty	1,679	187	-	1,866
Exchange losses (gains)	(11,658)	10,150	-	(1,508)
Investment accounted for using the equity method	(253,286)	18,511	-	(234,775)
Gains or losses on valuation of financial assets/liabilities	351	(859)	-	(508)
Impairment loss of supplies	-	4,914	-	4,914
Land value increment tax	(5,566)	-	-	(5,566)
Deferred tax expenses/income		\$26,865	\$-	
Deferred tax assets/liabilities, net	<u>\$(244,170)</u>			<u>\$(217,305)</u>

The information presented in the
balance sheet is as follows:

Deferred tax assets	<u>\$26,340</u>	<u>\$25,052</u>
Deferred tax liabilities	<u>\$(270,510)</u>	<u>\$(242,357)</u>

2022

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehens ive income	Ending balance
Temporary difference				
Loss for market price decline and obsolete and slow-moving inventories.	\$4,987	\$(775)	\$-	\$4,212
Bad debts	347	1,753	-	2,100
Unrealized sales gross profit	25,969	(8,049)	-	17,920
Amount payable overdue for over two years	78	-	-	78
Provision for liabilities - repair or maintenance or warranty	2,400	(721)	-	1,679
Exchange losses (gains)	644	(12,302)	-	(11,658)
Investment accounted for using the equity method	(259,773)	6,487	-	(253,286)
Gains or losses on valuation of financial assets/liabilities	-	351	-	351
Land value increment tax	(5,566)	-	-	(5,566)
Deferred tax expenses/income		<u>\$(13,256)</u>	<u>\$-</u>	
Deferred tax assets/liabilities, net	<u>\$(230,914)</u>			<u>\$(244,170)</u>
The information presented in the balance sheet is as follows:				
Deferred tax assets	<u>\$34,425</u>			<u>\$26,340</u>
Deferred tax liabilities	<u>\$(265,339)</u>			<u>\$(270,510)</u>

(4) Income tax return filings and approval

As of December 31, 2023, the income tax returns filed by the Company and the approval status are as follows:

	Income tax return filings and approval
The Company	The income tax returns filed were approved up to 2021.

26. Earnings per share

The basic earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the parent company divided by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the Company (after being adjusted for the effect of dilution) divided by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares were converted into ordinary shares.

	2023	2022
(1) Basic earnings per share		
Net income attributable to the holders of common stock of the parent company (NT\$ thousand)	\$12,822	\$313,143
Weighted average number of ordinary shares (in thousand shares) for the earnings per share	82,533	82,538
Basic earnings per share (NT\$)	\$0.16	\$3.79
(2) Diluted earnings per share		
Net income attributable to the holders of common stock of the parent company (NT\$ thousand)	\$12,822	\$313,143
Interest on convertible corporate bonds (NT\$ thousand)	Note	4,411
Financial assets at fair value through profit or loss (NT\$ thousand)	Note	1,152
Net income after being adjusted and diluted attributable to the holders of common stock of the parent company (NT\$ thousand)	\$12,822	\$318,706

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Weighted average number of ordinary shares (in thousand shares) for the earnings per share	82,533	82,538
Dilution effect:		
Employee remuneration - stock (in thousand shares)	44	269
Convertible corporate bonds (in thousand shares)	Note	5,070
Weighted average number of ordinary shares (in thousand shares) with the dilution effect adjusted	82,577	87,877
Diluted earnings per share (NT\$)	\$0.16	\$3.63

Note: The 2023 convertible corporate bonds have an anti-dilutive effect and are therefore not included in the calculation of diluted earnings per share.

There was no other transaction performed to cause significant changes to the outstanding ordinary shares or the potential ordinary shares after the reporting period and before the release of the financial statements.

VII. Related Party Transactions

1. The related parties who have transactions with the Company during the financial reporting period are as follows:

Name of Related Party and Relationship

<u>Related Party Name</u>	<u>Relationship With the Company</u>
TA LIANG TECHNOLOGY CO., LTD.	A subsidiary wholly owned by the Company directly
aePlasma 41 Co., Ltd.	A subsidiary in which the Company directly holds 62.06% of the shares (Note)
Nanjing Taliang Technology. Co., Ltd.	The Company's direct or indirect wholly-owned affiliate
Kunshan Shouliang Digital Co. Ltd.	The Company's direct or indirect wholly-owned affiliate
Ta Tiang Technology (Lianshui) Co., Ltd.	The Company's direct or indirect wholly-owned affiliate
Nanjing Ruiliang NC Software	The Company's direct or indirect wholly-

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Related Party Name	Relationship With the Company
Technology Co., Ltd.	owned affiliate
Directors, the President, and Vice Presidents	Key management personnel of the Company

Note: A resolution was resolved in the extraordinary shareholders' meeting of AePlasma 41 Co., Ltd. on July 14, 2023. It was liquidated and the Company lost control over the Company.

2. Major transactions with related parties

(1) Operating revenue

	2023	2022
Nanjing Taliang Technology Co., Ltd.	\$68,174	\$158,137
Ta Tiang Technology (Lianshui) Co., Ltd.	8,062	65,621
Kunshan Shouliang Digital Co. Ltd.	-	4,762
Total	\$76,236	\$228,520

The sale prices of the Company's sales to related parties are negotiated by both parties with reference to the market level; the payment terms are similar to those offered to general customers. The ending balance outstanding is unsecured and interest-free and should be repaid in cash. We did not receive any guarantee for accounts receivable from related parties.

(2) Purchase

	2023	2022
Nanjing Taliang Technology Co., Ltd.	\$96,723	\$30,090
Ta Tiang Technology (Lianshui) Co., Ltd.	1,890	2,172
Kunshan Shouliang Digital Co. Ltd..	15	28
Total	\$98,628	\$32,290

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The purchase prices of the Company's purchases from related parties are negotiated by both parties with reference to the market level; the payment terms for such purchases are similar to those offered by general suppliers.

(3) Accounts receivable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Nanjing Taliang Technology Co., Ltd.	\$52,437	\$89,453
Ta Tiang Technology (Lianshui) Co., Ltd.	5,929	30,957
Kunshan Shouliang Digital Co. Ltd.	-	7,678
Total	<u>\$58,366</u>	<u>\$128,088</u>

(4) Other receivables - related parties (excluding financing)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Nanjing Taliang Technology Co., Ltd.	\$-	\$2,975
Ta Tiang Technology (Lianshui) Co., Ltd.	-	3,391
AePlasma 41 Co., Ltd.	285	-
Total	<u>\$285</u>	<u>\$6,366</u>

(5) Accounts payable - related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Nanjing Taliang Technology Co., Ltd.	\$92,287	\$19,362
Ta Tiang Technology (Lianshui) Co., Ltd.	1,679	1,705
Kunshan Shouliang Digital Co. Ltd.	1,587	349
AePlasma 41 Co., Ltd.	-	60
Total	<u>\$95,553</u>	<u>\$21,476</u>

- (6) The Company appointed a subsidiary to install machines during 2023 and 2022 at a cost of NT\$1,621 thousand and NT\$4,327 thousand, respectively, both of which were recognized in operating expenses.
- (7) The Company sold equipment to subsidiaries for NT\$4,285 thousand in 2020. As of December 31, 2023 and 2022, the above unrealized other income was NT\$2,892 thousand and NT\$3,321 thousand.
- (8) The Company's income from providing related services to other related parties and renting assets in 2023 was NT\$345 thousand.
- (9) The Company's fees for entrusting other related parties to provide related services in 2023 amounted to NT\$900 thousand.

