

Symtek Automation Asia Co., Ltd.

Parent Company Only Financial
Statements and Accountants'
Review Report
For Years 2023 and 2022

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INDEPENDENT AUDITORS' REVIEW REPORT

To Symtek Automation Asia Co., Ltd.:

Audit opinion

We have audited the financial statements of Symtek Automation Asia Co., Ltd., which comprise the Parent Company Only Consolidated Balance Sheets as of December 31, 2023 and 2022, the Parent Company Only Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, the Parent Company Only Statement of Change in Equity, the Parent Company Only Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

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

Basis for audit opinion

We conducted our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Symtek Automation Asia Co., Ltd. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the parent company only financial statements of Symtek Automation Asia Co., Ltd. for 2023. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the parent company only financial statements of Symtek Automation Asia Co., Ltd. for 2023:

Revenue Recognition

Symtek Automation Asia Co., Ltd. generates revenue mainly from the sale of equipment and machines, which are automation machines. The sales to major customers of automation equipment for semiconductor packaging and testing and wafers in 2023 were significant, accounting for 48% of the total revenue. The transaction is subject to the completion major customers. Therefore, we consider whether the sales of automation equipment for semiconductor packaging and testing and wafers have actually occurred as a key audit matter.

Hence, the auditor considered the policy on recognition of sales revenue and have evaluated and tested the effectiveness of the design and implementation of the internal control system related to each type of revenue in 2023; We also performed tests to verify the validity of each type of sales transaction, which included selecting proper samples of shipment orders, confirmation of installation of machines, and invoices, as well as checking the consistency between the sales targets and receivers of each type of sales transaction and the collection status of accounts receivable, and checking for any material sales return after the reporting date to verify that the transactions had actually occurred.

Responsibilities of management and directors for the parent company only financial statements

Management's responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of Symtek Automation Asia Co., Ltd. to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate Symtek Automation Asia Co., Ltd. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Symtek Automation Asia Co., Ltd.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Symtek Automation Asia Co., Ltd.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 of Symtek Automation Asia Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Symtek Automation Asia Co., Ltd. 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 relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the parent company only financial information of Symtek Automation Asia Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Symtek Automation Asia Co., Ltd.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of Symtek Automation Asia Co., Ltd. for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

CPA: Wen Yuan Zhuang

CPA: Qing Zhen Yang

FSC Approval Number:
Jin-Guan-Zheng-Shen-Zi No. 1090347472

SFB Approval Number:
Tai-Cai-Zheng-Liu-Zi No. 0920123784

February 27, 2024

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,205,080	17	\$ 515,429	8
1140	Contract assets - current (Note 22)	536,884	8	451,381	7
1150	Notes receivable, net (Note 8)	3,578	-	6,758	-
1170	Accounts receivable, net (Note 8 and 22)	547,430	8	544,428	8
1180	Accounts receivable - related parties, net (Note 22 and 30)	1,403	-	13,779	-
1200	Other receivables (Note 8)	11,155	-	30,301	1
1210	Other receivables - related parties (Note 30)	24,507	-	37,855	1
130X	Inventories (Note 9)	822,226	12	1,423,937	22
1479	Other current assets (Note 14)	17,352	-	28,141	-
11XX	Total current assets	<u>3,169,615</u>	<u>45</u>	<u>3,052,009</u>	<u>47</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 7)	169,090	3	120,443	2
1550	Investments accounted for using the equity method (Note 10)	1,544,802	22	1,572,182	24
1600	Property, plant and equipment (Note 11 and 31)	1,964,274	28	1,606,059	25
1755	Right-of-use assets (Note 12)	19,765	-	32,172	1
1821	Intangible assets (Note 13)	8,706	-	10,180	-
1840	Deferred income tax assets (Note 24)	92,341	2	66,395	1
1990	Other non-current assets (Note 14)	11,188	-	14,583	-
15XX	Total non-current assets	<u>3,810,166</u>	<u>55</u>	<u>3,422,014</u>	<u>53</u>
1XXX	Total current assets	<u>\$ 6,979,781</u>	<u>100</u>	<u>\$ 6,474,023</u>	<u>100</u>
C o d e	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term loans (Note 15)	\$ 200,000	3	\$ 160,000	3
2130	Contract liabilities - current (Note 22)	215,058	3	242,795	4
2170	Accounts payable (Note 17 and 30)	438,418	6	954,356	15
2200	Other payables (Note 18 and 30)	475,157	7	348,091	5
2230	Current income tax liabilities (Note 24)	74,547	1	124,885	2
2250	Provision for liabilities - current (Note 19)	55,000	1	57,000	1
2280	Lease liabilities - current (Note 12)	11,383	-	20,951	-
2322	Long-term loans due within one year (Note 15)	47,922	1	20,240	-
2399	Other current liabilities (Note 18)	2,580	-	3,254	-
21XX	Total current liabilities	<u>1,520,065</u>	<u>22</u>	<u>1,931,572</u>	<u>30</u>
	Non-current liabilities				
2500	Financial liabilities at fair value through profit or loss - non-current (Note 16)	930	-	-	-
2530	Bonds payable (Note 16)	285,898	4	-	-
2540	Long-term loans (Note 15)	966,279	14	725,971	11
2570	Deferred income tax liabilities (Note 24)	150,498	2	156,470	3
2580	Lease liabilities - non-current (Note 12)	8,506	-	11,342	-
2670	Other non-current liabilities (Note 18)	2,936	-	2,227	-
25XX	Total non-current liabilities	<u>1,415,047</u>	<u>20</u>	<u>896,010</u>	<u>14</u>
2XXX	Total liabilities	<u>2,935,112</u>	<u>42</u>	<u>2,827,582</u>	<u>44</u>
	Equity (Note 21)				
3110	Capital - common stock	752,817	11	714,317	11
3200	Capital surplus	1,854,049	26	1,506,096	23
	Retained earnings				
3310	Legal reserve	424,099	6	357,550	5
3320	Special reserve	21,404	-	34,942	1
3350	Unappropriated earnings	1,006,847	15	1,054,940	16
3300	Total retained earnings	<u>1,452,350</u>	<u>21</u>	<u>1,447,432</u>	<u>22</u>
3400	Other equity	(14,547)	-	(21,404)	-
3XXX	Total equity	<u>4,044,669</u>	<u>58</u>	<u>3,646,441</u>	<u>56</u>
	Total	<u>\$ 6,979,781</u>	<u>100</u>	<u>\$ 6,474,023</u>	<u>100</u>

