

PANJIT INTERNATIONAL INC.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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

Independent Auditor’s Report

To: PANJIT INTERNATIONAL INC.

Opinion

We have audited the parent company only Balance Sheets of PANJIT INTERNATIONAL INC. (the “Company”) as of December 31, 2023 and 2022, the parent company only Statements of Comprehensive Income, parent company only Statements of Changes in Equity, parent company only Statements of Cash Flows, and notes to parent company only financial statements (including summary of significant accounting policies) for the annual period from January 1 to December 31, 2023, and 2022.

In our opinion, based on our audits and the reports of other independent accountants (please refer to the *Other Matter – Making Reference to the Audits of Other Independent Accountants* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2023 and 2022, and their parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key Audit Matters

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

Revenue recognition

The operating revenues of the Company amounted to NT\$7,889,882 thousand for the year ended 31 December 2023. The main source of revenue is manufacturing and selling diodes. As the operation spanned globally and the product combination and pricing methods were diverse, judgment of the performance obligation and when it is satisfied was required. Therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of revenue recognition; testing the design and operating effectiveness of internal controls around revenue recognition by management, including identifying completeness of performance obligation of client contracts and the accounting treatment of the timing of revenue recognition; performing analytical procedures on gross margin by products and departments; selecting samples to perform test of details and reviewing significant terms and conditions of contracts; testing general journal entry, performing cutoff procedures, reviewing sales transaction certificates before and after the balance sheet date to verify that revenue has been recorded in the correct accounting period. Accordingly, evaluating the appropriateness of significant sales returns and rebates. In addition, we also considered the appropriateness of the disclosures of sales. Please refer to Notes 4 and 6 to the parent company only financial statements.

Evaluation of Inventories

As of December 31, 2023, the Company's net inventories amounted to NT\$1,656,195 thousand, constituting 7% of total assets which was then identified as material to financial statement. The status of inventory was difficult to manage due to various types of stocks stored across various locations including outsourced warehouses. Such inventories are stated at the lower of cost and net realizable value. Evaluation involves management's significant accounting estimation and judgement, and the carrying amount of inventories is material to parent company only financial statements. Therefore we considered this a key audit matter.

Our audit procedures included (but are not limited to) assessing the appropriateness of the accounting policy of inventories evaluation; testing the design and operating effectiveness of internal controls around inventories by management, including assessing the transfer of inventory cost, selecting major warehouse to observe physical stock taking to verify inventory quantity and status; and assessing the management's estimates of net realizable value by inventories evaluation, and selecting samples to verify related certificates to test the correctness of inventories aging interval; review whether obsolescence loss allowance was sufficient according to policy and assess the appropriateness of the provision policy. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the parent company only financial statements.

Other matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain investment accounted for under the equity method, which reflected the associates and joint ventures under equity method in the amount of NT\$1,567,662 thousand and NT\$1,575,688 thousand, constituting 6% and 6% of total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method of NT\$107,503 thousand and NT\$81,531 thousand, constituting 12% and 4% of pretax income, and the related shares of other comprehensive income from the associates and joint ventures under the equity method of (NT\$9,948) thousand and NT\$5,985 thousand, constituting 1% and 4% of other comprehensive income for the year ended 31 December 2023 and 2022, respectively. Those financial statements were audited by other independent accountants, whose reports there on have been furnished to us, and our audit results are based solely on the reports of the other independent accountants.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 the accompanying 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Taiwan

March 8, 2024

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC.
Parent Company Only Balance Sheet
December 31, 2023, and 2022
(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current asset					
Cash and cash equivalents	6(1)	\$692,338	3	\$1,112,018	4
Financial assets at fair value through profit or loss - current	6(2)	114,429	-	14,937	-
Notes receivable, net	6(4).(15)	23,349	-	25,525	-
Trade receivable, net	6(5).(15)	1,694,588	7	1,649,116	7
Trade receivable - related parties, net	6(5).(15),7	442,007	2	322,846	1
Other receivable, net		107,068	-	110,694	1
Other receivable - related parties, net	7	155,119	1	827,627	3
Inventories, net	6(6)	1,656,195	7	2,042,902	8
Other current assets	8	154,654	1	180,332	1
Total current assets		5,039,747	21	6,285,997	25
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	6(3)	119,906	-	153,843	1
Investments accounted for using the equity method	6(7)	13,160,968	54	12,655,585	51
Property, Plant, and Equipment	6(8),7	5,216,594	21	4,744,750	19
Right-of-use assets	6(16)	3,381	-	7,170	-
Intangible assets	6(9)	70,464	1	82,278	-
Deferred income tax asset	6(20)	239,581	1	217,014	1
Prepayment for equipments		16,447	0	282,062	1
Other non-current assets		473,220	2	628,739	2
Total non-current assets		19,300,561	79	18,771,441	75
Total assets		\$24,340,308	100	\$25,057,438	100
Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current Liabilities					
Short-term borrowings	6(10)	\$2,334,436	10	\$2,455,192	10
Contractual liabilities - current	6(14)	575	-	365	-
Trade payable		554,405	2	672,133	3
Trade payable-related parties	7	548,690	2	273,253	1
Other payables	7	837,582	3	1,160,401	5
Current tax liabilities		203,185	1	214,183	1
Lease liabilities - current	6(16)	2,759	-	3,882	-
Long-term borrowings, current portion	6(11)	507,000	2	478,875	2
Other current liabilities		42,336	-	13,428	-
Total current liabilities		5,030,968	20	5,271,712	22
Non-current Liabilities					
Long-term borrowings	6(11)	5,910,761	24	6,004,583	24
Deferred tax liabilities	6(20)	72,475	-	74,421	-
Lease liabilities - non-current	6(16)	666	-	3,213	-
Defined benefit liabilities-non-current	6(12)	61,071	-	61,507	-
Other non-current liabilities - others		15,769	-	26,425	-
Total non-current liabilities		6,060,742	24	6,170,149	24
Total liabilities		11,091,710	44	11,441,861	46
Equity					
Capital					
Common stock	6(13)	3,821,149	16	3,828,149	15
Capital surplus	6(13)	6,007,138	25	6,016,861	24
Retained earnings	6(13)				
Legal reserve		729,336	3	505,733	2
Special reserve		717,237	3	717,237	3
Unappropriated retained earnings		2,579,987	11	3,116,721	12
Total retained earnings		4,026,560	17	4,339,691	17
Other components of equity		(606,249)	(2)	(552,617)	(2)
Treasury stock	6(13)	-	-	(16,507)	-
Total equity		13,248,598	56	13,615,577	54
Total liabilities and equity		\$24,340,308	100	\$25,057,438	100

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	2023		2022	
		Amount	%	Amount	%
Operating revenue	6(14),7	\$7,889,882	100	\$8,855,785	100
Operating cost	6(17),7	(6,164,778)	(78)	(6,358,488)	(72)
Gross profit		1,725,104	22	2,497,297	28
Unrealized profit (loss) from sales		(41,671)	-	(36,583)	-
Realized profit (loss) on from sales		36,583	-	32,465	-
Gross profit-net		1,720,016	22	2,493,179	28
Operating expense	6(15).(17) ,7				
Selling expenses		(503,046)	(6)	(512,034)	(6)
Administrative expenses		(447,030)	(6)	(534,821)	(6)
Research and development expenses		(461,059)	(6)	(448,106)	(5)
Expected credit (losses) gains		(2,707)	-	5,988	-
Total Operating Expense		(1,413,842)	(18)	(1,488,973)	(17)
Operating profit		306,174	4	1,004,206	11
Non-operating income and expenses	6(18)				
Interest income		18,483	-	14,359	-
Other income		76,308	1	32,196	-
Other gains or losses		(11,374)	-	106,680	1
Financial costs		(162,435)	(2)	(107,815)	(1)
Share of profit or loss of subsidiaries and associates under equity method	6(7)	667,824	8	891,458	10
Subtotal		588,806	7	936,878	10
Pretax income from continuing operations		894,980	11	1,941,084	21
Income tax expenses	6(20)	(74,198)	(1)	(183,453)	(2)
Profit from continuing operations		820,782	10	1,757,631	19
Net income		820,782	10	1,757,631	19
Other comprehensive income (loss)	6(19)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(4,243)	-	24,435	-
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income		8,854	-	(283,469)	(3)
Income tax related to items that will not be reclassified		529	-	(2,748)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(54,177)	(1)	486,892	5
Income tax related to items that may be reclassified		7,839	-	(84,180)	(1)
Total other comprehensive income (loss), net of tax		(41,198)	(1)	140,930	1
Total comprehensive income		\$779,584	9	\$1,898,561	20
Earnings per share (NT\$)	6(21)				
Basic earnings per share:		\$2.15		\$4.60	
Diluted earnings per share		\$2.14		\$4.57	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December, 2023 and 2022
(Expressed in Thousand of New Taiwan Dollars)

Items	Capital		Retained earnings			Other Components of Equity			Treasury Stock	Total Equity
	Common stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Others		
Balance as of 1 January, 2022	\$3,828,149	\$6,086,155	\$328,134	\$717,237	\$2,204,637	(\$821,558)	\$570,034	(\$413)	(\$16,507)	\$12,895,868
Appropriation and distribution of 2021 retained earnings										
Legal reserve	-	-	177,599	-	(177,599)	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	116	-	-	-	-	-	-	-	116
Net income in 2022	-	-	-	-	1,757,631	-	-	-	-	1,757,631
Other comprehensive income (loss) in 2022	-	-	-	-	21,175	402,712	(282,957)	-	-	140,930
Total comprehensive income (loss)	-	-	-	-	1,778,806	402,712	(282,957)	-	-	1,898,561
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	-	(69,414)	-	-	36,787	-	-	-	-	(32,627)
Increase (decrease) through changes in ownership interests in subsidiaries	-	4	-	-	-	-	-	-	-	4
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	420,435	-	(420,435)	-	-	-
Balance as of 31 December, 2022	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577
Balance as of 1 January, 2023	\$3,828,149	\$6,016,861	\$505,733	\$717,237	\$3,116,721	(\$418,846)	(\$133,358)	(\$413)	(\$16,507)	\$13,615,577
Appropriation and distribution of 2022 retained earnings										
Legal reserve	-	-	223,603	-	(223,603)	-	-	-	-	-
Cash dividend	-	-	-	-	(1,146,345)	-	-	-	-	(1,146,345)
Changes in equity of associates accounted for using equity method	-	(663)	-	-	-	-	-	-	-	(663)
Net income in 2023	-	-	-	-	820,782	-	-	-	-	820,782
Other comprehensive income (loss) in 2023	-	-	-	-	(3,549)	(46,338)	8,689	-	-	(41,198)
Total comprehensive income (loss)	-	-	-	-	817,233	(46,338)	8,689	-	-	779,584
Retirement of treasury share	(7,000)	(9,507)	-	-	-	-	-	-	16,507	-
Increase (decrease) through changes in ownership interests in subsidiaries	-	447	-	-	(2)	-	-	-	-	445
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	15,983	-	(15,983)	-	-	-
Balance as of 31 December, 2023	\$3,821,149	\$6,007,138	\$729,336	\$717,237	\$2,579,987	(\$465,184)	(\$140,652)	(\$413)	\$-	\$13,248,598

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
Cash flow from operating activities		
Net income before tax	\$894,980	\$1,941,084
Adjustment items:		
Revenue and expenses:		
Depreciation	374,374	337,366
Amortization	35,055	37,742
Expected credit impairment losses (gains)	2,707	(5,988)
Net (gain) of financial assets or liabilities at fair value through profit or loss	(4,291)	(267)
Interest expense	162,435	107,815
Interest revenue	(18,483)	(14,359)
Dividend revenue	(3,799)	(3,695)
Share of (profit) loss of associates accounted for using equity method	(667,824)	(891,458)
Loss on disposal of property, plant and equipment	(364)	2,128
Reversal of impairment loss on non-financial assets	-	(5,108)
Unrealized profit from sales	41,670	36,583
Realized (profit) on from sales	(36,583)	(32,465)
Others	173,992	271,519
Subtotal	58,889	(160,187)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(95,140)	(14,670)
Notes receivable	2,176	35,161
Trade receivable	(48,179)	556,232
Trade payable - related parties	(119,161)	(115,716)
Other receivables	3,626	(4,762)
Other receivables-related parties	672,508	(820,633)
Inventories	219,964	(853,816)
Other current assets	25,680	(14,664)
Net changes in liabilities related to operating activities		
Contract liabilities	210	(5,617)
Trade payable	(117,728)	(146,077)
Trade payable - related parties	275,437	(37,471)
Other payables	(232,067)	91,291
Other current liabilities	28,908	2,552
Net defined benefit liabilities	(6,128)	(13,788)
Total changes in operating assets and liabilities	610,106	(1,341,978)
Cash inflow from operations	1,563,975	438,919
Interest received	18,483	14,359
Income tax (paid)	(101,341)	(247,085)
Net cash provided by operating activities	1,481,117	206,193

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY OF CASH FLOWS

For the years ended 31 December, 2023 and 2022

(Expressed in Thousand of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,692	25,881
Acquisition of investments accounted for under the equity method	(574,066)	(1,778,115)
Decrease in prepayments for investments	-	1,396,500
Acquisition of property, plant, and equipment	(530,832)	(560,468)
Disposal of property, plant, and equipment	364	4,553
Increase in refundable deposits	-	(98,152)
Decrease in refundable deposits	168,954	-
Acquisition of intangible assets	(23,241)	(22,893)
Increase in other non-current assets	(13,435)	(42,150)
Increase in prepayments for equipments	(140,373)	(471,536)
Dividends received	707,148	503,894
Net cash (outflow) by investing activities	<u>(389,789)</u>	<u>(1,042,486)</u>
Cash flows from financing activities:		
Decrease in short-term loans	(120,756)	(476,115)
Proceeds from long-term debt	17,985,782	10,919,829
Repayments of long-term debt	(18,053,999)	(8,490,171)
Repayments of lease liabilities	(4,106)	(5,385)
(Increase) in other non-current liabilities	(10,656)	(11,053)
Cash dividends paid	(1,146,345)	(1,146,345)
Interest paid	(160,928)	(104,911)
Net cash flows from (used in) financing activities	<u>(1,511,008)</u>	<u>685,849</u>
Net (decrease) in cash and cash equivalents	(419,680)	(150,444)
Cash and cash equivalents at beginning of period	1,112,018	1,262,462
Cash and cash equivalents at end of period	<u>\$692,338</u>	<u>\$1,112,018</u>

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

PANJIT INTERNATIONAL INC.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2023, and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Company History

PANJIT INTERNATIONAL INC. (the Company) was incorporated on 20 May 1986, under the Company Act of the Republic of China on Taiwan. The Company's registered address is No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The principal activities of the Company are to manufacture, process, assemble and to import and export semiconductors. The Company also assembles, trades and transfers technological advancements of machinery parts. The Company also trades resins and paints for semiconductors.

The Company's shares commenced trading on Taipei Exchange Market (GreTai Securities Market) on 22 December 1999, and then trading on Taiwan Stock Exchange Corporation on 17 September 2001.

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

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were approved by the Board of Directors on March 8, 2024.

3. Newly issued or revised standards and interpretations

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

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Classification of Liabilities as Current or Non-current Liabilities – Amendments to IAS 1	January 1, 2024
2	Lease Liabilities in a Sale and Leasebacks – Amendment to IFRS 16	January 1, 2024
3	Non-current Liabilities with Contracts – Amendments to IAS 1	January 1, 2024
4	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

- (a) Classification of Liabilities as Current or Non-current Liabilities—Amendments to IAS 1
This is based on the amendments to IAS 1 “Presentation of Financial Statements” The classification of liabilities in paragraphs 69 to 76 as current or non-current shall be corrected.
- (b) Lease Liabilities in a Sale and Leasebacks – Amendment to IFRS 16
The amendments add seller-lessee additional requirements for the sale and leaseback transactions in IFRS 16 “Leases”, thereby supporting the consistent application of the standard.
- (c) Non-current Liabilities with Contracts – Amendments to IAS 1
The amendment improved the information companies provide about long-term debt with covenants. The amendment specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.
- (d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. Have no material impact on the Company.