- (10) The financing between the Company and related parties is as follows:

Other receivables - Related parties

<u>2023</u>	The highest balance	Ending balance	Interest rate	Total interest
Nanjing Taliang Technology Co., Ltd.	\$177,780	\$-	3.85%~4%	\$3,835
<u>2022</u>				
Nanjing Taliang Technology Co., Ltd.	\$176,320	\$171,077	3.5%~4%	\$1,336

- (11) As of December 31, 2022, the Company provided guarantees for loans of CNY40,000 thousand taken out by Ta Tiang Technology (Lianshui) Co., Ltd.; and for a loan of US\$3,000 thousand jointly taken out by Nanjing Taliang Technology Co., Ltd. and Ta Tiang Technology (Lianshui) Co., Ltd.

In 2023 and 2022, the imputation fees for endorsements/guarantees paid by the Company to the subsidiaries were NT\$134 thousand and NT\$3,904 thousand, respectively, and were recorded under other income.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(12) Remuneration for the Company's key management personnel

	2023	2022
Short-term employee benefits	\$24,210	\$45,769
Post-employment benefits	473	523
Total	<u>\$24,683</u>	<u>\$46,292</u>

VIII. Assets Pledged

The Company has provided the following assets as collateral:

Item	Carrying amount		Content of secured debts
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost	\$-	\$5,500	Guarantee for subsidiaries' short-term borrowings
Property, plants, and equipment - land	1,092,301	1,092,301	Secured long- and short-term borrowings
Property, plants, and equipment - buildings (book value)	125,576	51,403	Secured long- and short-term borrowings
Total	<u>\$1,217,877</u>	<u>\$1,149,204</u>	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

1. As of December 31, 2023, the Company issued notes totaling NT\$865,112 thousand for letters of guarantee, loan performance guarantees, endorsements or guarantees for subsidiaries, and sales contracts, with respect to the government projects. Due to the nature of contingent liabilities, such amounts were not included in the financial statements.
2. As of the date of the issuance of the financial statements, the ruling on the litigation-related expenses for the Company's request for confirmation of the non-existence of pre-emptive rights was still in progress in the court.

X. Losses Due to Major Disasters

None.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

XI. Material Events After the Balance Sheet Date

None.

XII. Others

1. Categories of financial instruments

Financial asset

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	\$50,315	\$1,040
Financial assets at fair value through other comprehensive income	6,102	10,755
Financial assets measured at amortized cost (Note)	692,141	1,041,392
Total	<u>\$748,558</u>	<u>\$1,053,187</u>

Financial liability

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	\$240,000	\$400,000
Payables	289,650	184,889
Lease liabilities	757	-
Long-term borrowings (including those due within one year)	574,471	712,076
Corporate bonds payable	395,251	389,658
Total	<u>\$1,500,129</u>	<u>\$1,686,623</u>

Note: Including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, and other receivables.

2. Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market, credit, and liquidity risks related to operating activities. The Company identifies, measures, and

manages the above risks as per its policies and risk preferences.

The Company has established appropriate policies, procedures, and an internal control system in accordance with applicable regulations on the above financial risk management; important financial activities should be reviewed by the Board of Directors and Audit Committee in accordance with applicable regulations and the internal control system. During the implementation of financial management activities, the Company should comply with applicable regulations on financial risk management.

3. Market risk

The Company's market risk refers to risk arising from fluctuations in the fair values or cash flows of financial instruments due to movements in market prices. Market risk mainly includes exchange rate risk, interest rate risk, and other price risks, such as equity instruments.

In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated; however, the sensitivity analysis of the following risks did not consider the interaction between relevant risks and variables.

Exchange rate risk

The Company's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Company's functional currency) and net investments in foreign operations.

The Company's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position. The exchange rate risk of some foreign currency payments is managed through forward exchange agreements. The above natural hedging effect and the management of exchange rate risk through forward exchange agreements do not meet the requirement of hedging accounting, so hedging accounting has not been adopted; also, the net investment in foreign operations is a strategic investment, so the Company has not adopted a hedging approach thereto.

The sensitivity analysis of the Company's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the

impact of relevant foreign currency appreciation/depreciation on the Company's profit and loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD and CNY. The sensitivity analysis information is as follows:

If the NTD appreciates/depreciates 1% against the USD, the Company's profit or loss for 2023 and 2022 will decrease/increase by NT\$2,780 thousand and NT\$6,793 thousand, respectively.

When NTD appreciates/depreciates 1% against RMB, the Company's profit or loss for 2023 and 2022 will decrease/increase by NT\$344 thousand and NT\$2,443 thousand, respectively.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to the movements in market interest rates. The Company's interest rate risk is mainly from investments at floating rates, which are classified as loans and receivables and borrowings at fixed and floating rates.

The sensitivity analysis of interest rate risk focuses on interest rate exposure items at the end of the reporting period, including investments with floating interest rates and borrowings with floating interest rates, and is held for an accounting year. The income for 2023 and 2022 would decrease/increase by NT\$566 thousand and NT\$870 thousand, respectively.

4. Credit risk management

Credit risk refers to the risk of financial loss arising from default by counterparties on contract obligations. The Company's credit risk arises from the operating activities (mainly from accounts and notes receivables) and financial activities (mainly from cash in banks and various financial instruments).

Each unit of the Company follows the credit risk policy, procedures, and control mechanism to manage credit risk. The credit risk assessment of all transaction counterparties is based on factors, such as each counterparties' financial position, ratings by credit rating agencies, historical trading experience from the past, current economic environment, and the Company's internal rating criteria. The Company also uses certain credit enhancement tools (such as advance sales receipts and insurance) at appropriate times to reduce specific

counterparties' credit risk.

As of December 31, 2023 and 2022, the credit concentration risk of the receivables of the Company was not significant.

The Company's finance department manages the credit risk of bank deposits, fixed-income securities, and other financial instruments in accordance with the Company's policies. The Company's counterparties are determined by internal control procedures, such as banks with good credit, financial institutions with investment-grade ratings, corporate organizations, and government agencies, and there is no major concern about their contract performance, hence there is no significant credit risk.

The Company adopts the IFRS 9 standard to assess ECLs. Except for an allowance for losses on receivables that is estimated at lifetime ECLs, for investments in debt instruments that are not measured at fair value through profit or loss and purchased due to a low credit risk, the Group assesses if the credit risk arising from such investments has increased significantly since the initial recognition on each balance sheet date, to determine the method of estimating an allowance for losses and a loss ratio.

Additionally, when the Company believes that a financial asset cannot be reasonably expected to be recovered as per the assessment (e.g., the issuer or the debtor has significant financial difficulties or has gone bankrupt), it will be written off.

5. Liquidity risk management

The Company maintains financial flexibility through cash and cash equivalents, highly liquid securities, bank borrowings, and other relevant contracts. The table below summarizes the maturity of the payments contained in the contracts of the Company's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Non-derivative financial instruments

	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years or more	Total
December 31, 2023							
Borrowings	\$277,045	\$32,915	\$32,915	\$32,915	\$32,915	\$419,663	\$828,368
Payables	289,650	-	-	-	-	-	289,650
Lease liabilities	420	350	-	-	-	-	770
Corporate bonds payable	400,000	-	-	-	-	-	400,000
December 31, 2022							
Borrowings	\$515,584	\$63,359	\$32,834	\$32,834	\$32,834	\$451,465	\$1,128,910
Payables	184,889	-	-	-	-	-	184,889
Corporate bonds payable	-	400,000	-	-	-	-	400,000

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings	Deposits received	Lease liabilities	Corporate bonds payable	Total liabilities from financing activities
January 1, 2023	\$400,000	\$712,076	\$-	\$-	\$389,658	\$1,501,734
Cash flows	(160,000)	(137,605)	1,027	(70)	-	(296,648)
Non-cash changes	-	-	-	825	-	825
Interest expenses	-	-	-	2	5,593	5,595
December 31, 2023	\$240,000	\$574,471	\$1,027	\$757	\$395,251	\$1,211,506