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

Chairman: Koon Kam Kwan

General Manager: Nien Ching Wang

Head of Accounting: Ching Hsiang Chiu

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FROM JANUARY 1 TO DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Note 22 and 30)				
4100	Sales revenue	\$ 3,526,523	100	\$ 3,414,489	100
	Operating costs (Note 9, 23 and 30)				
5110	Cost of goods sold	(2,421,199)	(69)	(2,318,233)	(68)
5900	Gross profit	1,105,324	31	1,096,256	32
5910	Unrealized gain from sales	(604)	-	(3,088)	-
5920	Realized gain from sales	3,088	-	2,628	-
5950	Realized gross profit	1,107,808	31	1,095,796	32
	Operating expenses (Note 8, 22, 23 and 30)				
6100	Selling and marketing expenses	(98,545)	(3)	(85,008)	(3)
6200	General and administrative expenses	(235,894)	(7)	(217,347)	(6)
6300	Research and development expenses	(269,707)	(7)	(279,442)	(8)
6450	Reversal (loss) of expected credit loss	(10,050)	-	16,580	-
6000	Total operating expenses	(614,196)	(17)	(565,217)	(17)
6900	Profit from operations	493,612	14	530,579	15
	Non-operating income and expenses (Note 10, 23 and 30)				
7100	Interest income	4,949	-	1,378	-
7010	Other income	74,178	2	77,319	2
7020	Other gains and losses	31,465	1	17,344	1

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Code		2023	%	2022	%
		Amount		Amount	
7050	Financial costs	(\$ 28,442)	-	(\$ 13,197)	-
7070	Profit or loss of subsidiaries recognized under the equity method	<u>217,474</u>	<u>6</u>	<u>244,544</u>	<u>7</u>
7000	Total non-operating income and expenses	<u>299,624</u>	<u>9</u>	<u>327,388</u>	<u>10</u>
7900	Net income before tax	793,236	23	857,967	25
7950	Income tax expenses (Note 24)	(<u>145,433</u>)	(<u>4</u>)	(<u>190,973</u>)	(<u>5</u>)
8200	Net profit for the year	<u>647,803</u>	<u>19</u>	<u>666,994</u>	<u>20</u>
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income (Note 29)	28,647	1	(1,576)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(27,238)	(1)	17,017	-
8399	Income taxes related to items that may be reclassified (Note 24)	<u>5,448</u>	<u>-</u>	(<u>3,403</u>)	<u>-</u>

8300	Other comprehensive income (loss) for the year, net of income tax	<u>6,857</u>	<u>-</u>	<u>12,038</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 654,660</u>	<u>19</u>	<u>\$ 679,032</u>	<u>20</u>
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 8.89</u>		<u>\$ 9.41</u>	
9810	Diluted	<u>\$ 8.57</u>		<u>\$ 9.28</u>	