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

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

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

(c) Lack of Exchangeability—Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, and the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (c), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary statement of material accounting policies

(1) Statement of Compliance

The Company's FY 2023 and FY 2022 parent company only financial statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of Preparation

The Company has prepared these parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers.” As stipulated in Article 21 of "Preparation Standards of Financial Statements for Securities Issuers, the current gain or loss and other comprehensive income in the Parent Company Only Financial Statements shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the combined Financial Statements, and the owners' equity in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company's owners in the combined Financial Statements. Therefore, investments in subsidiaries are expressed in Parent Company Only Financial Statements as "investments by equity method", and necessary evaluation adjustments are made.

The parent company only financial statements are prepared on the basis of historical cost, except for financial instruments measured by fair value. The unit for all amounts expressed in the parent company only financial statements are in thousands of NTD unless otherwise stated.

(3) Foreign currency transactions

The Company’s parent company only financial statements present the NT dollars as the functional currency. Foreign currency transaction is translated into functional currency according to the exchange rate of the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; Foreign currency items measured at fair value are translated according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the original date of transaction.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as gain or loss in the current period:

- (a) For the foreign currency borrowing in order to obtain the assets that meet the requirements, if the conversion difference incurred is regarded as an adjustment to the interest cost, it is a part of the borrowing cost and capitalized as the cost of the asset.
- (b) Foreign currency items applicable to IFRS 9, “Financial Instruments” shall be handled in accordance with the accounting policies of financial instruments.
- (c) For monetary items that form part of the reporting entity’s net investment in foreign operating institutions, the resulting exchange difference was originally recognized as other comprehensive income, and when the net investment is disposed of, it is reclassified from equity to gain or loss.

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

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its own functional currency, and uses that functional currency to measure its financial statements. When preparing parent Company only Financial Statements, the assets and liabilities of foreign operation are converted into New Taiwan dollars at the closing exchange rate on the balance sheet date, and income and expenditure items are converted at the current average exchange rate. The conversion difference arising from the conversion is recognized as other comprehensive income, and the cumulative conversion difference that has been previously recognized in other comprehensive income and accumulated in the individual components under equity when the foreign operation is disposed of, when the disposition gain or loss are recognized, shall be reclassified from equity to gain or loss. When involving the partial disposal of the loss of control of a subsidiary that includes a foreign operation, and after a partial disposal of the equity of an associate or joint agreement including the foreign operation, if the retained equity is a financial asset that includes the foreign operation, it is also deemed to be disposal.

When disposing of a subsidiary that includes a foreign operation without losing control, the cumulative conversion difference recognized in other comprehensive income is adjusted by “investment by equity method” on a pro rata basis, and not recognized as gain or loss; Under influence or joint control, when part of the disposition includes an associate or joint agreement of a foreign operation, the accumulated exchange difference will be reclassified to gain or loss on a pro rata basis.

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

(5) Classification Standard for Distinguishing Current and Non-current Assets and Liabilities

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

- (a) the Company expects to settle the liability in normal operating cycle;
- (b) the Company holds the liability primarily for the purpose of trading;

- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

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

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

- (a) The Company's business model for managing the financial assets and
- (b) Contractual cash flow characteristics of the financial assets

Financial asset measured at amortized cost

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

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

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

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

Financial assets measured at fair value through other comprehensive income

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

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

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

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

- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial assets measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

- (a) The rights to receive cash flows from the asset have expired;
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred;
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity Instruments

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

Compound instruments

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

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

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

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

Financial liabilities

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

Financial liabilities measured 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 upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Derivative instrument

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

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

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

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

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

Raw materials –Purchase cost on weighted average cost basis

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

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

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

(11) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the parent company only statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Company retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant, and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(12) Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture refers to the Company that has rights to the net assets of the joint agreement (with joint control.)

Under the equity method, investment in an associate or joint venture is recognized in the balance sheet, which is the amount recognized by the Company based on cost plus the amount of the change in the net assets of the associate or joint venture after acquisition in shareholding ratio. After the carrying amount of the associate or joint venture investment and other related long-term equity is reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of legal obligations, constructive obligations, or payments made on behalf of the associate. Unrealized gains and losses arising from transactions between the Company and associates or joint ventures shall be eliminated according to the proportion of its equity in the associates or joint ventures.

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

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

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

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

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

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

When it loses significant influence on the associate or joint control of the joint venture, the Company measures and recognizes the retained investment portion at fair value. In the event of loss of significant influence or joint control, the difference between the carrying amount of the investment associate or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as gain or loss. In addition, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without re-evaluating the retained equity.

(13) Property, Plant, and Equipment

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

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

Assets	Useful life
Buildings	4 ~ 51 years
Machinery and equipment	1 ~ 10 years
Transportation equipment	5 years
Utilities equipment	6 ~ 15 years
Office equipment	1 ~ 6 years
Other equipment	1 ~ 25 years

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

(14) Leases

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

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

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

The Company as a lessee

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

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

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

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

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

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;

- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

The Company as a lessor

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

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

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

(15) Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are recognized in gain or loss.

Accounting policies of the Company's intangible assets are summarized as follows:

	<u>Computer software</u>	<u>Other intangible assets</u>
Useful lives	Finite (1 ~ 5 years)	Finite (5 ~ 10 years)
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(16) Impairment of non-financial assets

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

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

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

(17) Provisions

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

(18) Treasury shares

The Company and its subsidiaries own the shares of the Company (treasury stocks) are recognized at repurchase cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

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

Sales of goods

The Company manufactures and sells products, and recognizes revenue when the promised product is delivered to the customer and the customer obtains its control (that is, the customer's ability to control the use of the product and obtain almost all the remaining benefits of the product.) The main product is diode and rectifier and the revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to transfer the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

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

In contracts between the Company and its customers, the period during which the promised goods are delivered to the customer and the customer paid was not more than one year. Therefore, the Company didn't adjust the transaction price for the time value of money.

(20) Borrowing costs

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

(21) Government grants

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

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

(22) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

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

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

(23) Income taxes

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

Current income tax

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

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

Deferred income tax

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

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

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 “Income Taxes”), deferred tax assets and liabilities related to Pillar Two income tax will not be recognized nor disclosed.

5. Significant accounting judgements, estimates and assumptions

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

(1) Judgement

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

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

(2) Estimates and assumptions

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

(a) Fair value of financial instruments

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

(b) Impairments of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. The fair value minus the cost of disposal is calculated based on the price of a binding sales agreement or the market price of the asset under a normal transaction, after deducting the increase cost directly attributable to the disposal of the asset. Value in use is calculated based on the discounted cash flow model. The cash flow estimation is based on the budget for the next five years, and does not include the Company's uncommitted reorganization or future major investments needed to strengthen the asset performance of the tested cash-generating unit. The recoverable amount is easily affected by the discount rate used in the discounted cash flow model, as well as the expected future cash inflow and growth rate used for extrapolation purposes. Please refer to Note 6 for more details.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and future salary increases.

(d) Revenue recognition - sales returns or allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(e) Income tax

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

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

(f) Trade receivables—estimation of impairment loss

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

(g) Inventories

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash on hand	\$210	\$210
Checking, demand deposits and time deposits etc.	692,128	1,111,808
Total	<u>\$692,338</u>	<u>\$1,112,018</u>

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Mandatorily measured at fair value through profit or loss:		
Funds	\$18,088	\$14,937
Notes and bills	92,115	—
Derivatives not designated as hedging instruments		
Forward exchange agreement and cross currency swap contracts	4,226	—
Total	<u>\$114,429</u>	<u>\$14,937</u>

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

(3) Financial assets at fair value through other comprehensive income - Non-current

	<u>2023.12.31</u>	<u>2022.12.31</u>
Equity instrument investment measured at fair value through other comprehensive income –non-current:		
Listed company stocks	\$100,259	\$111,571
Unlisted company stocks	19,647	42,272
Total	<u>\$119,906</u>	<u>\$153,843</u>

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

(4) Notes receivables

	2023.12.31	2022.12.31
Notes receivables arising from operating activities	\$23,349	\$25,525
(Less): loss allowance	(—)	(—)
Total	<u>\$23,349</u>	<u>\$25,525</u>

Notes receivables of the Company were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(15) for more details on loss allowance and Note 12 for details on credit risk management.

(5) Trade receivables and Trade receivables-related parties

	2023.12.31	2022.12.31
Trade receivables	\$1,713,967	\$1,665,788
Less : loss allowance	(19,379)	(16,672)
Subtotal	<u>1,694,588</u>	<u>1,649,116</u>
Trade receivables-related parties	442,007	322,846
Subtotal	<u>442,007</u>	<u>322,846</u>
Net amount	<u>\$2,136,595</u>	<u>\$1,971,962</u>

Trade receivables were not pledged.

Trade receivables are generally on 60 to 120 day terms. The total carrying amount as of 31 December 2023 and 31 December 2022 were NT\$2,155,974 thousand and NT\$1,988,634 thousand respectively. Please refer to Note 6.(15) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	2023.12.31	2022.12.31
Raw materials	\$943,422	\$959,741
Work in process	65,937	64,700
Finished goods	646,836	1,018,461
Total	<u>\$1,656,195</u>	<u>\$2,042,902</u>

The Company's cost of inventories recognized in expenses amounted to NT\$6,164,778 thousand for the years ended 31 December 2023, in operating costs, of which NT\$166,743 thousand were related to the valuation loss of inventories.

The Company's cost of inventories recognized in expenses amounted to NT\$6,358,488 thousand for the years ended 31 December 2022, in operating costs, of which NT\$266,784 thousand were related to the valuation loss of inventories.

(7) Investments accounted for using the equity method

Details of the Company's investment by equity method is as follows:

Investees	2023.12.31		2022.12.31	
	Carry amount	Percentage of ownership (%)	Carry amount	Percentage of ownership (%)
Investee subsidiaries:				
PAN-JIT ASIA INTERNATIONAL INC.	\$7,225,926	100.00%	\$6,536,416	100.00%
Pynmax Technology Co., Ltd.	1,304,959	94.64%	1,743,395	94.64%
Champion Microelectronic Corp.	1,897,031	30.00%	1,841,669	30.00%
AIDE ENERGY EUROPE COÖPERATIE U.A.	809,915	100.00%	732,130	100.00%
PAN-JIT INTERNATIONAL (H.K.) LTD.	108,179 (Note 1)	100.00%	—	—
PANJIT JAPAN INC.	9,276 (Note 2)	50.00%	—	—
PANSTAR SEMICONDUCTOR CO., LTD.	10,000 (Note 3)	50.00%	—	—
Investments in associates:				
MILDEX OPTICAL INC.	228,020	21.01%	226,287	21.01%
Alltop Technology Co., Ltd.	1,567,662	19.13%	1,575,688	19.18%
Total	<u>\$13,160,968</u>		<u>\$12,655,585</u>	

(Note 1): In October 2023, the Company acquired 100.00% shares of PAN-JIT INTERNATIONAL (H.K.) LTD. from PAN-JIT ASIA INTERNATIONAL INC.

(Note 2): The Company established Panjit Japan Inc. in Japan in March 2023, and Panjit Japan Inc. capital increased in October 2023, and the Company's shareholding ratio was reduced from 100% to 50%.

(Note 3): The Company acquired 50% shareholding of PANSTAR SEMICONDUCTOR CO., LTD. in December 2023.

- (a) Investee subsidiaries are expressed in Parent Company Only Financial Statements as "investments by equity method", and necessary evaluation adjustments are made.
- (b) Information on material related enterprises to the Company.

Company Name: Alltop Technology Co., Ltd.

Nature of the relationship with the associate: ALLTOP TECHNOLOGY CO., LTD. is in the business of research and development, manufacturing and sale of connectors, primarily for servers, automotive and industrial application. Alltop's future development strategy aligns with the Company's targeted business areas. The Company invests in the company with an aim to integrate the resources of both companies, and expand business areas including servers, laptops, automotive, industrial and networking equipment. This is to create synergies between the two firms and to provide customers with more full-range products and services.

Fair value of the investment in the associate when there is a quoted market price for the investment: ALLTOP TECHNOLOGY CO., LTD. is a listed entity on the Taipei Exchange (TPEX). The fair value of the investment in ALLTOP TECHNOLOGY CO., LTD. accounted for using the equity method amounted to NT\$2,172,482 thousand as of 31 December 2023.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Company's interest in the associate:

	2023.12.31
Assets	\$4,199,607
Liabilities	(1,589,754)
Equity	2,609,853
Proportion of the Company's ownership	19.13%
Subtotal	499,265
Goodwill	988,226
Patents	53,418
Others (Note)	26,753
Carrying amount of investment	\$1,567,662

(Note): The variance was because the conversion of the convertible bonds into common shares occurred after acquisition date.

The summarized financial information was as follows:

	2023.12.31	2022.12.31
Operating revenue	\$2,394,974	\$2,309,878
Profit of continuing operations	\$689,697	\$554,086
Other comprehensive income (post-tax)	(\$139,042)	\$32,613
Total comprehensive income	\$550,655	\$586,699

The Company's investments in MILDEX OPTICAL INC. are not individually material. The aggregate carrying amount of the Company's interests in MILDEX OPTICAL INC. is NT\$228,020 thousand and NT\$226,287 thousand as at 31 December 2023 and 2022, respectively. The aggregate financial information of the Company's investments in associates is as follows:

	2023.12.31	2022.12.31
Profit of continuing operations	\$5,560	\$13,557
Other comprehensive income (post-tax)	\$4,337	\$33,842
Total comprehensive income	\$9,897	\$47,399

The subsidiaries and associates had no contingent liabilities or capital commitments, and no pledges.