Information on reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings	Deposits received	Lease liabilities	Corporate bonds payable	Total liabilities from financing activities
January 1, 2022	\$60,792	\$1,082,250	\$834	\$1,252	\$384,144	\$1,529,272
Cash flows	339,208	(370,174)	(834)	(771)	-	(32,571)

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Short-term borrowings	Long-term borrowings	Deposits received	Lease liabilities	Corporate bonds payable	Total liabilities from financing activities
Non-cash changes	-	-	-	(443)	-	(443)
Interest expenses	-	-	-	(38)	5,514	5,476
December 31, 2022	\$400,000	\$712,076	\$-	\$-	\$389,658	\$1,501,734

7. Fair values of financial instruments

(1) Valuation techniques and assumptions adopted to measure fair values

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The methods and assumptions adopted by the Company to measure or disclose the fair values of its financial assets and financial liabilities are as follows:

- A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short durations of such instruments.
- B. The fair values of equity instruments not traded in an active market (such as publicly listed companies' stocks without an active market, and privately offered company stocks) are estimated with a market approach. The fair values are estimated based on the prices of the transactions of the same or comparable companies' equity instruments in the market and other relevant information (such as discounting factors due to lack of liquidity, price-earnings ratios of similar companies' stocks, price-to-book ratios, of similar companies' stocks).
- C. Regarding debt instrument investments without quoted prices in an active market, bank borrowings, and other non-current liabilities, the fair values are determined based on counterparties' quotes or valuation techniques. Valuation techniques are determined on the basis of discounted cash flow analysis; assumptions about interest rates and discount rates are made with reference to similar instruments (such as the Taipei Exchange's yield curves for reference, the average quotes of Reuters commercial paper interest rates, and credit risks).

(2) Fair values of financial instruments at amortized cost

Except as stated in the table below, the carrying amounts of the Company's financial instruments at amortized cost are reasonable approximations of the fair values thereof.

	Book value	
	December 31, 2023	December 31, 2022
Financial liability:		
Corporate bonds payable	\$395,251	\$389,658
	Fair value	
	December 31, 2023	December 31, 2022
Financial liability:		
Corporate bonds payable	\$395,120	\$387,800

(3) Information on the financial instrument fair value hierarchy

See Note 12.9 for information on the Company's financial instrument fair value hierarchy.

8. Derivative financial instruments

The information on the derivatives held by the Company that did not meet the criteria for hedge accounting and had not yet matured is as follows:

Embedded derivative financial instruments

The embedded derivative financial instruments identified by the Company due to the issuance of convertible corporate bonds have been separated from the host contract and are measured at fair value through profit or loss. See Note 6 for contract details of this transaction.

9. Fair value hierarchy

(1) Fair value hierarchy definitions

All assets and liabilities measured or disclosed at fair value are the lowest level inputs,

which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

(2) Information on the hierarchy of fair value measurement

The Company does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	\$-	\$-	\$6,102	\$6,102
Financial assets at fair value through profit or loss				
Preference share	\$-	\$-	\$1,040	\$1,040
USD corporate bonds	\$49,275	\$-	\$-	\$49,275
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments at fair value through	\$-	\$-	\$10,755	\$10,755

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

other comprehensive income
Financial assets at fair value through profit
or loss

Preference share	\$-	\$-	\$1,040	\$1,040
Convertible corporate bonds	\$-	\$-	\$-	\$-

Transfer between Level 1 and Level 2 fair values

The Company's assets were not transferred between Level 1 and Level 2 during 2023 and 2022.

Details of movements in Level 3 fair values

The 2023 and 2022 balances of the Company's assets and liabilities measured at Level 3 fair value on a repetitive basis are reconciled as following from the beginning to the ending:

	Asset		
	Financial assets at fair value through profit or loss	Corporate bonds	Financial assets at fair value through other comprehensive income
	Preference share	right of redemption	Stock
January 1, 2023	\$1,040	\$-	\$ 10,755
Total gains (losses) recognized from January 1 to December 31, 2023:			
Recognized in other comprehensive income (listed in unrealized equity instrument profit or loss measured at fair value through other comprehensive income)	-	-	(5,120)
Acquired from January 1 to December 31, 2023	-	-	467
December 31, 2023	\$1,040	\$-	\$6,102

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Asset		
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through other comprehensive income
	Financial assets at fair value through profit or loss	Corporate bonds right of redemption	
	Preference share		Stock
January 1, 2022	\$-	\$1,440	\$-
Total gains (losses) recognized from January 1 to December 31, 2022:			
Recognized as income (stated into “other gains and losses”)	-	(1,440)	-
Acquired from January 1 to December 31, 2022	2,792	-	20,400
Adjustment for valuation of financial assets	(1,752)	-	-
Adjustment for evaluation of investment in equity instruments	-	-	(9,645)
December 31, 2022	\$1,040	\$-	\$ 10,755

Information on significant unobservable inputs categorized within Level 3 of the fair value hierarchy

Description of the significant unobservable inputs to the Company’s assets measured at Level 3 fair value on a repetitive basis is as follows:

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

December 31, 2023

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis on relationship between inputs and fair value
Financial asset:					
<u>Financial assets at fair value through profit or loss</u>					
Corporate bonds	Binomial Convertible Bond Pricing Model	Volatility rate	26.66%	The higher the volatility rate is, the higher the estimate of fair value.	The Group's income increases/decreases by NT\$0 thousand and NT\$0 when the volatility rate increases (decreases) by 1%.
<u>Financial assets at fair value through other comprehensive income</u>					
Stock	market approach	Discount for lack of marketability	30%	The higher the lack of marketability is, the higher the estimate of fair value.	The Group's income increases/decreases by NT\$403 thousand and NT\$399 thousand when the lack of marketability increases (decreases) by 5%.

December 31, 2022

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis on relationship between inputs and fair value
Financial asset:					
<u>Financial assets at fair value through profit or loss</u>					
Corporate bonds	Binomial Convertible Bond Pricing Model	Volatility rate	34.19%	The higher the volatility rate is, the higher the estimate of fair value.	The Group's income increases/decreases by NT\$0 thousand and NT\$0 when the volatility rate increases (decreases) by 1%.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Financial assets at fair value through other comprehensive income

Stock	market approach	Discount for lack of marketability	30%	The higher the lack of marketability is, the higher the estimate of fair value.	The Group's income increases/decreases by NT\$765 thousand and NT\$774 thousand when the lack of marketability increases (decreases) by 5%.
-------	-----------------	------------------------------------	-----	---	---

(3) Information on those not measured at fair value but need to be disclosed

The Company does not have assets measured at fair value on a non-recurring basis. The information on the fair value levels of assets and liabilities on a recurring basis is shown below:

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Liabilities with only fair value disclosed:				
Corporate bonds payable (See Note 6.13)	\$-	\$-	\$395,120	\$395,120

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Liabilities with only fair value disclosed:				
Corporate bonds payable (See Note 6.13)	\$-	\$-	\$387,800	\$387,800

10. The Company's foreign currency financial assets and liabilities with significant impact are as follows (unit of foreign currency: in thousands of dollars):

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial asset</u>						
Monetary items						
USD	<u>\$10,547</u>	30.71	<u>\$323,853</u>	<u>\$23,358</u>	30.71	<u>\$717,324</u>
CNY (RMB)	<u>\$31,003</u>	4.327	<u>\$134,148</u>	<u>\$60,913</u>	4.408	<u>\$268,502</u>
<u>Financial liability</u>						
Monetary items						
USD	<u>\$1,492</u>	30.71	<u>\$45,821</u>	<u>\$1,241</u>	30.66	<u>\$38,056</u>
CNY (RMB)	<u>\$23,048</u>	4.327	<u>\$99,731</u>	<u>\$5,492</u>	4.408	<u>\$24,208</u>

The above information is disclosed in the foreign currency carrying amount (already converted to the functional currency).