The share of profit or loss of subsidiaries and associates accounted for using equity method for the years ended 31 December 2023 and 2022 is as follows:

Investees	FY 2023	FY 2022
PAN-JIT ASIA INTERNATIONAL INC.	\$365,467	\$555,591
Pynmax Technology Co., Ltd.	62,490	225,787
MILDEX OPTICAL INC.	5,560	13,557
Alltop Technology Co., Ltd.	107,503	81,531
Champion Microelectronic Corp.	74,293	12,981
PAN-JIT INTERNATIONAL (H.K.) LTD.	4,302	—
PANJIT JAPAN INC.	(1,783)	—
PANSTAR SEMICONDUCTOR CO., LTD.	—	—
AIDE ENERGY EUROPE COÖPERATIE U.A.	49,992	1,956
Total	<u>\$667,824</u>	<u>\$891,458</u>

(8)Property, plant, and equipment

	2023.12.31	2022.12.31
Owner occupied property, plant and equipment	<u>\$5,216,594</u>	<u>\$4,744,750</u>

Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:									
As at 1 Jan. 2023	\$652,223	\$755,901	\$5,781,144	\$36,781	\$1,200	\$67,899	\$547,136	\$1,911,201	\$9,753,485
Additions	—	1,183	130,899	1,475	—	420	39,522	265,146	438,645
Disposals	—	—	(446,820)	—	—	(3,208)	—	—	(450,028)
Transfers	—	—	289,608	—	1,109	734	28,735	86,467	406,653
Loss on transfer	—	—	—	—	—	—	—	(13)	(13)
As at 31 Dec. 2023	<u>\$652,223</u>	<u>\$757,084</u>	<u>\$5,754,831</u>	<u>\$38,256</u>	<u>\$2,309</u>	<u>\$65,845</u>	<u>\$615,393</u>	<u>\$2,262,801</u>	<u>\$10,148,742</u>
Depreciation and impairment:									
As at 1 Jan. 2023	\$—	(\$179,963)	(\$4,359,975)	(\$27,189)	(\$100)	(\$40,815)	(\$400,693)	\$—	(\$5,008,735)
Depreciation	—	(18,584)	(300,742)	(1,111)	(259)	(6,055)	(43,916)	—	(370,667)
Disposals	—	—	446,820	—	—	3,208	—	—	450,028
Transfers	—	—	—	—	(665)	—	—	—	(665)
Loss on transfer	—	(5)	(1,968)	(20)	—	—	(116)	—	(2,109)
As at 31 Dec. 2023	<u>\$—</u>	<u>(\$198,552)</u>	<u>(\$4,215,865)</u>	<u>(\$28,320)</u>	<u>(\$1,024)</u>	<u>(\$43,662)</u>	<u>(\$444,725)</u>	<u>\$—</u>	<u>(\$4,932,148)</u>

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:									
As at 1 Jan. 2022	\$652,223	\$755,389	\$5,502,614	\$27,311	\$—	\$50,585	\$473,584	\$1,349,814	\$8,811,520
Additions	—	—	108,846	1,625	1,200	10,990	36,114	470,857	629,632
Disposals	—	—	(178,825)	—	—	—	(1,515)	—	(180,340)
Transfers	—	512	348,509	7,845	—	6,324	38,953	90,530	492,673
As at 31 Dec. 2022	<u>\$652,223</u>	<u>\$755,901</u>	<u>\$5,781,144</u>	<u>\$36,781</u>	<u>\$1,200</u>	<u>\$67,899</u>	<u>\$547,136</u>	<u>\$1,911,201</u>	<u>\$9,753,485</u>
Depreciation and impairment:									
As at 1 Jan. 2022	\$—	(\$161,213)	(\$4,266,374)	(\$26,467)	\$—	(\$36,103)	(\$363,598)	\$—	(\$4,853,755)
Depreciation	—	(18,750)	(269,573)	(722)	(100)	(4,712)	(38,297)	—	(332,154)
Disposals	—	—	172,457	—	—	—	1,202	—	173,659
Impairment losses	—	—	5,108	—	—	—	—	—	5,108
Transfers	—	—	(1,593)	—	—	—	—	—	(1,593)
As at 31 Dec. 2022	<u>\$—</u>	<u>(\$179,963)</u>	<u>(\$4,359,975)</u>	<u>(\$27,189)</u>	<u>(\$100)</u>	<u>(\$40,815)</u>	<u>(\$400,693)</u>	<u>\$—</u>	<u>(\$5,008,735)</u>
Net Carrying Amount as at:									
December 31, 2023	<u>\$652,223</u>	<u>\$558,532</u>	<u>\$1,538,966</u>	<u>\$9,936</u>	<u>\$1,285</u>	<u>\$22,183</u>	<u>\$170,668</u>	<u>\$2,262,801</u>	<u>\$5,216,594</u>
December 31, 2022	<u>\$652,223</u>	<u>\$575,938</u>	<u>\$1,421,169</u>	<u>\$9,592</u>	<u>\$1,100</u>	<u>\$27,084</u>	<u>\$146,443</u>	<u>\$1,911,201</u>	<u>\$4,744,750</u>

The capitalized amount of the borrowing costs of property, plant, and equipment was both \$0 in FY 2023 and FY 2022.

Please refer to Note 8 for the provision of guarantees through property, plant, and equipment.

(9) Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
As at 1 Jan. 2022	\$70,912	\$91,293	\$162,205
Additions - separate acquisition	22,893	—	22,893
Disposals	(14,826)	—	(14,826)
As at 31 Dec. 2022	78,979	91,293	170,272
Additions - separate acquisition	7,678	15,563	23,241
Disposals	(38,074)	—	(38,074)
As at 31 Dec. 2023	\$48,583	\$106,856	\$155,439
Amortization:			
As at 1 Jan. 2022	\$40,140	\$24,938	\$65,078
Amortization	19,783	17,959	37,742
Disposals	(14,826)	—	(14,826)
As at 31 Dec. 2022	45,097	42,897	87,994
Amortization	16,578	18,477	35,055
Disposal	(38,074)	—	(38,074)
As at 31 Dec. 2023	\$23,601	\$61,374	\$84,975
Net Carrying Amount as at:			
31 Dec. 2023	\$24,982	\$45,482	\$70,464
31 Dec. 2022	\$33,882	\$48,396	\$82,278

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31. December	
	2023	2022
Operating costs	\$2,553	\$2,407
Operating expenses	\$32,502	\$35,335

(10) Short-term borrowings

Details of the short-term borrowings are as follows:

Nature of borrowing	31 Dec. 2023	31 Dec. 2022
Unsecured bank loans	\$2,334,436	\$2,455,192
Interest rate range	1.60%~6.44%	1.10% ~ 5.36%

The Company's unused short-term borrowings of credits amount to NT\$10,320,542 thousand and NT\$7,326,048 thousand, as at 31 December 2023 and 2022, respectively.

(11) Long-term borrowings

Details of long-term borrowings are as follows:

Lenders	31 Dec. 2023	31 Dec. 2022
Syndicated loans (A)	\$2,900,000	\$3,700,000
Project finance (B)	436,042	585,541
Project finance (C)	831,250	900,000
Project finance (D)	809,375	1,050,000
Project finance (E)	58,333	78,333
Unsecured bank loans	1,400,000	200,000
Subtotal	6,435,000	6,513,874
(Less): Unamortized cost of syndicated loan	(1,470)	(3,990)
(Less): Deferred government grants	(15,769)	(26,426)
(Less): Due within one year	(507,000)	(478,875)
Total	\$5,910,761	\$6,004,583
Interest rate range	1.40%~2.20%	1.27%~2.06%

(A) On 17 August 2021, the Company entered into a syndicated loan contract with 10 financial institutions and the amount of the loan facility was \$4,200,000 thousand for a period of five years starting from the first day the facility is drawn. The facility must be drawn within three months from the execution date of the contract, otherwise the maturity of the said three-month period shall be deemed the first drawdown day. The extract of terms of the contract as following:

- a. The total amount of the syndicated loan is NT\$4,200,000 thousand.
- b. The total amount of the syndicated loan is NT\$4,200,000 thousand.
 - i. Category 1: Medium-term loan of \$4,200,000 thousand, which can be used cyclically in accordance with this contract.
 - ii. Category 2: Commercial paper of \$2,940,000 thousand, which can be used cyclically in accordance with this contract.
- c. The total amount of category 1 and category 2 shall not exceed the total amount of the syndicated loan.
- d. Terms of financial ratios:

Within the contract period, the Company is required to calculate annually the financial ratios and agree with assigned threshold based on the figures from audited consolidated financial report.

 - i. Current ratio (current assets/ current liability): higher than 100%.
 - ii. Debt ratio (liability / equity): lower than 200%.
 - iii. Interest coverage ratio $\left[\frac{\text{net profit before tax} + \text{interest expense} + \text{depreciation} + \text{amortization}}{\text{interest expense}} \right]$: higher than 2.5 times.
 - iv. Net worth: higher than NT\$5,300,000 thousand or USD equivalent.

- (B) On 9 September 2019, the Company entered into a credit agreement with Taishin International Bank in the amount of NT\$600,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
\$400,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$200,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

- (C) On 25 October 2019, the Company entered into a credit agreement with Chang HWA Bank in the amount of NT\$900,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
\$600,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$300,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

- (D) On 1 November 2019, the Company entered into a credit agreement with First Commercial Bank in the amount of NT\$1,500,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
\$1,000,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.
\$500,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Three-year grace period. After the grace period expires, the principal shall be paid back in monthly equal installments.

(E) On 21 November 2021, the Company entered into a credit agreement with Land Bank in the amount of NT\$1,000,000 thousand for the investment program for Welcome Overseas Taiwanese Businesses to return to invest in Taiwan. The related terms are as following:

Credit line	Credit Period	Interest rate	Repayment method
\$700,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Sole interests will be paid per month in the first two years. The principal shall be paid back in monthly equal installments, from the third year, and interest calculated based on the amount of principal monthly.
\$300,000	Seven years from the date of first drawdown	In accordance with the two-year time deposit interest rate of Chunghwa Post Co., Ltd. plus/minus, and the actual interest rate shall not be lower than 1.4%.	Sole interests will be paid per month in the first two years. The principal shall be paid back in monthly equal installments, from the third year, and interest calculated based on the amount of principal monthly.

(12) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT\$39,505 thousand and NT\$40,378 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$1,750 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

The average duration of the defined benefits plan obligation as at 31 December 2023 and 2022, are 7 to 8 years, respectively.

The pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022 are as follows:

	FY 2023	FY 2022
Current period service costs	\$1,448	\$1,793
Interest expense	775	633
Total	<u>\$2,223</u>	<u>\$2,426</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	2023.12.31	2022.12.31	2022.01.01
Defined benefit obligation	\$138,483	\$132,691	\$156,233
Plan assets at fair value	(77,412)	(71,184)	(67,066)
Other non-current liabilities – Defined benefit liabilities recognized on the balance sheets	<u>\$61,071</u>	<u>\$61,507</u>	<u>\$89,167</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset)
As at 1 Jan. 2022	\$156,233	(\$67,066)	\$89,167
Current period service costs	1,793	—	1,793
Net interest expense (income)	1,109	(476)	633
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	159,135	(67,542)	91,593
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	—	—	—
Actuarial gains and losses arising from changes in financial assumptions	(7,019)	—	(7,019)
Experience adjustments	(4,304)	—	(4,304)
Remeasurements of the defined benefit asset	—	(4,974)	(4,974)
Subtotal	(11,323)	(4,974)	(16,297)
Payments from the plan	(15,121)	15,121	—
Contributions by employer	—	(13,789)	(13,789)
As at 31 Dec. 2022	\$132,691	(\$71,184)	\$61,507
Current period service costs	1,448	—	1,448
Net interest expense (income)	1,672	(897)	775
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	135,811	(72,081)	63,730
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	—	—	—
Actuarial gains and losses arising from changes in financial assumptions	443	—	443
Experience adjustments	3,399	—	3,399
Remeasurements of the defined benefit asset	—	(373)	(373)
Subtotal	3,842	(373)	3,469
Payments from the plan	(1,170)	1,170	—
Contributions by employer	—	(6,128)	(6,128)
As at 31 Dec. 2023	\$138,483	(\$77,412)	\$61,071

The following main assumptions are used to determine the Company's defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.18%	1.26%
Expected rate of salary increases	1.50%	1.50%

The sensitive analysis of each major actuarial assumption:

	Effect on the defined benefit obligation			
	2023		2022	
	Increased defined benefit obligation	Decreased defined benefit obligations	Increased defined benefit obligation	Decreased defined benefit obligations
Discount rate increase by 0.5%	\$—	\$2,667	\$—	\$3,762
Discount rate decrease by 0.5%	\$6,648	\$—	\$6,448	\$—
Future salary increase by 0.5%	\$6,587	\$—	\$6,392	\$—
Future salary decrease by 0.5%	\$—	\$2,672	\$—	\$3,771

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

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

(13) Equities

A. Common shares

As at December 31, 2023, and 2022, the Company's authorized capital were NT\$6,000,000 thousand, and the issued capital were NT\$3,821,149 thousand and NT\$3,828,149 thousand, respectively, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

On 25 October 2021, the Company issued 50,000 thousand units of Global Depository Shares ("GDS") on the Luxembourg Stock Exchange, each representing a unit of ordinary shares of the Company. And totals in new issuance of 50,000 thousand common stock shares, each unit of GDS was priced at USD3.02, equivalent to NT\$84.5. Totals shares amounted to USD151,000 thousand. The rights and obligations of the new shares issued are the same as the original shares. As of December 31, 2023, there were no outstanding shares.

B. Capital surplus

Items	2023.12.31	2022.12.31
Additional paid-in capital	\$4,603,539	\$4,611,840
Premium on convertible bonds	1,082,212	1,083,418
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired through of disposed	95,779	95,779
Increase through changes in ownership interests in subsidiaries	455	8
Employee stock option	24,527	24,527
Restricted stocks for employees	694	694
Share of changes in net assets of associates accounted and joint ventures for using the equity method	112,781	113,444
Others	87,151	87,151
Total	\$6,007,138	\$6,016,861

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

C. Treasury stock

On 09 May, 2023, the Company's Board of Directors approved the cancellation of treasury shares and the record date on 22 May, 2023. The change of paid-in capital registration of 700 thousand treasury shares was on June 13, 2023.

As at December 31, 2023, and 2022, the Company held treasury stocks of NT\$0 and NT\$16,507 thousand, and the number of treasury stock held by the Company were 0 thousand and 700 thousand shares, respectively.

D. Retained earnings and dividend policies

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

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

According to the provision of Article 240-5 of the Company Act, the Company should authorize the distributable dividends and bonuses in whole or in part are paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

The policy of dividend distribution approved by the Board should reflect factors such as the operating planning, investment plan, capital budgets, the changes of inner and outer environment. The Company in capital-intensive industries are currently in the stage of expansion. Considering the Company's need for future capital and the long-term financial planning; as well as the shareholders' need for cash inflow, the principle of earning distribution:

The dividend to shareholders should be paid in the form of cash as priority, or in the form of share dividend. Additionally, at least 10% of the dividends must be paid in the form of cash.

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

According to the provision of Article 241 of the Company Act, the Company shall distribute the whole or a part of the statutory surplus reserve and capital surplus to shareholders in new shares or cash according to their shareholding percentage. When cash is distributed, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company shall be required and reported to the shareholders meeting. When new shares are issued, it shall be submitted to the shareholders' meeting for approval before distribution.

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

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

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

The special reserve upon first adoption amounted to \$200,400 thousand as of 1 January 2023 and 2022. Because of unused, disposal or reclassification of related assets, there was no reversal from special reserve to unappropriated earnings during the years ended of 2023 and 2022. As of 31 December 2023 and 2022, the special reverse upon first adoption amounted to \$200,400 thousand.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors meeting on 8 March 2024 and shareholders' meeting on 14 June 2023, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserves	\$83,321	\$223,603	\$—	\$—
Common stock -cash dividend (Note)	\$458,538	\$1,146,345	\$1.20	\$3.00

(Note) The Company resolved at the board of directors' meeting held on 8 March 2024 and 10 March 2023 to distribute the dividends of 2023 and 2022 in form of cash.

Please refer to Note 6.(17) for further details on employees' compensation and remuneration to directors.

(14) Operating revenue

	FY 2023	FY 2022
Revenue from contracts with customers		
Sale of goods	\$7,889,882	\$8,855,785

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

A. Disaggregation of revenue

The Company is a single operating segment. Sales of goods amounted to NT\$7,889,882 thousand and NT\$8,855,785 thousand for the years ended 31 December 2023 and 2022, respectively, which were recognized as revenue at a certain point in time.

B. Contract balance

Contractual liabilities - current

	December 31, 2023	December 31, 2022
Sales of goods	\$575	\$365

The changes in the balance of contract liabilities of the Company in 2023 and 2022 were due to the fact that some of the performance obligations have been satisfied to be reclassified to increase in revenue or increase in advance receipts.

(15) Expected credit (losses) gains:

	For the years ended 31 December	
	2023	2022
Operation expense— Expected credit gains (losses)		
Trade receivables	(\$2,707)	\$5,988

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

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

The Company considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector, and its loss allowance is measure by using a provision matrix, details as follows:

As at 31 Dec. 2023

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$1,552,128	\$170,193	\$12,040	\$127	\$2,829	\$1,737,317
Loss rate	0.36%	5%	20%	50%	100.00%	
Lifetime expected credit losses	(5,569)	(8,510)	(2,408)	(63)	(2,829)	(19,379)
Total	\$1,546,559	\$161,683	\$9,632	\$64	\$—	\$1,717,937

As at 31 Dec. 2022

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Gross carrying amount	\$1,520,335	\$167,258	\$826	\$1	\$2,893	\$1,691,313
Loss rate	0.35%	5%	20%	100%	100.00%	
Lifetime expected credit losses	(5,250)	(8,363)	(165)	(1)	(2,893)	(16,672)
Total	\$1,515,085	\$158,895	\$661	\$—	\$—	\$1,674,641

(Note 1): Notes receivable included. All notes receivable of the Company are not overdue.

(Note 2): Trade receivable - related parties not included. The Company's trade receivable - related parties are not overdue.

The movement in the provision of impairment of trade receivables during the years ended 31 Dec. 2023 and 2022 are as follows:

	<u>Trade receivables</u>
As at 1 Jan. 2023	\$16,672
Additional/(reversal) for the current period	2,707
Write off	—
As at 31 Dec. 2023	<u>\$19,379</u>
As at 1 Jan. 2022	\$22,660
Additional/(reversal) for the current period	(5,988)
Write off	—
As at 31 Dec. 2022	<u>\$16,672</u>

(16) Lease

The Company as a lessee

The Company leases various properties, including real estate such as land and buildings, and transportation equipment. The lease terms range from 2 to 5 years.

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

A. The amounts recognized in the balance sheet are:

(a) Right-of-use assets

The carrying amount of right-of-use assets

	<u>2023.12.31</u>	<u>2022.12.31</u>
Land	\$249	\$995
Buildings	1,302	2,723
Transportation equipment	1,775	3,230
Other assets	55	222
Total	<u>\$3,381</u>	<u>\$7,170</u>

The Company added NT\$362 thousand and NT\$5,656 thousand to the right-of-use assets from January 1 to December 31, 2023, and 2022, respectively.

(b) Lease liabilities

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current	\$2,759	\$3,882
Non-current	666	3,213
Total	<u>\$3,425</u>	<u>\$7,095</u>

Please refer to Note 6.(18)(D) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

B. Amount recognized in statement of comprehensive income

Depreciation charge for right-of-use assets

	FY 2023	FY 2022
Land	\$747	\$746
Buildings	1,420	3,287
Transportation equipment	1,374	1,013
Other assets	166	166
Total	<u>\$3,707</u>	<u>\$5,212</u>

C. Income and costs relating to leasing activities

	FY 2023	FY 2022
The expenses relating to short-term leases	\$3,211	\$2,278
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	\$59	\$70
The expenses relating to variable lease payments not included in the measurement of lease liabilities	\$18	\$108

D. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounting to NT\$4,106 thousand and NT\$5,385 thousand, respectively.

E. Other information relating to leasing activities

Extension and termination options

Some of the Company's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the

commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(17) Summary statement of employee benefits, depreciation and amortization expenses by function:

Nature \ Function	For the year ended 31 Dec. 2023			For the year ended 31 Dec. 2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$487,052	\$550,683	\$1,037,735	\$547,718	\$655,039	\$1,202,757
Labor and health insurance	\$64,858	\$39,786	\$104,644	\$70,546	\$37,633	\$108,179
Pension	\$23,163	\$18,565	\$41,728	\$25,627	\$17,177	\$42,804
Compensation of the directors	\$—	\$17,075	\$17,075	\$—	\$35,490	\$35,490
Other employee benefits expenses	\$51,299	\$18,358	\$69,657	\$58,948	\$18,507	\$77,455
Depreciation	\$322,437	\$51,937	\$374,374	\$292,269	\$45,097	\$337,366
Amortization	\$2,553	\$32,502	\$35,055	\$2,407	\$35,335	\$37,742

Note: The number of employees in this year and the previous year was 1,467 and 1,559 respectively, of which the number of directors who were not concurrently employees was 7 and 5, respectively.

Companies whose stocks have been listed on the stock exchange should also disclose the following information:

- A. The average employee benefit expense in the current year was NT\$859 thousand. The average employee benefit expense in the previous year was NT\$921 thousand. The average employee salary expense in the current year was NT\$711 thousand. The average employee salary expense in the previous year was NT\$774 thousand.
- B. Change in average employee salary cost adjustment decreased by 8%.
- C. The Company has set up an audit committee to replace the supervisor, so the Company's supervisors remuneration for FY2023 and FY2022 were both NT\$0.
- D. The Company's salary and compensation policy:
 - (a) Directors:

The Company's directors remuneration is in accordance with the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be proposed for directors remuneration. The proposal shall be drafted and reviewed by the Re-numeration Committee in consideration of the participation in the Company's operations, contribution value and overall company operating performance, and submitted to the Board of Directors for discussion.

(b) Managerial officers and employees:

The salary and compensation of the Company's managerial officers and employees refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed. The managerial officers' compensation must be reviewed by the remuneration committee and submitted to the Board of Directors for discussion; the employees compensation shall be submitted to the responsible supervisor for approval in accordance with the Company's hierarchical authorization rules.

According to the Company's Articles of Incorporation, at least 6% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered.

According to Article 235-1 of the Company Act, the Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 31 Dec. 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be 6.5% of profit of current year and 1.69% of profit of current year, respectively, recognized the amount of NT\$63,400 thousand and NT\$16,495 thousand. Employees' compensation and remuneration to directors for the year ended 31 Dec. 2022 amount of NT\$137,375 thousand and NT\$35,000 thousand, respectively, recognized as employee benefits expense. If the Board of Directors resolves to distribute employee compensation through stock, the number of stocks distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors meeting. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment in the profit of loss in the subsequent period.

A resolution was passed at the board meeting on 8 March 2024 and 10 March 2023 to distribute dividend in cash in the amount of NT\$63,400 thousand and NT\$16,495 thousand for the year ended 2023, and of NT\$137,375 thousand and NT\$35,000 thousand for the year ended 2022 as employees compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the years ended 2023 and 2022.

(18) Non-operating income and expenditures

A. Interest income

	<u>FY 2023</u>	<u>FY 2022</u>
Financial asset measured at amortized cost	<u>\$18,483</u>	<u>\$14,359</u>

B. Other income

	<u>FY 2023</u>	<u>FY 2022</u>
Rental income	\$8,205	\$8,188
Dividend income	3,799	3,695
Others	<u>64,304</u>	<u>20,313</u>
Total	<u>\$76,308</u>	<u>\$32,196</u>

C. Other gains or losses

	<u>FY 2023</u>	<u>FY 2022</u>
Gains(Losses) on disposal of property, plant and equipment	\$364	(\$2,128)
Foreign exchange gains, net	(15,467)	136,789
Gains on financial assets / financial liabilities at fair value through profit or loss (Note)	4,291	267
Impairment gains(losses) - Property, plant, and equipment	—	5,108
Others	<u>(562)</u>	<u>(33,356)</u>
Total	<u>\$(11,374)</u>	<u>\$106,680</u>

(Note) Balances were arising from financial assets and financial liabilities mandatorily measured at fair value through profit or loss.

D. Financial costs

	<u>FY 2023</u>	<u>FY 2022</u>
Interest on borrowings from bank	(\$162,364)	(\$107,657)
Interest on lease liabilities	<u>(71)</u>	<u>(158)</u>
Total	<u>(\$162,435)</u>	<u>(\$107,815)</u>

(19) Components of other comprehensive income

For the year ended 31 December 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	(\$4,243)	\$—	(\$4,243)	\$694	(\$3,549)
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	8,854	—	8,854	(165)	8,689
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(54,177)	—	(54,177)	7,839	(46,338)
Total of other comprehensive income	(\$49,566)	\$—	(\$49,566)	\$8,368	(\$41,198)

For the year ended 31 December 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$24,435	\$—	\$24,435	(\$3,260)	\$21,175
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	(283,469)	—	(283,469)	512	(282,957)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	486,892	—	486,892	(84,180)	402,712
Total of other comprehensive income	\$227,858	\$—	\$227,858	(\$86,928)	\$140,930

(20) Income tax

A. Income tax expense (income) recognized in profit or loss

	<u>FY 2023</u>	<u>FY 2022</u>
Current income tax expense:		
Current income tax payables	\$109,597	\$230,108
Adjustment of current deferred income tax of previous years in current year	(19,254)	—
Deferred income tax expense (gain):		
Deferred income tax (gain) related to the original creation and reversal of temporary differences	(16,145)	(46,655)
Income tax expense	<u>\$74,198</u>	<u>\$183,453</u>

B. Income tax recognized as other comprehensive income

	<u>FY 2023</u>	<u>FY 2022</u>
Deferred income tax expense (gain):		
Exchange differences on translation of foreign financial statements	(\$7,839)	(\$84,180)
Re-measurement of defined benefit plan	(694)	(3,260)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	165	512
Income tax related to other comprehensive income components	<u>(\$8,368)</u>	<u>(\$86,928)</u>

C. The amount of income tax expenses multiplied by accounting profits by the applicable tax rate is adjusted as follows:

	<u>FY 2023</u>	<u>FY 2022</u>
Pre-tax Net Profit from Continuing Business Units	<u>\$894,980</u>	<u>\$1,941,084</u>
Income tax calculated at statutory tax rate	\$178,996	\$388,217
Tax effects of tax exemption income	(50,725)	(67,575)
Income tax impact on deferred income tax assets / liabilities	(66,641)	(137,189)
Others	12,568	—
Total income tax expense recognized in profit or loss	<u>\$74,198</u>	<u>\$183,453</u>

D. Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023:

	Beginning balance as at 1 Jan. 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at 31 Dec. 2023
Temporary difference				
Allowance for losses on inventory	\$85,761	\$32,652	\$—	\$118,413
Unrealized exchange gains (losses)	(3,011)	5,434	—	2,423
Share of profit (loss) of subsidiaries accounted for using the equity method	17,020	(9,129)	—	7,891
Changes in ownership interests of subsidiaries for using equity method	(71,014)	—	—	(71,014)
Exchange differences resulting from translating the financial statements of a foreign operation	63,887	—	7,839	71,726
Depreciation difference for tax purpose	(396)	315	—	(81)
Pension cost- non-current	12,055	(535)	694	12,214
Others	38,291	(12,592)	(165)	25,534
Gains on deferred income tax		\$16,145	\$8,368	
Net deferred income tax assets / (liabilities)	<u>\$142,593</u>			<u>\$167,106</u>
Below is the information contained in the balance sheet:				
Deferred tax assets	<u>\$217,014</u>			<u>\$239,581</u>
Deferred tax liabilities	<u>(\$74,421)</u>			<u>(\$72,475)</u>

For the year ended 31 December 2022:

	Beginning balance as at 1 Jan. 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at 31 Dec. 2022
Temporary difference				
Allowance for losses on inventory	\$32,404	\$53,357	\$—	\$85,761
Unrealized exchange gains (losses)	(6,301)	3,290	—	(3,011)
Share of profit (loss) of subsidiaries accounted for using the equity method	13,622	3,398	—	17,020
Changes in ownership interests of subsidiaries for using equity method	(71,014)	—	—	(71,014)
Exchange differences resulting from translating the financial statements of a foreign operation	148,067	—	(84,180)	63,887
Depreciation difference for tax purpose	(604)	208	—	(396)
Pension cost- non-current	17,833	(2,518)	(3,260)	12,055
Impairment Losses	1,022	(1,022)	—	—
Others	47,837	(10,058)	512	38,291
Gains on deferred income tax		\$46,655	(\$86,928)	
Net deferred income tax assets / (liabilities)	<u>\$182,866</u>			<u>\$142,593</u>
Below is the information contained in the balance sheet:				
Deferred tax assets	<u>\$260,785</u>			<u>\$217,014</u>
Deferred tax liabilities	<u>(\$77,919)</u>			<u>(\$74,421)</u>

E. Unrecognized deferred tax assets

As of 31 December 2023, and 2022, the Company's unrecognized deferred income tax assets were NT\$118,500 thousand and NT\$8,500 thousand, respectively.

F. Situations of income tax declaration and verification

As of December 31, 2023, the Company's income tax declaration was approved to FY 2019.

(21) Earnings per share

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

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

	<u>FY 2023</u>	<u>FY 2022</u>
A. Basic earnings per share		
Net Income (NT\$ thousands)	<u>\$820,782</u>	<u>\$1,757,631</u>
Weighted average number of shares of common stock per share of earnings (thousand shares)	<u>382,115</u>	<u>382,115</u>
Basic earnings per share (NT\$)	<u>\$2.15</u>	<u>\$4.60</u>
	<u>FY 2023</u>	<u>FY 2022</u>
B. Diluted earnings per share		
Net profit of the current period after adjusting the dilution effect (thousand)	<u>\$820,782</u>	<u>\$1,757,631</u>
Weighted average number of shares of common stock per share of earnings (thousand shares)	<u>382,115</u>	<u>382,115</u>
Dilution effect:		
Employee compensation - stocks (thousand shares)	<u>1,316</u>	<u>2,737</u>
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	<u>383,431</u>	<u>384,852</u>
Diluted earnings per share (NT\$)	<u>\$2.14</u>	<u>\$4.57</u>

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

7. Related party transactions

The following is a summary of transactions between the Company and related parties during the reporting periods:

Names and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with the Company</u>
PAN-JIT ASIA INTERNATIONAL INC.	The Company's subsidiary
PAN JIT AMERICAS, INC.	The Company's subsidiary
PAN-JIT INTERNATIONAL (H.K.) LTD.	The Company's subsidiary
PAN JIT KOREA CO., LTD.	The Company's subsidiary
PAN JIT EUROPE GMBH	The Company's subsidiary
EC SOLAR C1 SRL	The Company's subsidiary
SUZHOU GRANDE ELECTRONICS CO., LTD.	The Company's subsidiary
Max-Diode Electronics Ltd.(Shenzhen)	The Company's subsidiary
Pan Jit Electronics (Wuxi) Co., Ltd.	The Company's subsidiary
Pynmax Technology Co., Ltd.	The Company's subsidiary
Champion Microelectronic Corp.	The Company's subsidiary
MILDEX OPTICAL INC.	Other related parties
Zibo Micro Commercial Components Corp.	Other related parties
FANG, MIN-CHING and other 18 people	Deputy general manager of the Company above the management level

(1) Sales

	<u>FY 2023</u>	<u>FY 2022</u>
Pan Jit Electronics (Wuxi) Co., Ltd.	\$1,160,909	\$1,255,447
Others	274,414	329,502
Total	<u>\$1,435,323</u>	<u>\$1,584,949</u>

The selling price from the Company to related parties is negotiated by both parties with reference to market conditions; the current year's circulating funds are unsecured, interest-free and must be settled in cash. No guarantee has been received for accounts receivable from related parties.

(2) Purchase

	<u>FY 2023</u>	<u>FY 2022</u>
Pan Jit Electronics (Wuxi) Co., Ltd.	\$1,628,201	\$1,665,406
Pynmax Technology Co., Ltd.	330,280	393,218
Others	34,620	15,028
Total	<u>\$1,993,101</u>	<u>\$2,073,652</u>

The price of the Company's purchase of goods from related parties is negotiated by both parties with reference to market conditions; the Company's payment terms for purchases of goods from related parties are equivalent to those of ordinary manufacturers.