Due to the wide variety of functional currencies adopted by the Company, it is impossible to disclose the exchange gains and losses on monetary financial assets and liabilities in each significant foreign currency. The Company's foreign currency exchange gain (loss) for the years ended December 31, 2023 and 2022 was NT\$5,601 thousand and NT\$76,431 thousand, respectively.

11. Capital management

The Company's capital management mainly aims to ensure and maintain high credit ratings and appropriate capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure based on the financial position and may maintain and adjust the capital structure by adjusting dividend payments or issuing new shares.

XIII. Other disclosures

(1) Information on Significant Transactions:

1. The Company's financing to others: Table 1.
2. Endorsements/guarantees provided to others by the Company: Table 2.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): Table 3.
4. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of paid-in capital by the Company during this period: None.
5. Acquisition of real estate by the Company amounting to at least NT\$300 million or 20% of paid-in capital: None.
6. Disposal of real estate reaching NT\$300 million or more than 20% of the paid-in capital: None.
7. The purchase or sale between the Company and related parties amounting to NT\$100 million or more than 20% of the paid-in capital: None.
8. The Company's receivables from related parties reaching NT\$100 million or more than 20% of the paid-in capital: None.
9. Trading of derivatives: None.

(2) Information on Investees:

1. When the Group has significant influence or control over an investee, the information on the investee (excluding investees in China) shall be disclosed: Table 4.
2. When the Group has the ability to control an investee, it shall disclose the information on the investee as in Note 13.(I) Related information:

(A) Financing to others: Table 5.

(B) Endorsements/guarantees provided to others: Table 6.

(C) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): None.

(D) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of paid-in capital during this period: None.

(E) Acquisition of real estate amounting to at least NT\$300 million or 20% of paid-in capital: Table 7.

(F) Disposal of real estate amounting to at least NT\$300 million or 20% of paid-in capital: None.

(G) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of paid-in capital: None.

(H) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

(I) Trading of derivatives: None.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) Information on Investment in China:

1. Names of investees in China, main business scope, paid-in capital, investment methods, outward and inward capital remittance, shareholdings, investment income and loss, book values of investments at the end of the period, investment income and loss repatriated, and maximum investments in China:

Unit: NT\$ Thousand

Name of Investee in China	Main business	Paid-in capital	Investment Method	Opening balance of cumulative investment remitted from Taiwan for this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Investment income or loss on investees	Ownership percentage of direct or indirect investment	Investment income or loss recognized for this period	Book value of investments at the end of this period	Cumulative investment income repatriated as of the end of this period	Ending balance of cumulative outward remittances for investment in China	Investment amount approved by Investment Commission, MOEA	Maximum investment amount stipulated by the Investment Commission, MOEA
					Outward remittance	Repatriation									
Nanjing Taliang Technology Co., Ltd. (Note 1)	Manufacturing and sales of CNC machines and accessories and development of CNC machine application software	\$714,885	Investing in companies in China by investing in existing companies in third regions	\$236,506	\$-	\$-	\$236,506	\$36,668 (Note 2)	100.00%	\$32,521 (Notes 2 and 3)	\$881,276 (Notes 2 and 4)	\$179,049	\$236,506	\$236,506	\$1,268,499

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of Investee in China	Main business	Paid-in capital	Investment Method	Opening balance of cumulative investment remitted from Taiwan for this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Investment income or loss on investees	Ownership percentage of direct or indirect investment	Investment income or loss recognized for this period	Book value of investments at the end of this period	Cumulative investment income repatriated as of the end of this period	Ending balance of cumulative outward remittances for investment in China	Investment amount approved by Investment Commission, MOEA	Maximum investment amount stipulated by the Investment Commission, MOEA
					Outward remittance	Repatriation									
Kunshan Shouliang Digital Co. Ltd. (Note 1)	Sales of CNC machines and accessories	\$9,236	Investing in companies in China by investing in existing companies in third regions	\$9,236	\$-	\$-	\$9,236	\$(9,347) (Note 2)	100.00%	\$(9,347) (Notes 2 and 3)	\$108,447 (Notes 2 and 4)	\$-	\$9,236	\$9,236	
Ta Liang Technology (Lianshui) Co., Ltd. (Note 1)	Manufacturing and sales of CNC machines and accessories and development of CNC machine application software	\$709,804	Investing in companies in China by investing in existing companies in third regions	\$126,963	\$-	\$-	\$126,963	\$(24,987) (Note 2)	100.00%	\$(25,112) (Notes 2 and 3)	\$642,145 (Notes 2 and 4)	\$-	\$126,963	\$126,963	

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Note 1: It is a company in China invested by TA LIANG TECHNOLOGY CO., LTD., a wholly-owned subsidiary of the Company.

Note 2: The amount in a foreign currency has been converted into NTD at the exchange rate on December 31, 2023.

Note 3: The basis for recognizing the investment income and losses is the financial statements for the same period that have been audited and certified by a certified public accountant (CPA) appointed by the parent company in Taiwan.

Note 4: It is the book value of the investment in TA LIANG TECHNOLOGY CO., LTD. at the end of the period.

Notes to the Parent Company Only Financial Statements of Ta Liang Technology Co., Ltd. (Continued)
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Significant transactions with investees in China:

(A) Amount and percentage of purchases and ending balance of relevant payables:

	Purchase		Payables	
	Amount	As a percentage of the Company's net purchases	Amount	As a percentage of the account balance
Nanjing Taliang Technology Co., Ltd.	\$96,723	31.61%	\$92,287	43.64%
Ta Tiang Technology (Lianshui) Co., Ltd.	1,890	0.62%	1,679	0.79%
Kunshan Shouliang Digital Co. Ltd.	15	0.01%	1,587	0.75%
Total	<u>\$98,628</u>	<u>32.24%</u>	<u>\$95,553</u>	<u>45.18%</u>

The purchase prices of the Company's purchases from related parties are negotiated by both parties with reference to the market level; the payment terms are similar to those offered by general suppliers.

(B) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

	Sales		Receivables	
	Amount	As a percentage of net operating revenue	Amount	As a percentage of the account balance
Nanjing Taliang Technology Co., Ltd.	\$68,174	12.60%	\$52,437	22.26%
Ta Tiang Technology (Lianshui) Co., Ltd.	8,062	1.49%	5,929	2.52%
Total	<u>\$76,236</u>	<u>14.09%</u>	<u>\$58,366</u>	<u>24.78%</u>

The sale prices of the Company's sales to related parties are negotiated by both parties with reference to the market level. Additionally, the Company received service income

from related parties for purchasing and processing raw materials on their behalf. As we did not purchase and process raw materials on behalf of non-related parties, the transaction prices could not be compared; and the payment terms therefor are equivalent to those for general customers.

(C) Amount of property transactions and amount of resulting gains or losses: None.

(D) Ending balance and purpose of negotiable instrument endorsements or guarantees or collateral provided: Table 2.

(E) Maximum balance of financing, ending balance, interest rate range, and total interest for the current period: Table 1.

(F) Other transactions with a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services:

A. In 2023, the Company commissioned Kunshan Shouliang Digital Co. Ltd. to install the machine with an expense of NT\$1,621 thousand, which was recorded under operating expenses.

B. As of December 31, 2023, the handling fees for the endorsement/guarantee provided by the Company to Nanjing Taliang Technology. Co., Ltd. and Ta Tiang Technology (Lianshui) Co., Ltd. were NT\$118 thousand and NT\$16 thousand, respectively. Recognized in the "non-operating - other income" account.