(3) Trade receivable - related parties

	<u>2023.12.31</u>	<u>2022.12.31</u>
Pan Jit Electronics (Wuxi) Co., Ltd.	\$417,718	\$299,692
PAN JIT AMERICAS, INC.	10,109	2,500
Others	14,180	20,654
Total	<u>\$442,007</u>	<u>\$322,846</u>

(4) Other receivable - related parties (not loans)

	<u>2023.12.31</u>	<u>2022.12.31</u>
PAN-JIT ASIA INTERNATIONAL INC.	\$—	\$552,780
Pan Jit Electronics (Wuxi) Co., Ltd.	—	451
Pynmax Technology Co., Ltd.	1,236	715
EC SOLAR C1 SRL	968	719
Others	5	1,386
Total	<u>\$2,209</u>	<u>\$556,051</u>

(5) Other receivable (loans)

	<u>2023.12.31</u>	<u>2022.12.31</u>
EC SOLAR C1 SRL	<u>\$152,910</u>	<u>\$271,576</u>

(6) Trade payable-related parties

	<u>2023.12.31</u>	<u>2022.12.31</u>
Pan Jit Electronics (Wuxi) Co., Ltd.	\$416,637	\$195,676
Pynmax Technology Co., Ltd.	122,208	74,912
Others	9,845	2,665
Total	<u>\$548,690</u>	<u>\$273,253</u>

(7) Other payables - related parties

	2023.12.31	2022.12.31
PAN JIT EUROPE GMBH	\$83,677	\$75,188
PAN-JIT INTERNATIONAL (H.K.) LTD.	3,938	5,044
PAN JIT AMERICAS, INC.	7,175	8,786
Pynmax Technology Co., Ltd.	7,823	6,064
Others	629	64
Total	<u>\$103,242</u>	<u>\$95,146</u>

(8) Disposal of property, plant, and equipment:

From January 01 to December 31, 2023: N/A

From January 01 to December 31, 2022:

<u>Name of related parties</u>	<u>Assets Name</u>	<u>Sales price</u>	<u>Carrying amount</u>	<u>Gains (losses)</u>
Pan Jit Electronics (Wuxi) Co., Ltd.	Machinery equipment	\$3,924	\$785	\$3,139
	Other equipment	286	260	26
		<u>\$4,210</u>	<u>\$1,045</u>	<u>\$3,165</u>

(9) Others

A. Operating expense

	FY 2023	FY 2022
a. Commission expenditure		
PAN JIT KOREA CO., LTD.	\$56,039	\$50,347
PAN JIT EUROPE GMBH	54,309	60,683
Total	<u>\$110,348</u>	<u>\$111,030</u>
b. Manage shipping warehouse costs and collection and payment items		
PAN-JIT INTERNATIONAL (H.K.) LTD.	\$15,487	\$34,341
Pynmax Technology Co., Ltd.	—	39,100
Total	<u>\$15,487</u>	<u>\$73,441</u>
c. Miscellaneous expenditure, consumables, etc.		
PAN JIT AMERICAS, INC.	<u>\$41,433</u>	<u>\$39,749</u>

B. Capital Finance

FY 2023:

	Maximum Balance	Ending balance	Rate range	Interest income	Interest receivable at the end of current period
EC SOLAR C1 SRL	<u>\$366,555</u>	<u>\$203,880</u>	<u>6.00%</u>	<u>\$6,332</u>	<u>\$968</u>

FY 2022:

	Maximum Balance	Ending balance	Rate range	Interest income	Interest receivable at the end of current period
EC SOLAR C1 SRL	<u>\$592,371</u>	<u>\$327,200</u>	<u>3.00%</u>	<u>\$9,022</u>	<u>\$719</u>

C. Endorsements/guarantees

Details of endorsement/guarantee provided by the Company to subsidiaries' borrowing are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
PAN-JIT ASIA INTERNATIONAL INC.	<u>\$2,456,400</u>	<u>\$2,456,800</u>

(10) Key management personnel compensation of the Company

	<u>FY 2023</u>	<u>FY 2022</u>
Short-term employee benefits	\$80,141	\$107,065
Post-employment benefits	816	712
Total	<u>\$80,957</u>	<u>\$107,777</u>

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Items	Carrying amount		Secured liabilities details
	<u>2023.12.31</u>	<u>2022.12.31</u>	
Other current assets	<u>\$35,612</u>	<u>\$15,969</u>	Financial products trade

9. Significant contingencies and unrecognized contractual commitments

As at December 31, 2023, and 2022, the Company has provided customs bonded guarantees through bank guarantees both in the amount of NT\$10,000 thousand.

10. Losses due to major disasters

N/A.

11. Significant Subsequent Events

N/A.

12. Others

(1) Categories of financial instruments

Financial assets

	2023.12.31	2022.12.31
Financial assets at FVTPL:		
Mandatory to measure at fair value through profit or loss	\$114,429	\$14,937
Financial assets measured at fair value through other comprehensive income	119,906	153,843
Financial asset measured at amortized cost	3,414,596	4,650,174
Total	<u>\$3,648,931</u>	<u>\$4,818,954</u>

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$2,334,436	\$2,455,192
Payables	1,940,649	2,105,787
Long-term borrowings (including maturity within one year)	6,417,761	6,483,458
Lease liabilities	3,425	7,095
Total	<u>\$10,696,271</u>	<u>\$11,051,532</u>

(2) Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The Company conducts the identification, measurement and management of the aforementioned risks in accordance with the Company's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must actually comply with the stipulated financial risk management regulations.

(3) Market risk

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

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

Foreign currency risk

The Company's exchange rate risk is mainly related to operating activities (when the currency used for revenue or expenses is different from the Company's functional currency) and the net investment of foreign operation.

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

The sensitivity analysis of the Company's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the Company's gain or loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rate of the USD, EUR and JPY.

Interest rate risk

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

Sensitivity analysis of interest rate risk mainly focuses on interest rate risk insurance items at the end of the financial reporting period, including floating rate investments, floating rate borrowings and interest rate swap contracts.

Equity price risk

The Company holds domestic listed and unlisted equity securities, the fair value of which will be affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Company belong to the category measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The equity securities investment portfolio information needs to be regularly provided to the Company's senior management. The Board of Directors must review and approve all equity securities investment decisions.

The sensitivity analysis of the related risk changes is as follows:

FY 2023				
Risk	Change	Sensitivity to profit (NT\$ thousands)	Sensitivity to equity (NT\$ thousands)	
Foreign currency	NTD/USD exchange rate +/- 1%	-/+ \$12,140	\$-	
	NTD/EUR exchange rate +/- 1%	-/+ \$ 455	\$-	
	NTD/JPY exchange rate +/- 1%	-/+ \$ 106	\$-	
Interest rate	NTD market interest rate +/- 100 basis points	-/+ \$80,773	\$-	
Equity Price	Equity price +/- 10%	+/- \$11,443	\$12,748	
FY 2022				
Risk	Change	Sensitivity to profit (NT\$ thousands)	Sensitivity to equity (NT\$ thousands)	
Foreign currency	NTD/USD exchange rate +/- 1%	+/- \$ 7,400	\$-	
	NTD/EUR exchange rate +/- 1%	-/+ \$ 2,372	\$-	
Interest rate	NTD market interest rate +/- 100 basis points	-/+ \$ 78,573	\$-	
Equity Price	Equity price +/- 10%	+/- \$ 1,494	\$15,384	

(4) Credit risk management

Credit risk refers to the risk that the counterparty cannot fulfill the obligations set out in the contract and will result in financial losses. The Company's credit risk is due to operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

All units of the Company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is a comprehensive consideration of such factors as the counterparty's financial status, ratings of credit rating agencies, past historical transaction experience, current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2023, and 2022, the trade receivables from top ten customers present for 40% and 31% of the total trade receivables of the Company, respectively. The credit concentration risk of the remaining accounts receivable is insignificant.

The Company's finance department manages the credit risk of bank deposits, fixed income securities, and other financial instruments in accordance with company policies. Since the Company's trading partners are determined by internal control procedures, and are credit worthy banks and investment-grade financial institutions, corporate organizations, and government agencies, there is no significant credit risk.

(5) Liquidity risk management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, high-liquidity securities and bank loans. The following table summarizes the maturity of the payments contained in the remaining contracts for non-derivative financial liabilities during the agreed repayment period of the Company. It is compiled based on the earliest possible repayment date and based on its undiscounted cash flows. The amounts listed are also including agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2023					
Loans	\$2,876,348	\$4,361,195	\$1,613,340	\$—	\$8,850,883
Trade and other payables	\$1,940,649	\$—	\$—	\$—	\$1,940,649
Lease liabilities	\$2,759	\$666	\$—	\$—	\$3,425
As at 31 December 2022					
Loans	\$2,989,312	\$269,147	\$5,843,726	\$—	\$9,102,185
Trade and other payables	\$2,105,787	\$—	\$—	\$—	\$2,105,787
Lease liabilities	\$3,953	\$3,241	\$—	\$—	\$7,194

Derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2023					
Forward foreign exchange contracts – Inflows	\$74,101	\$–	\$–	\$–	\$74,101
Forward foreign exchange contracts – Outflows	(\$72,771)	\$–	\$–	\$–	(\$72,771)
Exchange rate swap contract – Inflows	\$273,099	\$–	\$–	\$–	\$273,099
Exchange rate swap contract – Outflows	(\$270,204)	\$–	\$–	\$–	(\$270,204)

As at 31 December 2022: None.

The table above contains the undiscounted cash flows of derivative financial liabilities

(6) Adjustment in liabilities generated from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2023	\$2,455,192	\$6,483,458	\$7,095	\$8,945,745
Cash flows	(120,756)	(68,217)	(4,106)	(193,079)
Non-cash changes	–	2,520	436	2,956
As at 31 Dec. 2023	\$2,334,436	\$6,417,761	\$3,425	\$8,755,622

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2022	\$2,931,307	\$4,063,087	\$22,748	\$7,017,142
Cash flows	(476,115)	2,429,658	(5,385)	1,948,158
Non-cash changes	–	(9,287)	(10,268)	(19,555)
As at 31 Dec. 2022	\$2,455,192	\$6,483,458	\$7,095	\$8,945,745

(7) Fair value of financial instruments

A. Valuation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- a. The carrying amounts of cash and cash equivalents, trade receivables, other current assets, payables and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.
- b. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (including listed stocks, beneficiary certificates, bonds and futures, etc.).
- c. The fair value of equity instruments without active market transactions (for example, private equity stocks of listed companies, public company shares without active markets, and unpublished company shares) is estimated by the market method, and is estimated for the fair value with the price and other relevant information (such as lack of liquidity discount factors, similar company stock price-to-earning ratio, similar company stock price-to-net worth ratio and other input values) of the same or comparable company equity instruments generated by market transactions.
- d. For investment in debt instruments without market quotations, bank borrowings, bonds payable and other non-current liabilities, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. The interest rate and assumptions such as discount rate are mainly based on information related to similar tools (for example, OTC's reference yield curve, the average quotation of the Reuters commercial paper rate, and credit risk information.)
- e. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, are calculated based on discounted cash flow analysis using the counterparty's quotation or the applicable yield curve within duration; for option derivative financial instruments, use Counterparty quotations, appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation) to calculate the fair value.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of the fair value.

C. Information about the fair value level of financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to Note 12(9).

(8) Derivative financial instruments

The related information for the Company's derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2023 and 2022 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments.

Exchange rate swap contracts

The exchange rate swaps is a risky position that manages part of the transaction, but it is not designated as a hedging tool.

The Company entered into the following forward exchange contracts and exchange rate swap contracts:

<u>As at 31 Dec. 2023:</u>	<u>Items</u>	<u>Contract amount (thousand)</u>	<u>Contract Period</u>
	Forward currency contract	Sell USD 2,370	2024.01.03~ 2024.01.08
	Exchange rate swap contract	Sell USD 8,800	2024.01.12

As at 31 Dec. 2022: None.

The aforementioned derivatives transaction counterparties are well-known banks at home and abroad, with good credit, so the credit risk is low.

For forward exchange and currency swaps contract transactions, it is mainly to avoid the risk of exchange rate and interest rate changes on net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and working capital is sufficient to support, so there will be no significant cash flow risk.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

Level 1. The quoted price (unadjusted) of the same asset or liability available in the active market on the measurement date.

Level 2. The observable input value of an asset or liability directly or indirectly, except for those included in the quotation of the Level 1.

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

For assets and liabilities recognized in Parent Company Only Financial Statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there will be a transfer between the levels of the fair value hierarchy.

B. Hierarchical Information on Fair Value Measurement

The Company does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

As at 31 December 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Fund	\$—	\$18,088	\$—	\$18,088
Notes and bills	\$—	\$92,115	\$—	\$92,115
Forward currency contracts and exchange rate swaps contracts	\$—	\$4,226	\$—	\$4,226
Financial assets at fair value through other comprehensive income				
Stocks	\$100,259	\$—	\$19,647	\$119,906

As at 31 December 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Fund	\$—	\$14,937	\$—	\$14,937
Financial assets at fair value through other comprehensive income				
Stocks	\$111,571	\$—	\$42,272	\$153,843

Transfer between the Level 1 and Level 2 of the fair value hierarchy

During the years ended 31 December 2023 and 2022, there is no transfer between the Level 1 and Level 2 of the fair value hierarchy of assets and liabilities measured by the Company's repetitive fair value.

Changes in recurring fair value at Level 3

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

	Measured at fair value through other comprehensive income
	<u>Stock</u>
Beginning balances as of 1 January 2023	\$42,272
Total recognized gains (loss) of the current period	
Recognized in other comprehensive income (Presented under "Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income")	(7,575)
Disposal in current period	(15,050)
Ending balances as of 31 December 2023	<u>\$19,647</u>
	Measured at fair value through other comprehensive income
	<u>Stock</u>
Beginning balances as of 1 January 2022	\$73,458
Total recognized gains (loss) of the current period	
Recognized in other comprehensive income (Presented under "Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income")	(18,833)
Disposal in current period	(15,000)
Transfer to Level 3	2,647
Ending balances as of 31 December 2022	<u>\$42,272</u>

Information on Level 3 of the Recurring Fair Value Asset Hierarchy

For the Company's assets measured at Level 3 fair value hierarchy for repeated fair value measurement, its significant unobservable inputs used in measuring the fair value are presented in the table below:

As at 31 December 2023:

	Evaluation techniques	Significant unobservable input value	Quantitative Information	Relationship between inputs and fair value	Relationship between inputs and fair value Sensitivity analysis value relationship
Measured at fair value through other comprehensive income					
Stock	Market approach	Lack of liquidity discount	4.09%~ 32.28%	The higher the illiquidity, the lower the fair value estimate.	The Company's equity will decrease/increase by NT\$3,108 thousand if the percentage of illiquidity increases (decreases) by 1%.

As at 31 December 2022:

	Evaluation techniques	Significant unobservable input value	Quantitative Information	Relationship between inputs and fair value	Relationship between inputs and fair value Sensitivity analysis value relationship
Measured at fair value through other comprehensive income					
Stock	Market approach	Lack of liquidity discount	5.43%~ 32.28%	The higher the illiquidity, the lower the fair value estimate.	The Company's equity will decrease/increase by NT\$881 thousand if the percentage of illiquidity increases (decreases) by 1%.

(10) Significant assets and liabilities denominated in foreign currencies

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

	Monetary unit: NT\$ thousands					
	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD (thousand)	Foreign currency	Exchange rate	NTD (thousand)
<u>Financial assets</u>						
Monetary items:						
USD	\$63,589	30.7050	\$1,952,491	\$57,802	30.7100	\$1,775,105
EUR	\$2,471	33.9800	\$83,972	\$3,291	32.7200	\$107,689
JPY	\$48,606	0.2172	\$10,557	\$3,156	0.2324	\$733
Non-monetary items:						
USD	\$235,334	30.7050	\$7,225,926	\$212,843	30.7100	\$6,536,416

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD (thousand)	Foreign currency	Exchange rate	NTD (thousand)
<u>Financial liabilities</u>						
Monetary items:						
USD	\$24,052	30.7050	\$738,522	\$33,706	30.7100	\$1,035,118
EUR	\$3,812	33.9800	\$129,542	\$10,542	32.7200	\$344,946
JPY	\$1,467	0.2172	\$319	\$—	—	\$—

The above information is disclosed on the basis of the foreign currency carrying amount (which has been converted to functional currency.)

The Company's foreign currency transactions have a wide variety of functional currencies, which cannot be difficult to disclose each currency's significant influence. Therefore, the exchange gain or loss of each currency are consolidated and disclosed. The Company's currency financial assets and financial liabilities conversion (loss) gain in FY 2023 and FY 2022 were (15,467) thousand and 136,789 thousand, respectively.

(11) Capital management

The most important goal of the Company's capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure according to economic conditions, and may maintain and alter the capital structure by adjusting dividend payments, returning capital or issuing new shares.

13. Additional Disclosures

(1) Information about Significant Transactions:

- a. Financing provided to others: Please refer to Attachment 1.
- b. Endorsement/Guarantee for others: Please refer to Attachment 2.
- c. Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures): Please refer to Attachment 3.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock: Please refer to Attachment 4.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock: Please refer to Attachment 5.
- i. Financial instruments and derivative transactions: Please refer to Note 12(8).

(2) Information on Investees:

If the issuer directly or indirectly exercises significant influence or control over, or has a joint venture interest in, an investee company not in the Mainland Area, it shall disclose information on the investee company, showing the name, location, principal business activities, original investment amount, shareholding at the end of the period, profit or loss for the period, and recognized investment gain or loss: Please refer to Attachment 6.

(3) Information of investment in Mainland China:

- a. Information on investment in Mainland China: Please refer to Attachment 7.
- b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss:
 - i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Attachment 4.
 - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Attachment 4 ~ 5.
 - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
 - iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - v. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to Attachment 1
 - vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

(4) Information on major shareholders: Please refer to Attachment 8.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousand, unless otherwise indicated)
Financing provided to others

Attachment 1

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related party	Maximum balance for the period	Ending balance (Note 6)	Actual amount provided	Interest rate	Nature of Financing (Note 3)	Amount of sales to (purchases from) counter-party (Note 4)	Reason for Financing (Note 5)	Allowance for Loss	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Note
													Name	Value			
0	PANJIT INTERNATIONAL INC.	EC SOLAR C1 SRL	Other receivables	Yes	\$366,555	\$203,880	\$152,910	6.00%	Short-term financing	-	Operating turnover	-	-	-	\$5,299,439	\$5,299,439	(Note 7, 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	1,812,009	906,743	906,743	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,683,909	8,104,600	(Note 8, 11)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT INTERNATIONAL INC.	Other receivables	Yes	1,158,488	552,690	—	0.00%	Short-term financing	-	Operating turnover	-	-	-	3,683,909	8,104,600	(Note 8, 11)
2	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	427,620	404,077	404,077	3.00%	Short-term financing	-	Operating turnover	-	-	-	1,167,420	1,167,420	(Note 9, 11)
3	PAN-JIT AMERICAS INC.	PAN-JIT ASIA INTERNATIONAL INC.	Other receivables	Yes	87,710	82,904	82,904	4.30%	Short-term financing	-	Operating turnover	-	-	-	104,151	104,151	(Note 10, 11)
Total						\$2,150,294	\$1,546,634										

(Note 1): The numbering rule is as follows:

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

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be filled in. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revoke them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT International Inc.: The net worth is NT\$13,248,598 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD239,955 thousand, which is converted into NT\$7,367,818 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 150% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Suzhou Grande Electronics Co., Ltd.: The net worth is RMB179,866 thousand, which is converted into NT\$778,280 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of financing loans to others shall not exceed 40% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT AMERICAS INC.: The net worth is USD8,480 thousand, which is converted into NT\$260,378 thousand.

(Note 11): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousand, unless otherwise indicated)

Endorsement/guarantee for others

Attachment 2

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of Endorsements/guarantees for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)	Note
		Company name	Relationship (Note 2)											
0	PANJIT INTERNATIONAL INC.	PAN-JIT ASIA INTERNATIONAL INC.	2	\$13,248,598	\$2,598,800	\$2,456,400	\$2,456,400	-	18.54%	\$13,248,598	Y	N	N	(Note 8)

(Note 1): The numbering rule is as follows:

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

(Note 2): The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

- (1) A company with which the Company has business relationship.
- (2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.
- (3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.
- (4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.
- (5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.
- (6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company's "Procedures for Endorsement and Guarantee", the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company's net worth (i.e, NT\$13,248,598 thousand); the total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company's net worth.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
 (Unit: NT\$ thousand, unless otherwise indicated)
 Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

Attachment 3

Unit: USD, RMB, HKD, EUR thousand

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
PANJIT INTERNATIONAL INC.	Fund								
	Yuanta Japan Leaders Enterprise Fund	-	Financial assets at fair value through profit or loss - current	-	NTD	\$15,075	-	\$15,075	-
	Taishin Flexible Income Fund	-	Financial assets at fair value through profit or loss - current	-	NTD	3,013	-	3,013	-
	Notes and bills								
	VTeam Supply Chain Finance Limited (SCP4)	-	Financial assets at fair value through profit or loss - current	-	NTD	92,115	-	92,115	-
	Public shares								
	Jih Lin Technology Co., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	717	NTD	51,616	0.70%	51,616	-
	OTC stock								
	Advanced Microelectronic Products, Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,888	NTD	45,488	2.64%	45,488	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	34	NTD	3,155	0.11%	3,155	-
	Unlisted stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	364	NTD	-	0.62%	-	-
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	3,045	2.96%	3,045	-	
Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,995	NTD	16,602	4.28%	16,602	-	
Pan Jit Electronics (Wuxi) Co., Ltd.	Unlisted stock (Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	15,962	15.00%	15,962	-
	Wuxi Danchen Intelligent Technology Co., Ltd. (Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	3	10.00%	3	-
Champion Microelectronic Corp.	OTC stock								
	Feature Integration Technology Inc.	-	Financial assets at fair value through profit or loss - current	10	NTD	716	0.03%	716	-
	Unlisted stock								
HC PHOTONICS CORP.	-	Financial assets at fair value through profit or loss - non-current	109	NTD	684	0.54%	684	-	
PAN-JIT ASIA INTERNATIONAL INC.	Fund								
	HYPERION CAPITAL MANAGEMENT LTD.	-	Financial assets at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Vertex Growth Fund II	-	Financial assets at fair value through profit or loss - non-current	-	USD	272	-	272	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets at fair value through profit or loss - current	-	USD	2,000	-	2,000	-
	Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF-Series 1	-	Financial assets at fair value through profit or loss - current	-	USD	4,972	-	4,972	-
	VTEAM SIEGFRIED SUPPLY CHAIN FINANCE FUND	-	Financial assets at fair value through profit or loss - current	-	USD	20,787	-	20,787	-
	Siegfried GFT Fund SP I (SCP6-SP I)	-	Financial assets at fair value through profit or loss - current	-	USD	9,192	-	9,192	-
	Notes and bills								
	VTeam Supply Chain Finance Limited	-	Financial assets at fair value through profit or loss - current	-	USD	24,000	-	24,000	-
	Wealth management products by financial institution								
ERSTE GROUP BANK AG	-	Financial assets measured at amortized cost - Non-current	-	USD	447	-	447	-	
RAIFFEISEN BANK INTL	-	Financial assets measured at amortized cost - Non-current	-	USD	449	-	449	-	

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousand, unless otherwise indicated)
Securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending Balance					Note (Note 4)
				Units/Shares (thousand shares)	Currency	Book value (Note 3)	Percentage of ownership	Fair value	
Pynmax Technology Co., Ltd.	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	766	NTD	55,152	0.75%	55,152	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,000	NTD	-	6.67%	-	-
	Fund								
	Taichung Bank Taiwan Quantitative Fund	-	Financial assets at fair value through profit or loss - current	-	NTD	13,412	-	13,412	-
	Taishin Health Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	-	NTD	25,341	-	25,341	-
	Alliance Venture Capital Limited Partnership Fund	-	Financial assets at fair value through profit or loss - non-current	-	NTD	27,597	-	27,597	-
	Convertible bonds								
The fifth domestic unsecured convertible corporate bond of Alltop	Associates	Financial assets at fair value through profit or loss - current	-	NTD	15,879	-	15,879	-	
	The fifth domestic unsecured convertible corporate bond of Changhua	-	Financial assets at fair value through profit or loss - current	-	NTD	2,518	-	2,518	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets at fair value through profit or loss - current	-	USD	4,850	-	4,850	-
	VTeam Siegfried Supply Chain Finance Fund	-	Financial assets at fair value through profit or loss - current	-	USD	8,948	-	8,948	-
CONTINENTAL LIMITED	Notes and bills								
	VTeam Supply Chain Finance Limited	-	Financial assets at fair value through profit or loss - current	-	USD	9,000	-	9,000	-
	Wisdom Mega Corp.								
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Unlisted stock								
	SiFotonics Technologies Co., Ltd	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,040	NTD	123,130	2.31%	123,130	-
AIDE ENERGY EUROPE B.V.	Fund								
	Vteam Siegfried Supply Chain Finance Fund	-	Financial assets at fair value through profit or loss - current	-	USD	7,228	-	7,228	-
AIDE ENERGY EUROPE B.V.	Notes and bills								
	VTeam Supply Chain Finance Limited	-	Financial assets at fair value through profit or loss - current	-	USD	7,700	-	7,700	-
Jiangsu Aide Solar Technology Co., Ltd.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets at fair value through profit or loss - current	-	EUR	1,150	-	1,150	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	29,114	4.61%	29,114	Pledged to the subsidiary of the Company

(Note 1): The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): If measured by fair value, for carrying amount in column B, please fill in the carrying balance after fair value evaluation adjustment and deduction of accumulated impairment;

If not measured by fair value, for carrying amount in column B, please fill in the carrying balance of the original acquisition cost or the amortized cost after deducting the accumulated impairment.

(Note 4): The listed securities have users who are restricted due to the provision of guarantees, pledged loans, or other agreed-upon. The remarks column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and status of restricted use.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousand, unless otherwise indicated)

Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock

Attachment 4

Purchaser (seller)	Counter-party	Relationship	Transactions				Transactions with Terms Different from Others		Notes and trade receivable/payable		Note
			Purchases (Sales)	Amount (Note 2)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Ending Balance (Note 2)	Percentage of total receivables (payable)	
PANJIT INTERNATIONAL INC.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(\$1,160,909)	15%	General	Not applicable	Not applicable	\$417,718	19%	(Note 2)
	PAN-JIT AMERICAS INC.	Subsidiaries	(Sales)	(194,063)	2%	General	Not applicable	Not applicable	10,109	0%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,628,201	39%	General	Not applicable	Not applicable	(416,637)	38%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	330,280	8%	General	Not applicable	Not applicable	(122,208)	11%	(Note 2)
Pynmax Technology Co., Ltd.	PANJIT INTERNATIONAL INC.	The Company	(Sales)	(330,280)	43%	General	Not applicable	Not applicable	122,208	48%	(Note 2)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(366,216)	48%	General	Not applicable	Not applicable	101,116	40%	(Note 2)
Pan Jit Electronics (Shandong) Co. Ltd.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(146,862)	83%	General	Not applicable	Not applicable	56,277	86%	(Note 2)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT INTERNATIONAL INC.	The Company	(Sales)	(1,628,201)	26%	General	Not applicable	Not applicable	416,637	17%	(Note 2)
	PAN-JIT INTERNATIONAL (H.K.) LTD.	Subsidiaries	(Sales)	(102,022)	2%	General	Not applicable	Not applicable	15,190	1%	(Note 2)
	Zibo Micro Commercial Components Corp.	Associates	(Sales)	(167,695)	3%	General	Not applicable	Not applicable	39,567	2%	-
	PANJIT INTERNATIONAL INC.	The Company	Purchase	1,160,909	22%	General	Not applicable	Not applicable	(417,718)	22%	(Note 2)
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	366,216	7%	General	Not applicable	Not applicable	(101,116)	5%	(Note 2)
	Pan Jit Electronics (Shandong) Co. Ltd.	Subsidiaries	Purchase	146,862	3%	General	Not applicable	Not applicable	(56,277)	3%	(Note 2)
	PANJIT Semiconductor (Xuzhou) Co., Ltd.,	Subsidiaries	Purchase	230,450	4%	General	Not applicable	Not applicable	(35,675)	2%	(Note 2)
	Zibo Micro Commercial Components Corp.	Associates	Purchase	286,535	5%	General	Not applicable	Not applicable	(54,277)	3%	-
PAN-JIT AMERICAS INC.	PANJIT INTERNATIONAL INC.	The Company	Purchase	194,063	97%	General	Not applicable	Not applicable	(10,109)	94%	(Note 2)
PANJIT Semiconductor (Xuzhou) Co., Ltd.,	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(230,450)	100%	General	Not applicable	Not applicable	35,675	99%	(Note 2)
PAN-JIT INTERNATIONAL (H.K.) LTD.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	102,022	64%	General	Not applicable	Not applicable	(15,190)	62%	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousand, unless otherwise indicated)

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

Attachment 5

Company Name	Counterparty	Relationship	Ending Balance of Notes Receivable from Related Party	Turnover ratio	Overdue receivables from related party		Amounts Received in Subsequent Period	Note
					Amount	Action Taken		
PANJIT INTERNATIONAL INC.	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	\$417,718	2.78	\$62,413	Dunning as soon as possible	\$188,414	(Note 2, 3)
Pynmax Technology Co., Ltd.	PANJIT INTERNATIONAL INC.	The Company	122,208	2.70	2,223	Dunning as soon as possible	29,994	(Note 3)
	Pan Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	101,116	3.62	-	-	68,242	(Note 3)
Pan Jit Electronics (Wuxi) Co., Ltd.	PANJIT INTERNATIONAL INC.	The Company	416,637	3.91	-	-	265,626	(Note 2, 3)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the shareholding ratio is 100% and no allowance for loss is required.

(Note 3): All intercompany transactions have been eliminated in the consolidated financial statements.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousand, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

Attachment 6

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
PANJIT INTERNATIONAL INC.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investing	NTD	\$7,286,295	\$6,842,505	224,724	100.00%	\$7,225,926	\$399,346	\$365,467	Subsidiaries (Note 4, 5)
	Pynmax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,816	1,069,816	84,493	94.64%	1,304,959	7,097	62,490	Subsidiaries (Note 4, 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	16,328	21.01%	228,020	26,467	5,560	
	Alltop Technology Co., Ltd.	Floor 3, No. 102, Section 3, Zhongshan Road, Zhonghe District, New Taipei City, Taiwan	Electronic parts and components manufacturing and international trade	NTD	1,482,721	1,482,721	11,315	19.13%	1,567,662	689,697	107,503	(Note 6)
	Champion Microelectronic Corp.	Floor 5, No. 11, Park 2nd Road, Science Park District, Hsinchu City, Taiwan	Electronic parts and components manufacturing and international trade	NTD	1,947,704	1,947,704	23,996	30.00%	1,897,031	249,410	74,293	Subsidiaries (Note 5, 6)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing	NTD	732,259	732,259	-	100.00%	809,915	49,992	49,992	Subsidiaries (Note 5)
	PANJIT JAPAN INC.	No. 1-31-11, Kichijoji Honmachi, Musashino City, Tokyo KS ㄆ ㄆ 6F606	Electronics trade	NTD	11,286	-	5	50.00%	9,276	(2,943)	(1,783)	Subsidiaries (Note 5)
	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	NTD	108,991	-	9,711	100.00%	108,179	26,553	4,302	Subsidiaries (Note 5)
	PANSTAR SEMICONDUCTOR CO., LTD.	21st Floor, No. 96, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	IC Design Industry	NTD	10,000	-	1,000	50.00%	10,000	-	-	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	USD	-	3,330	-	-	-	826	690	Subsidiaries (Note 5)
	PAN JIT AMERICAS, INC.	2507 W ERIE DR #101, TEMPE, AZ 85282, USA	Electronics trade	USD	16,626	16,626	2,431	95.86%	8,313	1,304	1,327	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	-	100.00%	2,522	369	369	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	19,726	10,226	17,360	100.00%	60,492	376	376	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	914	914	1,126	52.22%	292	(26)	(14)	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	1,452	420	252	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,868	145,868	246,249	94.43%	(21,334)	1,514	1,429	Sub-subsidiary (Note 5)

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
 (Unit: NT\$ thousand, unless otherwise indicated)
 Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	\$665,266	\$536,686	21,522	100.00%	\$638,067	\$37,369	\$37,369	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	288,852	6,429	8.27%	89,754	26,467	2,189	
Champion Microelectronic Corp.	Wisdom Bright Inc.(Wisdom Bright)	Seychelles	Investment holdings	NTD	79,505	157,658	2,504	100.00%	77,457	(8,286)	(8,286)	Sub-subsidiary (Note 5)
	Champion Microelectronic Corp.(CMC)	Seychelles	International trade, investment holding and e-commerce business	NTD	-	144,793	-	-	-	4,105	4,105	Sub-subsidiary (Note 5)
	Wisdom Mega Corp.(Wisdom Mega)	Seychelles	Investment holdings	NTD	125,250	125,250	4,000	100.00%	123,130	-	-	Sub-subsidiary (Note 5)
	PANJIT JAPAN INC.	No. 1-31-11, Kichijoji Honmachi, Musashino City, Tokyo KSビル6F606	Electronics trade	NTD	2,172	-	1	10.00%	1,855	(2,943)	(232)	Subsidiaries (Note 5)
	Golden Champion Digital Power Corporation	21st Floor, No. 96, Section 1, Xintai 5th Road, Xizhi District, New Taipei City	Electronic component manufacturing and Product design industry	NTD	1,000	-	1,000	100.00%	1,000	-	-	Sub-subsidiary (Note 5)
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investing	USD	1,029	1,029	1,030	47.48%	267	(26)	(12)	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	-	36,527	-	-	-	-	-	Sub-subsidiary (Note 5)

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousand, unless otherwise indicated)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
					Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Corkstraat 46 ,3047 AC Rotterdam Nederland	Investing and trade	EUR	18,620	18,620	2	100.00%	23,835	1,460	1,460	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note 3)	100.00%	22,415	1,573	1,394	Sub-subsidiary (Note 4, 5)
Wisdom Bright Inc.	Wisdom Toprich Technology Limited (Wisdom Toprich)	Seychelles	Investment holdings	NTD	79,505	157,658	2,504	100.00%	77,457	(8,286)	(8,286)	Sub-subsidiary (Note 5)

(Note 1): If a public offering company has a foreign holding company and uses a consolidated report as the main financial report in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose the relevant information to the holding company.