(4) Information on major shareholders

Name of major shareholder	Share Number of shares currently held (share)	Shareholding Ratio
Shanlin Investment Co., Ltd.	7,999,000	9.98%
Cheng, Tien-Hsiang	7,727,742	9.64%
Wang, Tso Ching	7,082,023	8.83%

XIV. Departmental Information

The Company has disclosed the segment information in the consolidated financial statements.

Ta Liang Technology Co., Ltd.

Table 1

Financing to others:

Unit: NT\$ Thousand

No. (Note 1)	Lender	Loan recipient	Account (Note 2)	Related party status	The highest balance during this period	Ending balance (Note 8)	Actual disbursement Amount	Interest rate range	Loaning of funds Nature (Note 4)	Amount of business transactions (Note 5)	Reason for necessity for short-term financing (Note 6)	An allowance for bad debts	Collateral		Maximum loans to individual entities (Note 7)	Total maximum amount of loans (Note 7)
													Name	Value		
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology Co., Ltd.	Other receivables	Y	\$177,800	\$-	\$-	3.5%~ 4%	Necessity for short-term financing	\$-	Business turnover	\$-	-	\$-	\$739,958	\$845,666
Remarks	The maximum loan to an individual entity shall be no more than 35% of the Company's net worth. The total maximum loan to a related party shall be no more than 40% of the Company's net worth.															

Note 1: The number shall be entered in the No. column as follows:

1. Enter 0 for the issuer.
2. Investees are numbered by company starting with the Arabic numeral 1 in order.

Note 2: Columns, such as accounts receivable from affiliates, accounts receivable from related parties, transactions with shareholders, prepayments, and temporary debits, shall be entered if they belong to financing to others.

Note 3: The maximum balance of loans to others throughout the year.

Note 4: Regarding the nature of loans to others, a business transaction or a necessity for short-term financing shall be indicated.

Note 5: If a loan to others is a business transaction, the amount of the business transaction shall be entered. The amount refers to the amount of business transactions between the company lending the funds and the loan recipient during the most recent year.

Note 6: If a loan to others is out of a necessity for short-term financing, the reason for the necessary loan and the purpose of the loan shall be stated, such as repayment of loans, purchase of equipment, or business turnover.

Note 7: The maximum loans to individual entities and the total maximum loans as stipulated in the operating procedures for loans to others shall be entered; the method of calculating loans to individual entities and the total maximum loans shall be indicated in the Remarks column.

Note 8: If the publicly listed company puts each loan to others to the Board of Directors for resolution as per Article 14, Paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even if the loan is not yet disbursed, the company shall include the amount as resolved in the balance to be announced, to disclose the risks it bears; however, if the loan is repaid later, the balance after repayment shall be disclosed to reflect the adjustment to the risks assumed. If the publicly listed company delegates its Chairman to disburse a loan in installments within a certain amount or use them in a revolving manner over a period of one year by the resolution of the Board of Directors in accordance with Article 14, Paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the loan approved by the Board of Directors shall still be included as the balance to be announced and reported. Although repayments will be made later, as funds may be disbursed again, the amount of the loan approved by the Board of Directors shall still be adopted as the balance to be announced and reported.

Table 2

Endorsements/guarantees provided:

Unit: NT\$ Thousand

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 3)	Maximum endorsement/guarantee balance for this period (Note 4)	Endorsement /Guarantee balance at the end of the period (Note 5)	Amount actually drawn (Notes 6, 8)	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum amount of endorsement/guarantee allowance (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by subsidiary (Note 7)	Guarantee provided to subsidiaries in China (Note 7)
		Company Name	Relations (Note 2)										
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	\$845,666	\$177,800	\$-	\$-	\$-	-%	\$1,057,083	Y	N	Y
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	\$845,666	\$91,440	\$-	\$-	\$-	-%	\$1,057,083	Y	N	Y

Note 1: The number shall be entered in the No. column as follows:

1. Enter 0 for the issuer.
2. Investees are numbered by company starting with the Arabic numeral 1 in order.

Note 2: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; indicate the type:

1. Companies with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting shares in the Company.
4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
6. A company that is endorsed and guaranteed by all shareholders of the Company based on their ownership percentage due to a joint investment relationship.
7. Companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the Consumer Protection Act.

Note 3: The maximum endorsements/guarantees for individual entities and the total maximum endorsements/guarantees as stipulated in the operating procedures for endorsements and guarantees for others shall be entered. As per the Company's Operational Procedures for Endorsements and Guarantees for Others, the total amount of the endorsements and guarantees provided to external entities shall not exceed 50% of the Company's net worth for the period. The amount of endorsements/guarantees for a single enterprise shall not exceed 40% of the Company's net worth, while that for a single subsidiary shall be limited to 40% of the Company's net worth.

Note 4: It shall be the maximum balance of endorsements/guarantees for others for the year.

Note 5: The amount approved by the Board of Directors shall be entered. However, when the Board of Directors delegates the Chairman to make a decision in accordance with Article 12, Subparagraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the Chairman.

Note 6: The actual amount of the endorsements/guarantees drawn by the endorsed/guaranteed within the scope of the endorsement/guarantee balance shall be entered.

Note 7: "Y" shall be entered in cases of endorsement/guarantee by the publicly listed parent company to a subsidiary; by a subsidiary to the publicly listed parent company; to entities in China.

Note 8: The actual amount drawn includes the amount of endorsements/guarantees that is drawn by the endorsed/guaranteed in the form of a note.

Table 3

Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures)

Unit: In thousands of shares/NT\$ thousand

Holding company name	Marketable securities types and name (Note 1)	Relations with the issuer (Note 2)	Presentation Account	End of period				Remarks (Note 4)
				Number of shares/unit	Carrying amount (Note 3)	Shareholding Ratio	Fair value	
	<u>Financial assets at fair value through profit or loss</u>							
Ta Liang Technology Co., Ltd.	ChEmpower Corporation	-	Financial assets at fair value through profit or loss	81	\$2,792	0.8%	\$1,040	None
Ta Liang Technology Co., Ltd.	Intel USD corporate bonds	-	Financial assets at fair value through profit or loss		21,515		23,818	
Ta Liang Technology Co., Ltd.	TSMC USD Corporate Bonds	-	Financial assets at fair value through profit or loss		23,466		25,457	
Add: Valuation adjustment					2,542			
Net Amount					<u>\$50,315</u>			
	<u>Financial assets at fair value through other comprehensive income</u>							
Ta Liang Technology Co., Ltd.	Li Tsang Plastics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	411	\$15,000	5.48%	\$5,635	None
Ta Liang Technology Co., Ltd.	eTurboTouch Technology Inc.	-	Financial assets at fair value through other comprehensive income	180	5,400	0.6%	-	None
Ta Liang Technology Co., Ltd.	JTDM Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	467	18.2%	467	None
Ta Liang Technology Co., Ltd.	aePlasma 41 Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,780	-	62.06%	-	None
Add: Valuation adjustment					(14,765)			
Net Amount					<u>\$6,102</u>			

Note 1: Marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and marketable securities derived from the above items within the scope of IAS 9 “Financial Instruments”.

Note 2: If the marketable securities issuer is not a related party, this column is exempt.

Note 3: If it is measured at fair value, please enter the book balance in “Carrying amount” after the fair value was adjusted and the cumulative impairment loss was deducted. If it is not measured at fair value, please enter the book balance of the initial acquisition cost or amortized cost, less the cumulative impairment loss, in “Carrying amount”.

Note 4: If the marketable securities listed are subject to restricted use as they are provided as collateral, pledged for loans, or for other agreements, the number of shares provided as collateral or pledged, the amount of collateral or pledge, and the restricted use shall be indicated in the Remarks column.