(Note 2): If it is not in the situation described in Note 1, fill in the information according to the following regulations:

- (1) According to this (public offering) company's reinvestment and the reinvestment of each investee company directly or indirectly controlled, fill in the order of "Name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding situation" and other fields. Indicate in the remarks column regarding the relationship between each investee company and the (public offering) company (if it is a subsidiary or a sub-subsidiary)
- (2) In column B of "investee company's current gain or loss", the amount of current gain or loss of each investee company should be filled in.
- (3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the gain or loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each investee company evaluated by equity method, and the others can be ignored. When filling in the "recognition of the current profit or loss amount of each subsidiary directly reinvested".
It should be confirmed that the current profit or loss amount of each subsidiary has included the investment profit or loss of its reinvestment that should be recognized in accordance with the regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

(Note 6): The investment gain or loss recognized by the Company include the amortization of the difference in net equity.

(Note 7): The liquidated and canceled on September, 2023.

(Note 8): The dissolution and liquidation process was completed in August 2023.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NTS thousand, unless otherwise indicated)

Information on investment in mainland China

Attachment 7

Investing companies	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December, 2023	Accumulated Inward Remittance of Earnings as of Outflow 31 December, 2023
						Outflow	Inflow						
PANJIT INTERNATIONAL INC.	Pan Jit Electronics (Wuxi) CO.,LTD	Rectifier processing and manufactring	\$835,176	2 PAN-JIT ASIA INTERNATIONAL INC.	\$502,145	\$-	\$-	\$502,145	\$157,228	100.00%	\$157,228 (Note 5)	\$3,465,139 (Note 5)	\$56,439
	Suzhou Grande Electronics CO.,LTD.	Chip diodes, triodes and other new types of electronics Sales of semiconductor components and related products, as well as technology and after service	\$360,460	2 CONTINENTAL LIMITED	344,900	-	-	344,900	(10,073)	100.00%	(10,073) (Note 5)	832,554 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor peaking materials Manufacturing and sales	\$87,300	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	New types of electronic components, Semiconductor controlled rectifier	\$51,095	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	(255)	97.44%	(248) (Note 5)	13,755 (Note 5)	-
	PANJIT Electronics (Beijing) CO., LTD	New types of electronic components, Semiconductor controlled rectifier sales	\$4,327	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(215)	100.00%	(215) (Note 5)	5,076 (Note 5)	-
	PANJIT ELECTRONICS (SHANDONG) CO., LTD.	Semiconductor wafer manufacturing for automobile And protection of discrete devices, integrated circuit chips And production of packaging products	\$331,968	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	25,906	70.28%	18,207 (Note 5)	284,309 (Note 5)	-
	PANJIT ELECTRONICS (QUFU) CO.,LTD	New types of electronic components, Semiconductor controlled rectifier sales	\$2,164	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	468	100.00%	468 (Note 5)	1,525 (Note 5)	-
	PANJIT Semiconductor (Xuzhou) Co., Ltd.	New types of electronic components, Semiconductor controlled rectifier sales	\$1,093,177	3 Pan Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(150,890)	100.00%	(150,890) (Note 5)	787,969 (Note 5)	-

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousand, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investing companies	Investee Companies in Mainland China	Main business items	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December, 2023	Accumulated Inward Remittance of Earnings as of Outflow 31 December, 2023
						Outflow	Inflow						
PANJIT INTERNATIONAL INC.	Zibo Micro Commercial Components Corp.	Rectifier diode, rectifier bridge, Electronic devices	\$845,879	3 Suzhou Grande Electronics Co. Ltd.	\$-	\$-	\$-	\$-	(\$55,159)	18.86%	(\$10,403)	\$133,044	\$-
	Jiangsu Aide Solar Technology Co. Ltd.	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities and technologies, import and export	\$246,034	2 AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	9,741	94.43%	9,198 (Note 5)	(1,713,809) (Note 5)	-
Pynmax Technology Co., Ltd.	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	Sales of new types of electronic components, semiconductor controlled rectifier	\$51,095	2 DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	(255)	47.78%	(122) (Note 5)	6,745 (Note 5)	-
Champion Microelectronic Corp.	Great Power Microelectronics Corp.	Technology development of electronic products and mport, export and wholesale operation of related products	\$84,839	2 Wisdom Toprich Technology Limited	156,718	-	79,833	76,885	(8,286)	100.00%	(8,286) (Note 5)	77,457 (Note 5)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT INTERNATIONAL INC.	\$2,476,426	\$3,683,099 (Note 3)
Pynmax Technology Co., Ltd.	\$34,806	\$34,806 (Note 4) \$907,814
Champion Microelectronic Corp.	\$76,885	\$76,885 (Note 4) \$994,338

Note 1: Investment modes can be divided into the following three types, please mark the type:

- (1) Direct Mainland China investment.
- (2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region.)
- (3) Others.

(Note 2) For the column of gain or loss on investments recognized in the current period:

- (1) If it is in preparation and there is no investment gain or loss, it should be indicated.
- (2) The recognition basis of investment gain or loss is divided into the following three types, which should be specified
 - A. The financial report verified by an international accounting firm in cooperation with the Accounting Firm within the Republic of China.
 - B. The financial report certified and audited by the Taiwanese parent company's CPA.
 - C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NT\$1,513,024 thousand × 60% = NT\$907,814 thousand

Champion Microelectronic Corp.: NT\$1,657,230 thousand × 60% = NT\$994,338 thousand

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousand, unless otherwise indicated)

Information on Major Shareholders

Attachment 8 Unit: shares

Shares	Number of Shares Held	Shareholding Ratio
Name of substantial shareholders		
Jinmao Investment Co., Ltd.	52,121,710	13.64%

Note 1: The major shareholders in this table have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation.

. However, the Capital stock recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases

(Note 2): If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders,

who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right

. to make decisions on trust property, please refer to MOPS

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PANJIT INTERNATIONAL INC.

1. Detail list for Cash and Cash equivalents

December 31, 2023

Units: NT\$ thousands

Items	Summary	Amount	Remark
Petty cash		\$210	The exchange rate of U.S. dollar to New Taiwan dollar is 1:30.71
Bank deposit:			The exchange rate for Euro to New Taiwan Dollar is 1:33.98
NTD deposit		439,816	The exchange rate for Japanese Yen to New Taiwan Dollar is 1:0.22
Foreign currency deposit	USD 7,723,669.01	238,851	The exchange rate of Hong Kong dollar to New Taiwan dollar is 1:3.93
	EUR 80,875.10	2,748	
	JPY 48,605,768.00	10,557	The exchange rate of RMB to New Taiwan dollar is 1:4.33
	HKD 39,578.12	156	
	CNY 109.36	—	
	(Unit: in each foreign currency)		
Bank deposit total		692,128	
Total		<u>\$692,338</u>	

PANJIT INTERNATIONAL INC.

2. Statement of financial assets at fair value through profit or loss - current

December 31, 2023

Units: NT\$ thousands

Name of financial instrument	Summary	Shares or units (Thousand shares)	Face value (NT\$)	Total Sum	Interest	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NT\$)	Total Sum		
Notes and bills	VTeam Supply Chain Finance Limited	—	—	—	—	\$92,115	—	\$92,115	—	
Fund	Yuanta Japan Leaders Enterprise Securities Investment Trust	1,508	\$9.95	\$15,000	—	\$15,000	\$10	\$15,075	—	
Fund	Taishin Flexible Income Fund	300	\$10.03	\$3,009	—	\$3,009	\$10.0436	\$3,013	—	

PANJIT INTERNATIONAL INC.

3. Details of the net notes receivable

December 31, 2023

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
HANWEI ELECTRONICS CO., LTD.	Payment for goods	\$11,077	
JUNSUN ENTERPRISE CO., LTD.	Payment for goods	10,788	
Others	(Notes)	1,484	
Total		23,349	
(Less): loss allowance		—	
Net amount		\$23,349	

(Note): The balance of a single item does not exceed 5% of the notes receivable balance.

PANJIT INTERNATIONAL INC.

4. Schedule of Net Trade Receivable

December 31, 2023

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Dafeng Chongqing	Payment for goods	\$133,461	
Others	(Notes)	1,580,506	
(Less): loss allowance		(19,379)	
Net amount		\$1,694,588	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance.

PANJIT INTERNATIONAL INC.

5. Schedule of Net Trade Receivable - related parties

December 31, 2023

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Pan Jit Electronics (Wuxi) Co., Ltd.	Payment for goods	\$417,718	Subsidiaries included in the consolidated financial statements may not make allowances for losses.
Others	(Notes)	24,289	
Total		442,007	
(Less): loss allowance		—	
Net amount		\$442,007	

(Note): The balance of a single item does not exceed 5% of the trade receivable balance from related parties.

PANJIT INTERNATIONAL INC.

6. Statement of Other Receivables

December 31, 2023

Units: NT\$ thousands

Items	Summary	Amount	Remark
<u>Non-related parties</u>			
Tax refund receivables	Sales tax	\$104,686	
Other receivables - other	Import duties	2,382	
Subtotals		107,068	
<u>Related parties</u>			
EC SOLAR C1 SRL	Capital loan	152,910	
Others	(Notes)	2,209	
Subtotals		155,119	
(Less): loss allowance		—	
Total		\$262,187	

(Note): The balance of a single item does not exceed 5% of the other receivable balance.

PANJIT INTERNATIONAL INC.

7. Statement of inventories

December 31, 2023

Units: NTS thousands

Items	Summary	Costs	Net realizable value	Remark
Raw material		\$1,248,881	\$943,422	Raw materials refers to the balance of finished products (including commodities) after subtracting the costs and sales expenses that.
Work in process		68,899	65,937	
Finished goods		933,963	646,836	
Total		2,251,743		
Less: Allowance for price decline in inventories		(595,548)		The allowance for inventory depreciation is estimated based on the possibility of the of the inventory and the net slow-moving value.
Net amount		\$1,656,195	\$1,656,195	

PANJIT INTERNATIONAL INC.

8. Statement of Other current assets

December 31, 2023

Units: NTS thousands

Items	Summary	Amount	Remark
Prepay	Advance payment, advance expenses, inventory of supplies, etc.	\$97,024	
Temporary payment	Labor and health insurance, pension, etc.	22,018	
Other financial assets	Pledged time deposit	35,612	
Total		\$154,654	

PANJIT INTERNATIONAL INC.

9. Financial assets at fair value through other comprehensive profit or loss - non-current

January 01 to December 31, 2023

Units: NT\$ thousands

Name of financial instrument	Beginning balance		Increase in the Period		Decrease in current period		Ending balance			Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Fair value		
Advanced Microelectronic Products, Inc.	2,888	\$66,571	-	-	-	\$21,083 (Note 1)	2,888	2.64%	\$45,488	None	
Jih Lin Technology Co., LTd.	717	43,157	-	9,893 (Note 1)	-	1,434 (Note 3)	717	0.70%	\$51,616	None	
KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	364	1,865	-	-	-	1,865 (Note 1)	364	0.62%	-	None	
Sentelic Corporation	41	1,843	-	2,009 (Note 1)	7	697 (Note 2)	34	0.11%	3,155	None	
WELLAN SYSTEM CO., LTD.	445	-	-	-	-	-	445	1.53%	-	None	
TAIDEVELOP INFORMATION CORP.	334	-	-	-	-	-	334	3.71%	-	None	
ENERGY MOANA TECHNOLOGY CO., LTD.	1,200	8,755	-	-	-	5,710 (Note 1)	1,200	2.96%	3,045	None	
Neolink Capital Corp.	3,500	31,652	-	-	1,505	15,050 (Note 4)	1,995	4.28%	16,602	None	
Total		<u>\$153,843</u>		<u>\$11,902</u>		<u>\$45,839</u>			<u>\$119,906</u>		

(Note 1): Fair value valuation adjustment

(Note 2): Disposal in current period

(Note 3): Dividend distributed from capital reserve

(Note 4): Capital reduction in cash.

PANJIT INTERNATIONAL INC.
10. Statement of Changes in Investments Accounted for Using the Equity Method
January 01 to December 31, 2023

Units: NT\$ thousands

Name	Beginning balance		Increase in the Period		Decrease in current period		Ending balance			Market Value or Net Equity		Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price	Total price		
PAN-JIT ASIA INTERNATIONAL INC.	210,106	\$6,536,416	14,618	\$552,780 (Note 6) 365,467 (Note 1)		\$108,991 (Note 5) 61,300 (Note 2) 58,446 (Note 3)	224,724	100.00%	\$7,225,926	\$32.79	\$7,367,831 (Note 4)	None	
Pynmax Technology Co., Ltd.	84,493	1,743,395		62,490 (Note 1)		494,782 (Note 3) 6,144 (Note 2)	84,493	94.64%	1,304,959	\$16.95	1,431,926 (Note 4)	None	
MILDEX OPTICAL INC.	16,328	226,287		5,561 (Note 1)		631 (Note 3) 3,196 (Note 2)	16,328	21.01%	228,020	\$15.45	252,268 (Note 4)	None	
Alltop Technology Co., Ltd.	11,315	1,575,688		107,503 (Note 1)		105,581 (Note 3) 9,948 (Note 2)	11,315	19.13%	1,567,662	\$192.00	2,172,480 (Note 4)	None	
Champion Microelectronic Corp.	23,996	1,841,669		74,293 (Note 1) 5,015 (Note 2)		23,947 (Note 3)	23,996	30.00%	1,897,031	\$73.30	1,758,907 (Note 4)	None	
AIDE ENERGY EUROPE COÖPERATIE U.A.	1,863	732,129		49,992 (Note 1) 27,794 (Note 2)		-	1,863	100.00%	809,915	\$434.74	809,915 (Note 4)	None	
PANJIT JAPAN Inc.	-	-	5	11,286 (Note 7) 347 (Note 3)		1,783 (Note 1) 574 (Note 2)	5	50.00%	9,276	\$1,855.20	9,276 (Note 4)		
PAN-JIT INTERNATIONAL (H.K.) LTD.	-	-	9,711	108,991 (Note 7) 4,302 (Note 1)		5,114 (Note 2)	9,711	100.00%	108,179	\$11.14	108,179 (Note 4)		
PANSTAR SEMICONDUCTOR CO., LTD.	-	-	1,000	10,000 (Note 7)		-	1,000	50.00%	10,000	\$5.37	5,369 (Note 4)		
Total		<u>\$12,655,584</u>		<u>\$1,385,821</u>		<u>\$880,437</u>			<u>\$13,160,968</u>		<u>\$13,916,151</u>		

(Note 1): The share of the subsidiary's profit or loss, the upstream unrealized sales benefits, counter-current realized sales benefits, and the profit or loss of side-stream transactions between subsidiaries recognized by the equity method.