Table 4

When the Group has significant influence or control over an investee, the information on the investee (excluding investees in China) shall be disclosed:

Unit: NT\$ Thousand

Investor	Name of investee (Notes 1 and 2)	Location	Main business	Initial investment amount		Held at end of period			Investment income or loss on investees (Note 2(2))	Investment income or loss recognized for this period (Note 2(3))	Remarks
				End of this period	End of last year	Number of share	Ratio %	Carrying amount			
Ta Liang Technology Co., Ltd.	TA LIANG TECHNOLOGY CO., LTD.	British Virgin Islands	A holding company for investment	\$574,565	\$574,565	18,775,600	100.00%	\$1,588,824	\$(1,937)	\$(1,937)	

Note 1: If a publicly listed company has an overseas holding company in place and adopts consolidated statements as its main financial statements in accordance with local laws and regulations, the disclosure of information on overseas investees may only be listed in the information on the holding company.

Note 2: If it does not fall under the circumstances in Note 1, the information shall be entered as per the rules below:

- (1) For “Name of investee”, “Location”, “Principal business”, “Initial investment”, and “Shareholdings at the end of the period”, they shall be entered based on the circumstances of this (publicly listed) company’s investment status and investment by each investee directly or indirectly in order, and the relations between each investee and this (publicly listed) company (such as a subsidiary or a sub-subsidiary) shall be indicated.
- (2) The amount of profit or loss on each investee for this period shall be entered in “Profit or loss on investee for this period”.
- (3) It is only necessary to enter the profit or loss on each subsidiary recognized by the (publicly listed) company as a direct investee and each investee valued using the equity method in “Profit or loss recognized for this period”. When entering “Profit or loss on each subsidiary directly invested for this period”, it is necessary to confirm that the profit or loss on each subsidiary for this period has included the investment income or loss that should be recognized as per the rules.

Note 3: The amount was written-off when the consolidated financial statements were prepared.

Ta Liang Technology Co., Ltd.

Table 5

Financing to others:

Unit: NT\$ Thousand

No. (Note 1)	Lender	Loan recipient	Account (Note 2)	Related party status	The highest balance during this period	Ending balance (Note 8)	Actual disburseme nt Amount	Interest rate range	Loaning of funds Nature (Note 4)	Amount of business transactio ns (Note	Reason for necessity for short-term financing (Note 6)	An allowance for bad debts	Collateral		Maximum loans to individual entities (Note 7)	Total maximum amount of loans (Note 7)
													Name	Value		
1	Ta Tiang Technology (Lianshui) Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	Other receivables	Y	\$131,340	\$129,810	\$21,635	3%~4%	Necessity for short-term financing	\$-	Business turnover	\$-	-	\$-	\$128,882	\$257,764
Remarks	The maximum loan to an individual entity shall be no more than 20% of the Company's net worth. The total maximum loan to a related party shall be no more than 40% of the Company's net worth.															

Note 1: The number shall be entered in the No. column as follows:

1. Enter 0 for the issuer.
2. Investees are numbered by company starting with the Arabic numeral 1 in order.

Note 2: Columns, such as accounts receivable from affiliates, accounts receivable from related parties, transactions with shareholders, prepayments, and temporary debits, shall be entered if they belong to financing to others.

Note 3: The maximum balance of loans to others throughout the year.

Note 4: Regarding the nature of loans to others, a business transaction or a necessity for short-term financing shall be indicated.

Note 5: If a loan to others is a business transaction, the amount of the business transaction shall be entered. The amount refers to the amount of business transactions between the company lending the funds and the loan recipient during the most recent year.

Note 6: If a loan to others is out of a necessity for short-term financing, the reason for the necessary loan and the purpose of the loan shall be stated, such as repayment of loans, purchase of equipment, or business turnover.

Note 7: The maximum loans to individual entities and the total maximum loans as stipulated in the operating procedures for loans to others shall be entered; the method of calculating loans to individual entities and the total maximum loans shall be indicated in the Remarks column.

Note 8: If the publicly listed company puts each loan to others to the Board of Directors for resolution as per Article 14, Paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even if the loan is not yet disbursed, the company shall include the amount as resolved in the balance to be announced, to disclose the risks it bears; however, if the loan is repaid later, the balance after repayment shall be disclosed to reflect the adjustment to the risks assumed. If the publicly listed company delegates its Chairman to disburse a loan in installments within a certain amount or use them in a revolving manner over a period of one year by the resolution of the Board of Directors in accordance with Article 14, Paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the loan approved by the Board of Directors shall still be included as the balance to be announced and reported. Although repayments will be made later, as funds may be disbursed again, the amount of the loan approved by the Board of Directors shall still be adopted as the balance to be announced and reported.

Table 6

Endorsements/guarantees provided:

Unit: NT\$ Thousand

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 3)	Maximum endorsement/guarantee balance for this period (Note 4)	Endorsement /Guarantee balance at the end of the period (Note 5)	Amount actually drawn (Notes 6, 8)	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum amount of endorsement /guarantee allowance (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by subsidiary (Note 7)	Guarantee provided to subsidiaries in China (Note 7)
		Company Name	Relations (Note 2)										
1	Nanjing Taliang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	\$178,731	\$22,225	\$-	\$-	\$-	-%	\$446,826	N	N	Y

Note 1: The number shall be entered in the No. column as follows:

1. Enter 0 for the issuer.
2. Investees are numbered by company starting with the Arabic numeral 1 in order.

Note 2: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; indicate the type:

1. Companies with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting shares in the Company.
4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
6. A company that is endorsed and guaranteed by all shareholders of the Company based on their ownership percentage due to a joint investment relationship.
7. Companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the Consumer Protection Act.

Note 3: The maximum endorsements/guarantees for individual entities and the total maximum endorsements/guarantees as stipulated in the operating procedures for endorsements and guarantees for others shall be entered. As per the Company's Operational Procedures for Endorsements and Guarantees for Others, the total amount of the endorsements and guarantees provided to external entities shall not exceed 50% of the Company's net worth for the period. The amount of endorsements/guarantees for a single enterprise shall not exceed 20% of the Company's net worth, while that for a single subsidiary shall be limited to 20% of the Company's net worth.

Note 4: It shall be the maximum balance of endorsements/guarantees for others for the year.

Note 5: The amount approved by the Board of Directors shall be entered. However, when the Board of Directors delegates the Chairman to make a decision in accordance with Article 12, Subparagraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the Chairman.

Note 6: The actual amount of the endorsements/guarantees drawn by the endorsed/guaranteed within the scope of the endorsement/guarantee balance shall be entered.

Note 7: "Y" shall be entered in cases of endorsement/guarantee by the publicly listed parent company to a subsidiary; by a subsidiary to the publicly listed parent company; to entities in China.

Note 8: The actual amount drawn includes the amount of endorsements/guarantees that is drawn by the endorsed/guaranteed in the form of a note.

Ta Liang Technology Co., Ltd.

Table 7

Acquisition of real estate amounting to at least NT\$300 million or 20% of paid-in capital

Unit: NT\$ Thousand

Company acquiring of real estate	Property name	Date of event	Transaction Amount	Payment status	Transaction counterparty	Relations	If the transaction counterparty is a related party, the data on the prior transfer				References for price determination	Purpose of acquisition and status of use	Other covenants
							All parties	Relations with the Company	Date of transfer	Amount			
Nanjing Taliang Technology. Co., Ltd.	Construction in progress of Nanjing Plant	2023/10/11	194,715(RMB 45,000 thousand)	RMB 13,500 thousand had been paid as of December 31, 2023	Jiangsu Chuangpeng Construction Engineering Co., Ltd.	None	None	None	None	None	Proceed in accordance with the Company's relevant regulations with reference to market conditions	Construction of plants and expansion of production capacity to meet the needs of future operation and development	None

Ta Liang Technology Co., Ltd.