(Note 2) The balance of translation of the financial statements of foreign operation institutions recognized by equity method

(Note 3): Obtaining or disposing of equity differences in subsidiaries, downstream unrealized profits and losses, insurance of cash dividends, actuarial profits and losses of defined benefit plan, unrealized (gains) and losses of financial assets measured at fair value through other comprehensive income, unearned compensation for employees, etc. recognized under the equity method.

(Note 4): It is recognized based on the shareholding ratio of the investee company.

(Note 5): Cash reduction by investee company.

(Note 6): Based on the seasoned equity offering of the investee company.

(Note 7): Acquired in the current period.

PANJIT INTERNATIONAL INC.

11. Statement of Changes in Right-of-Use Assets

January 01 to December 31, 2023

Units: NT\$ thousands

Items	Beginning balance	Current change			Ending balance	Remark
		Increase	Decrease	Reclassification		
Land	\$2,239	\$-	\$-	\$-	\$2,239	
Buildings	5,683	-	(2,841)	-	2,842	
Transportation equipment	4,879	362	(956)	(1,109)	3,176	
Other assets	499	-	-	-	499	
Total	\$13,300	\$362	(\$3,797)	(\$1,109)	\$8,756	

PANJIT INTERNATIONAL INC.

12. Statement of Accumulated depreciation - Changes in Right-of-Use Assets

January 01 to December 31, 2023

Units: NT\$ thousands

Items	Beginning balance	Current change			Ending balance	Remark
		Increase	Decrease	Reclassification		
Land	\$1,244	\$746	\$-	\$-	\$1,990	
Buildings	2,959	1,420	(2,841)	-	1,538	
Transportation equipment	1,650	1,374	(956)	(665)	1,403	
Other assets	277	167	-	-	444	
Total	\$6,130	\$3,707	(\$3,797)	(\$665)	\$5,375	

PANJIT INTERNATIONAL INC.

13. Statement of Other non-current assets

December 31, 2023

Units: NT\$ thousands

Items	Summary	Amount	Remark
Prepayment for equipments		\$16,447	
Other non-current assets, others			
Procurement margin	Sinopower Semiconductor Inc.	\$149,000	
Procurement margin	Potens Semiconductor Corp.	120,000	
Procurement margin	inergy Technology Inc.	95,000	
Procurement margin	MOSEL VITELIC Inc.	40,620	
Refundable deposit	Others (Note)	13,015	
Other advances	(Notes)	55,585	
Total		\$473,220	

(Note): The individual balance contained does not exceed other non-current assets - 5% of other balances.

PANJIT INTERNATIONAL INC.
14. Statement of Short-term Borrowings
December 31, 2023

Units: NT\$ thousands

Type of loans	Explanation	Term	Interest rate range	Ending balance	Financing credit	Pledge or Collateral	Note
Credit loan	First Bank - Luzhu Branch	2023.12.15–2024.01.12	1.6500%	\$350,000		None	
Credit loan	Chang Hwa Bank Gangshan Branch	2023.12.15–2024.01.12	1.6200%	300,000		None	
Credit loan	Shin Kong Bank North Kaohsiung Branch	2023.12.22–2024.01.19	1.6500%	350,000		None	
Credit loan	Yuanta Bank Linya branch	2023.12.1–2024.01.26	1.6000%	100,000		None	
Credit loan	Yuanta Bank Linya branch	2023.11.27–2024.01.26	1.6000%	700,000		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2023.12.28–2024.03.27	5.0200%	95,144		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2023.12.15–2024.01.15	4.8700%	33,980		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2023.12.29–2024.01.26	6.2700%	92,115		None	
Export collection financing	Chinatrust Commercial Bank - Minzu Branch	2023.12.27–2024.01.26	6.2700%	92,115		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	2023.12.28–2024.02.29	6.4000%	61,410		None	
Export collection financing	Taipei Fubon Commercial Bank - Kaohsiung Branch	2023.12.28–2024.03.26	6.4000%	61,410		None	
Export collection financing	Taishin International Bank - Linya branch	2023.12.29–2024.01.29	6.4400%	98,262		None	
Total				\$2,334,436			

PANJIT INTERNATIONAL INC.

15. Contractual liabilities - current

December 31, 2023

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Scanti LLC	Sales payment	\$447	
Wincap	Sales payment	71	
Gold Reach	Sales payment	30	
Others	(Notes)	27	
Total		<u>\$575</u>	

(Note): The single item balance contained does not exceed the contract liability - 5% of the current account balance.

PANJIT INTERNATIONAL INC.

16. Statement of Trade Payable

December 31, 2023

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Lefram Technology Corporation	Purchase payment	\$90,749	
Jih Lin Technology Co., LTd.	Purchase payment	57,536	
Sinopower Semiconductor Inc.	Purchase payment	74,335	
E'DALE TECHNOLOGY CO., LTD.	Purchase payment	31,934	
Others	(Notes)	299,851	
Total		<u>\$554,405</u>	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance.

PANJIT INTERNATIONAL INC.

17. Statement of Trade Payable - Related Parties

December 31, 2023

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Pan Jit Electronics (Wuxi) Co., Ltd.	Purchase payment	\$416,637	
Pynmax Technology Co., Ltd.	Purchase payment	122,208	
Others	(Notes)	9,845	
Total		<u>\$548,690</u>	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance from related parties.

PANJIT INTERNATIONAL INC.

18. Statement of Other Payables

December 31, 2023

Units: NT\$ thousands

Item	Description	Amount	Remarks
Awards and salaries payable	The salary, year-end bonus and estimated cashed-out leaves in December	\$340,511	
Commissions payable	Including NT\$83,677 thousand of commissions payable to related parties - PanJit Europe	97,214	
Processing fee payable		70,367	
Equipment expense payable		73,861	
Other expenses payable	Utility expenses, import and export expenses, insurance expenses, labor expenses, pensions, Interest and rent, etc.	255,629	
Total		<u>\$837,582</u>	

PANJIT INTERNATIONAL INC.

19. Statement of Other current liabilities - others

December 31, 2023

Units: NT\$ thousands

Item	Description	Amount	Remarks
Deferred income	Deferred government	\$26,400	
Collection for others	Collection for labor and health insurance, food, etc.	11,040	
Temporary receipts	To be written-off	3,800	
Others		1,096	
Total		<u>\$42,336</u>	

PANJIT INTERNATIONAL INC.

20. Other non-current liabilities - Others

December 31, 2023

Units: NT\$ thousands

Item	Description	Amount	Remarks
Deferred gain from government grants	Government low-interest loan	<u>\$15,769</u>	

PANJIT INTERNATIONAL INC.

21. Lease liabilities

December 31, 2023

Units: NT\$ thousands

Items	Leasing term	Discount rate	Ending balance	Remarks
Land	2021.05.20–2024.05.19	1.3400%	\$253	
Buildings	2021.12.01–2024.11.30	1.3400%	1,311	
Transportation equipment	2021.08.31–2025.08.30	1.3400%	1,578	
Transportation equipment	2023.03.08-2025.03.07	1.3400%	212	
Other assets	2021.05.28-2024.05.27	1.3400%	71	
Total			3,425	
Lease liabilities due within one year			(2,759)	
Lease Liabilities - non-current			\$666	

PANJIT INTERNATIONAL INC.
22. Statement of Long-term Borrowings
December 31, 2023

Units: NTS thousands

Creditor	Summary	Amount	Term	Interest	Pledge or guarantee	Remark
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	\$200,000	2023.12.27-2024.03.27	1.8838%	None	<p>Repayment method: Due to the different ways of granting credit, there are two repayment methods. The details are as follows:</p> <p>1. Credit Line A: (a) The Borrower shall, at the time of each application for the use of The principal amount of each such loan is repaid on the maturity date and the maturity date of the loan shall not exceed the maturity date of the credit period of Line A. (b) Subject to the occurrence of any default under this Agreement, the Borrower may, in accordance with Article 7(1) of this Agreement, issue an application for the use of the proceeds of the credit Line A to directly repay the principal amount of each of the original loans due, provided that the maturity date shall not exceed the maturity date of the credit period of the credit facility. For the equivalent amount, the managing bank and each lending bank, as well as the borrower, are not required to remit funds to or from the bank, and the receipt of the amount by the borrower is evidenced by this agreement and the related use documents.</p> <p>2. Credit Line B: The issuer shall make provision for the full payment of the face amount of each commercial paper issued on the maturity date. The issuer shall also fully repay the debts under the Credit Line B, and release the guarantee obligations of the Credit Bank of Line B on the maturity date of the credit. Prior to the expiration of the credit period, the issuer may renew the commercial paper in accordance with Article 7(4) of this Agreement and use the proceeds to repay the original commercial paper issued.</p>
FAR EASTERN INTERNATIONAL BANK Kaohsiung Chungcheng Branch	Medium-term and long-term loans	500,000	2023.12.15-2024.01.15	1.8400%	None	
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2023.12.21-2024.01.19	1.8838%	None	
EnTie Bank Kaohsiung Branch	Medium-term and long-term loans	300,000	2023.12.21-2024.01.19	1.8330%	None	
EnTie Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2023.12.22-2024.01.19	1.8330%	None	
Land Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line B)	58,333	2021.12.2-2026.11.15	1.6000%	None	
Taishin International Bank Linya branch	Taiwanese businessmen returning to Taiwan (Line B)	16,771	2019.12.06-2026.12.05	1.4000%	None	
Taishin International Bank Linya branch	Taiwanese businessmen returning to Taiwan (Line B)	127,604	2021.03.30-2026.12.05	1.4000%	None	
Taishin International Bank Linya branch	Taiwanese businessmen returning to Taiwan (Line A)	291,667	2021.01.15-2026.12.05	1.4000%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line A)	423,958	2021.09.29-2027.01.15	1.6000%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line B)	6,938	2020.01.16-2027.01.15	1.4000%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line B)	110,229	2020.10.15-2027.01.15	1.4000%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line B)	191,167	2021.03.26-2027.01.15	1.4000%	None	
First Commercial Bank Luzhu Branch	Taiwanese businessmen returning to Taiwan (Line B)	77,083	2021.04.28-2027.01.15	1.4000%	None	
Chang Hwa Commercial Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line A)	600,000	2022.02.09-2027.01.15	1.4000%	None	
Chang Hwa Commercial Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line B)	87,104	2021.03.26-2027.01.15	1.4000%	None	
Chang Hwa Commercial Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line B)	64,750	2021.01.29-2027.01.15	1.4000%	None	
Chang Hwa Commercial Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line B)	45,479	2020.08.11-2027.01.15	1.4000%	None	
Chang Hwa Commercial Bank Gangshan Branch	Taiwanese businessmen returning to Taiwan (Line B)	33,917	2020.01.16-2027.01.15	1.4000%	None	
Land Bank Gangshan Branch	Syndicated Loans Line A	2,900,000	2023.12.27-2024.01.03	2.2040%	None	
Total		6,435,000				
(Less): Maturity within one year		(507,000)				
Unamortized syndication expense		(1,470)				
Deferred gain from government grants		(15,769)				
Net amount		\$5,910,761				

PANJIT INTERNATIONAL INC.

23. Statement of Operating Revenue

January 01 to December 31, 2023

Units: NT\$ thousands

Items	QTY (thousand units)	Amount	Remark
Diode rectifier	19,432	\$7,432,975	
Surge suppressor	301	425,558	
Others	2,546	145,389	Raw materials, etc.
Total		<u>8,003,922</u>	
(Less): Sales return or discount	(28)	(114,040)	
Net amount		<u><u>\$7,889,882</u></u>	

(Note): The balance of the individual items contained does not exceed 5% of the operating income balance.

PANJIT INTERNATIONAL INC.
24. Statement of Operating Costs
January 01 to December 31, 2023

Units: NT\$ thousands

Items	Amount
Direct raw material:	
Inbound for the current period	\$2,484,129
Plus: Beginning stock	1,089,569
Inventory (gain) loss	394
Amount of other transfers	414,166
(Less): Raw Materials at the end of the period	(1,248,881)
Raw materials sold	(158,058)
Transfer to other accounts	(152,306)
Consumed for the current period	2,429,013
Direct labor	416,521
Manufacturing expense	919,390
Manufacturing cost	3,764,924
Plus: Initial work in process	64,700
Amount of other transfers	30,156
(Less): Work in process at the ending of the period	(68,899)
Transfer to finished goods	(666,723)
Transfer to other accounts	(13,283)
Finished good cost	3,110,875
Plus: Initial finished goods	1,325,333
Acquired in the period	1,702,572
Work in process inbound	666,723
Amount of other transfers	6,655
(Less): Finished goods at the end of the period	(933,964)
Inventory (gain) loss	(880)
Transfer to other accounts	(8,801)
Cost of Goods Sold	5,868,513
Other operating cost	15,936
Raw materials sold	158,058
Loss on price decline in inventories	166,743
Others (revenue from scrap sales and inventory gain or loss)	(44,472)
Total Operating Cost	\$6,164,778

PANJIT INTERNATIONAL INC.

25. Statement of Operating Expenses

January 01 to December 31, 2023

Units: NT\$ thousands

Items	Summary	Selling expenses	Remark
Payrolls		\$146,197	
Expense for import and export		98,461	
Commission expenditure		124,077	
Miscellaneous expenses		56,641	
Others	The account of which the balance does not exceed 5% of the balance of this account	77,670	
Total		<u>\$503,046</u>	

Items	Summary	Administrative expenses	Remark
Payrolls		\$267,056	
Miscellaneous expenses		41,312	
Labor costs		42,882	
Others	The account of which the balance does not exceed 5% of the balance of this account	95,780	
Total		<u>\$447,030</u>	

Items	Summary	Research and development expenses	Remark
Payrolls		\$174,396	
Repair fees		31,781	
Depreciation and depletion		27,546	
Amortization		23,582	
Materials		90,429	
Miscellaneous expenses		31,439	
Others	The account of which the balance does not exceed 5% of the balance of this account	81,886	
Total		<u>\$461,059</u>	

PANJIT INTERNATIONAL INC.
26. Statement of Non-operating income and expenditures
January 01 to December 31, 2023

Units: NT\$ thousands

Item	Description	Amount	Note
Interest income	Interest on bank deposits	\$18,483	
Rental receipt		\$8,205	
Dividends receive		3,799	
Other revenues	Revenue of payment repossession and sample income, etc.	64,304	
Total other revenues		<u>\$76,308</u>	
Disposal of property, plant and equipment		\$364	
Net (losses) gains on foreign currency exchange		(15,467)	
Valuation gain or loss of Financial assets or liabilities at fair value through profit or loss	Stock and forward foreign exchange valuation gain or loss	4,291	
Miscellaneous expenses		(562)	
Other revenue and losses total		<u>(\$11,374)</u>	
Financial costs	Bank loans and lease liabilities	<u>(\$162,435)</u>	
Proportion of gain or loss from subsidiaries and associates recognized by equity method		\$667,824	
Total non-operating income and expenditures		<u>\$588,806</u>	