1. Statement of cash and cash equivalents

December 31, 2023

Unit: NTD/Thousands of foreign currency

Item	Abstract	Amount	Remarks
Cash and penny cash		\$250	December 31, 2023
			Foreign exchange rate:
			USD:NTD=1:30.705
			RMB:NTD=1:4.327
Demand and checking deposits			
Demand deposits		134,380	
Foreign currency demand deposit - USD		101,377	USD 3,302
Foreign currency demand deposit - CNY		12,845	RMB 2,968
Checking accounts		6	
Time deposit		216,397	USD 5,000 and RMB14,530
Subtotal		465,005	
Total		\$465,255	

Ta Liang Technology Co., Ltd.

2. Statement of Net Amounts of Notes Receivable

December 31, 2023

Unit: NT\$ Thousand

Customer name	Amount	Remarks
Customer A	\$247	1. The balance of each of the other households did not exceed the amount of 5% of the remaining balance. 2. None of the notes receivable are those from related parties.
Customer B	198	
Customer C	96	
Customer D	61	
Customer E	43	
Others	178	
Subtotal	823	
Less: Allowance for bad debts	(12)	
Net Amount	\$811	

Ta Liang Technology Co., Ltd.

3. Statement of Net Amounts of Accounts Receivable

December 31, 2023

Unit: NT\$ Thousand

Customer name	Amount	Remarks
Customer F	\$39,312	1. The balance of each of the other households did not exceed the amount of 5% of the remaining balance. 2. None of the accounts receivable are those from related parties. 3. There was no collateral received for accounts receivable during this period.
Customer G	30,847	
Customer H	22,566	
Customer I	18,464	
Customer J	13,042	
Customer K	8,862	
Others	43,324	
Total	176,417	
Less: Unrealized interest income	(19)	
Allowance for loss	(10,860)	
Net Amount	\$165,538	

Ta Liang Technology Co., Ltd.

4. Statement of Net Amounts of Accounts Receivable - Related Parties

December 31, 2023

Unit: NT\$ Thousand

Related Party Name	Amount	Remarks
Nanjing Taliang Technology. Co., Ltd.	\$52,437	
Ta Tiang Technology (Lianshui) Co., Ltd.	5,929	
Total	58,366	
Less: Allowance for bad debts	-	
Net Amount	\$58,366	

Ta Liang Technology Co., Ltd.

5. Statement of other receivables

December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Tax Refund Receivable	\$799	
Other receivables	1,087	
Total	<u>\$1,886</u>	

Ta Liang Technology Co., Ltd.

6. Statement of Net Amounts of Other Accounts Receivable - Related Parties

December 31, 2023

Unit: NT\$ Thousand

Name of related party	Amount	Remarks
aePlasma 41 Co., Ltd.	<u>\$285</u>	

Ta Liang Technology Co., Ltd.

7. Statement of Net Amounts of Inventories

December 31, 2023

Unit: NT\$ Thousand

Item	Amount		Remarks
	Cost	Market price	
Raw materials	\$134,549	\$130,994	1. At the lower of cost or net realizable value with an item-by-item comparison method.
Work in process	90,093	176,202	
Finished goods	59,051	83,282	2. The insured amount of the inventory was NT\$236,000 thousand.
Total	283,693	\$390,478	
Less: Allowance for inventory valuation and obsolescence losses	(30,472)		
Net Amount	\$253,221		

Ta Liang Technology Co., Ltd.

8. Statement of Prepayments

December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Expenses prepaid		
Supply inventory	\$7,690	
Prepaid exhibition fee	680	
Prepaid software service fee	367	
Prepaid insurance premiums	367	
Prepayments - others	573	
Total	<u>\$9,677</u>	

Ta Liang Technology Co., Ltd.

9. Statement of other current assets

December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Input tax	\$3,203	
Temporary payment	923	
Tax overpaid retained for offsetting future tax payable	500	
Total	<u>\$4,626</u>	

Ta Liang Technology Co., Ltd.

10. Statement of Movements in Financial Assets at Fair Value Through Profit or Loss - Non-current

January 1 to December 31, 2023

Unit: NT\$ thousand/ thousand shares

Name	Beginning retained earnings		Increase during this period		Decrease during this period		Ending balance		Guarantee or pledge	Remarks
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Book value		
Overseas preferred shares:										
ChEmpower corporation	81	\$2,792	-	\$ -	-	\$ -	81	\$2,792		
USD corporate bonds:										
Intel USD corporate bonds		-		21,515		-		21,515		
TSMC USD Corporate Bonds		-		23,466		-		23,466		
Subtotal		2,792		44,981		-		47,773		
Add: Valuation adjustment		(1,752)		4,294		-		2,542		
Net Amount		\$1,040		\$49,275		\$-		\$50,315		

Ta Liang Technology Co., Ltd.

11. Statement of changes in financial assets measured at fair value through profit or loss - non-current

January 1 to December 31, 2023

Unit: In thousands of shares/NT\$ thousand

Name	Beginning retained earnings		Increase during this period		Decrease during this period		Ending balance		Accumulated impairment loss	Guarantee or Pledge status	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount			
eTurboTouch Technology Inc.	180	\$5,400	-	\$-	-	\$-	180	\$5,400			
Li Tsang Plastics Co., Ltd.	900	15,000	-	-	(489)	-	411	15,000			
JTDM Co., Ltd.	-	-	-	467	-	-	-	467			
aePlasma 41 Co., Ltd.	-	-	1,780	-	-	-	1,780	-			
Subtotal		20,400		467		-		20,867			
Less: Valuation adjustment - non-current		(9,645)		-		(5,120)		(14,765)			
Total		<u>\$10,755</u>		<u>\$467</u>		<u>\$(5,120)</u>		<u>\$6,102</u>			

Ta Liang Technology Co., Ltd.

12. Statement of Movements in Investments Accounted for Using the Equity Method

January 1 to December 31, 2023

In thousands of shares/NT\$ thousand

Name	Opening balance		Increase in the current period		Decrease in current period		Closing balance			Market value or equity net value		Guarantee warranty Status of pledge	Remarks
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding Ratio	Amount	Unit price(NTD)	Total price		
Long-term equity investment:													
TA LIANG TECHNOLOGY CO., LTD.	18,776	\$1,674,705	-	\$-	-	\$(85,881) (Note 1)	18,776	100%	\$1,588,824	\$87.39	\$1,640,803		
aePlasma 41 Co., Ltd.	1,780	(7,324)	(1,780)	7,324 (Note 2)	-	-	-	-	-	-	-		
Subtotal		1,667,381		\$7,324		\$(85,881)			1,588,824		\$1,640,803		
Add: Other non-current liabilities		7,324							-				
Total		\$1,674,705							\$1,588,824				

Note 1: Share of profit and loss of subsidiaries, affiliates, and joint ventures recognized using the equity method is NT\$(1,937) thousand, realized sales gross profit (loss) of downstream transactions is NT\$37,623 thousand, the cumulative translation adjustment is NT\$(30,946) thousand, and dividends received amounted to NT\$(90,621) thousand.

Note 2: Including the subsidiaries and affiliated companies recognized under the equity method and their share of profit or loss NT\$(1,808) and gain or loss on disposal of investment of NT\$9,132 thousand.

Ta Liang Technology Co., Ltd.

13. Statement of Movements in Right-of-use Assets

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Acquisition costs				
Buildings	\$-	\$825	\$-	\$825
Accumulated depreciation				
Buildings	-	(69)	-	(69)
Net amount of right-of-use assets	<u>\$-</u>			<u>\$756</u>

Ta Liang Technology Co., Ltd.

14. Statement of Other Non-current Assets

December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Refundable deposits		
Housing deposit	\$152	
Others	14	
Total	<u>\$166</u>	

Ta Liang Technology Co., Ltd.

15. Statement of Short-term Borrowings

December 31, 2023

Unit: NT\$ Thousand

Creditors	Type of loan	Ending balance	Term	Interest rate range	Pledge or collateral	Remarks
Cathay United Bank	Secured borrowings	\$80,000	2023.12.19-2024.3.18	1.65%	Land and buildings	
Taiwan Business Bank - Bade	Secured borrowings	90,000	2023.12.27-2024.3.27	1.80%	Land and buildings	
Taiwan Business Bank - Bade	Secured borrowings	70,000	2023.7.17-2024.1.17	1.70%	Land and buildings	
	Total	<u>\$240,000</u>				

Ta Liang Technology Co., Ltd.

16. Statement of contractual liabilities

December 31, 2023

Unit: NT\$ Thousand

Customer Name	Amount	Remarks
L Customer	\$11,791	1. The balance of each of the other households did not exceed the amount of 5% of the remaining balance.
M Customer	2,646	
N Customer	1,740	
O Customer	916	
Others	812	
Total	<u>\$17,905</u>	

Ta Liang Technology Co., Ltd.

17. Statement of accounts payable

December 31, 2023

Unit: NT\$ Thousand

Vendor Name	Amount	
Vendor A	\$17,106	1. All other accounts did not exceed 5% of the balance of this account. 2. Accounts are not related to related parties.
Vendor B	7,969	
Others	90,842	
Total	\$115,917	

Ta Liang Technology Co., Ltd.

18. Statement of Accounts Payable - Related Parties

December 31, 2023

Unit: NT\$ Thousand

Name of related party	Amount	Remarks
Nanjing Taliang Technology. Co., Ltd.	\$92,287	
Ta Tiang Technology (Lianshui) Co., Ltd.	1,679	
Kunshan Shouliang Digital Co. Ltd.	1,587	
Total	<u>\$95,553</u>	

Ta Liang Technology Co., Ltd.

19. Statement of other payables

December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Wages and bonuses payable	\$32,065	
Commissions payable	25,197	
Service fee payable	2,347	
Insurance premiums payable	2,209	
Pension payable	1,653	
Employee remuneration payable	604	
Directors' and supervisors' remuneration payable	604	
Investment payable	2,500	
Other payables	11,001	
Total	<u>\$78,180</u>	

Ta Liang Technology Co., Ltd.

20. Statement of Movements in Current Tax Liabilities

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Beginning retained earnings	\$30,745	
Add: Estimated 2023 profit-seeking enterprise income tax	26,314	
Additional tax on 2022 undistributed earnings	5,874	
Overestimation in previous years	4,792	
Less: 2022 profit-seeking enterprise income tax paid and 2021 additional tax on undistributed earnings	(17,804)	
Funds from BVlearnings repatriated to Taiwan	(9,065)	
Tax and interest income tax withheld in China for this period	(1,975)	
Ending balance	<u>\$38,881</u>	

Ta Liang Technology Co., Ltd.

21. Statement of Other Current Liabilities

December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Temporary credit	\$15,009	<For receiving industrial and entrepreneurial subsidies, etc.>
Payments on behalf of others	970	
Business tax received	692	
Total	<u>\$16,671</u>	

Ta Liang Technology Co., Ltd.

22. Statement of lease liabilities

December 31, 2023

Unit: NT\$ Thousand

Item	Lease term	Discount rate	Ending balance
Buildings	2023/11/1~2025/10/31	1.95%	\$757
Less: Lease liabilities due within one year			(410)
Lease liabilities due in more than one year			<u>\$347</u>

Ta Liang Technology Co., Ltd.
23. Statement of Corporate Bonds Payable
December 31, 2023

Unit: NT\$ Thousand

Name of bond	Trustee	Date of issuance	Interest payment Date	Interest rate	Amount			Repayment method	Status of collateral provided	Remarks
					Total issuance amount	of bonds converted	Ending balance			
The first domestic unsecured convertible corporate bond	Grand Fortune Securities Co., Ltd.	November 8, 2021	-	-%	\$400,000	-	\$400,000	Converted in accordance with the Regulations Governing the Conversion please refer to the Financial Statements in Note 6.13	None	
Less: Discounted corporate bonds payable							(4,749)			
Net Amount							395,251			
Less: Due within one year or one operating cycle transferred to										
The first domestic unsecured convertible corporate bond							(395,251)			
Total							\$-			

Ta Liang Technology Co., Ltd.

24. Statement of Long-term Borrowings

December 31, 2023

Unit: NT\$ Thousand

Creditors	Nature of loan	Amount of borrowings	Year of maturity	Interest rate	Collateral	Remarks
Taiwan Business Bank Co., Ltd. - Bade Branch	Secured borrowings	\$574,471	August 23, 2041	1.7%	See Note 8 to the financial statements.	
Less: Long-term borrowings due within one year		(32,364)				
Long-term borrowings due in more than one year		<u>\$542,107</u>				

Ta Liang Technology Co., Ltd.

25. Statement of Net Amount of Operating Revenue

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Quantity (set)	Amount	Remarks
Income from sales of machines	83	\$439,961	
Income from sales of parts		89,953	
Service income		11,257	
Total		<u>\$541,171</u>	

Ta Liang Technology Co., Ltd.

26. Statement of operating costs

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Cost of sales of self-made finished goods		
Direct raw materials:		
Inventories at the beginning of the period	\$176,961	
Add: Materials purchased in current period (net amount)	306,004	
Other transfer-in	39,152	
Less: Inventories at the end of the period	(134,549)	
Sales of raw materials	(69,123)	
Obsolescence	(1,514)	
Other transfer-out	(41,228)	
Consumption during this period	275,703	
Direct labor	17,974	
Manufacturing overhead (Statement 27)	49,984	
Production cost	343,661	
Add: Works in progress at the beginning of the period	77,254	
Other transfer-in	10,711	
Less: Other transfer-out	(59,455)	
Works in progress at the end of the period	(90,093)	
Cost of finished goods inventory	282,078	
Add: Finished goods at the beginning of the period	45,237	
Other transfer-in	20,118	
Less: Finished goods at the end of the period	(59,051)	
Other transfer-out	(29,564)	
Cost of sales of self-made goods	258,818	
Cost of sales of raw materials	69,123	
Service costs	2,629	
Other costs	10,237	
Loss for market price decline and obsolete and slow-moving inventories.	10,021	
Operating cost	\$350,828	

Ta Liang Technology Co., Ltd.

27. Statement of Production Overheads

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Indirect labor	\$26,785	
Insurance premium	3,359	
Travel expenses	2,965	
Depreciation expense	1,851	
Food expenses	644	
Processing expense	479	
Consumables	2,713	
Other expenses	11,188	
Total	<u>\$49,984</u>	

Ta Liang Technology Co., Ltd.

28. Statement of Selling Expenses

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Salary and wages	\$16,060	
Insurance premium	2,016	
Travel expenses	2,383	
Depreciation expense	100	
Food expenses	363	
Commissions expense	28,088	
Installation fee	3,937	
Packaging expenses	1,235	
Other expenses	7,773	
Total	<u>\$61,955</u>	

Ta Liang Technology Co., Ltd.

29. Statement of General and Administrative Expenses

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Salary and wages	\$43,737	
Insurance premium	5,047	
Tax payment	2,256	
Depreciation expense	10,407	
Amortizations	661	
Food expenses	721	
Labor service expense	5,310	
Other expenses	16,979	
Total	<u>\$85,118</u>	

Ta Liang Technology Co., Ltd.

30. Statement of Research and Development Expenses

January 1 to December 31, 2023

Unit: NT\$ Thousand

Item	Amount	Remarks
Salary and wages	\$32,931	
Insurance premium	3,576	
Depreciation expense	1,864	
Amortizations	1,885	
Food expenses	783	
Research expenses	34,216	
Other expenses	4,041	
Total	<u>\$79,296</u>	