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

Chairman: Koon Kam Kwan
General Manager: Nien Ching Wang
Head of Accounting: Ching Hsiang Chiu

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FROM JANUARY 1 TO DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		Shares			Retained earnings					Other equity		Total	Total equity
		Capital - common stock	Certificate of conversion to acquire new stocks	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income		
A1	Balance at January 1, 2022	\$ 692,572	\$ 8,447	\$ 701,019	\$ 1,428,094	\$ 292,385	\$ 34,708	\$ 905,017	\$ 1,232,110	(\$ 30,840)	(\$ 4,102)	(\$ 34,942)	\$ 3,326,281
	Appropriation of earnings												
B1	Legal reserve	-	-	-	-	65,165	-	(65,165)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	234	(234)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(450,172)	(450,172)	-	-	-	(450,172)
D1	Net profit for 2022	-	-	-	-	-	-	666,994	666,994	-	-	-	666,994
D3	Other comprehensive income (loss) for 2022, net of income tax	-	-	-	-	-	-	-	-	13,614	(1,576)	12,038	12,038
D5	Total comprehensive income for 2022	-	-	-	-	-	-	666,994	666,994	13,614	(1,576)	12,038	679,032
I1	Conversion of convertible bonds	21,745	(8,447)	13,298	74,810	-	-	-	-	-	-	-	88,108
Q1	Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(1,500)	(1,500)	-	1,500	1,500	-
M7	Recognition of changes in ownership equity of subsidiary	-	-	-	3,192	-	-	-	-	-	-	-	3,192
Z1	Balance at December 31, 2022	714,317	-	714,317	1,506,096	357,550	34,942	1,054,940	1,447,432	(17,226)	(4,178)	(21,404)	3,646,441
	Appropriation of earnings												
B1	Legal reserve	-	-	-	-	66,549	-	(66,549)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	(13,538)	13,538	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	-	(642,885)	(642,885)	-	-	-	(642,885)
D1	Net profit for 2023	-	-	-	-	-	-	647,803	647,803	-	-	-	647,803
D3	Other comprehensive income (loss) for 2023, net of income tax	-	-	-	-	-	-	-	-	(21,790)	28,647	6,857	6,857
D5	Total comprehensive income for 2023	-	-	-	-	-	-	647,803	647,803	(21,790)	28,647	6,857	654,660
C5	Issuance of convertible bonds recognized as components of equity - arising from stock options	-	-	-	15,756	-	-	-	-	-	-	-	15,756
E1	Employee stock options cost	-	-	-	12,647	-	-	-	-	-	-	-	12,647
E1	Capital increase by cash	38,500	-	38,500	319,550	-	-	-	-	-	-	-	358,050
Z1	Balance at December 31, 2023	\$ 752,817	\$ -	\$ 752,817	\$ 1,854,049	\$ 424,099	\$ 21,404	\$ 1,006,847	\$ 1,452,350	(\$ 39,016)	\$ 24,469	(\$ 14,547)	\$ 4,044,669

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

Chairman: Koon Kam Kwan

General Manager: Nien Ching Wang

Head of Accounting: Ching Hsiang Chiu

SYMTEK AUTOMATION ASIA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FROM JANUARY 1 TO DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash flow from operating activities		
A10000	Income before income tax	\$ 793,236	\$ 857,967
A20010	Adjustments for:		
A20100	Depreciation expenses	32,965	29,814
A20200	Amortization expenses	21,345	19,564
A20300	Expected credit impairment loss (reversal gain)	10,050	(16,580)
A20400	Net gain on financial assets and liabilities at fair value through profit or loss	(140)	-
A20900	Financial costs	28,442	13,197
A21200	Interest income	(4,949)	(1,378)
A21300	Dividend income	(6,086)	(3,590)
A21900	Share-based payment cost	12,647	-
A22400	Gains on subsidiaries using the equity method	(217,474)	(244,544)
A22500	Gains on disposal of property plant and equipment	(38,043)	-
A23100	Net gain/loss on disposal of financial assets	-	(1,777)
A23700	Loss on inventory devaluation	106,000	81,000
A23900	Unrealized gain with subsidiaries	604	3,088
A24000	Realized gain with subsidiaries	(3,088)	(2,628)
A24100	Unrealized loss on foreign currency exchange	963	54
A29900	Other items	663	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(88,439)	(153,718)
A31130	Notes receivable	3,180	1,430
A31150	Accounts receivable	(10,982)	21,185
A31160	Accounts receivable - related parties	12,135	3,420
A31180	Other receivables	19,146	17,076
A31190	Other receivables - related parties	13,348	(6,084)
A31200	Inventories	495,711	(690,627)
A31240	Other current assets	(4,776)	(32,496)
A32125	Contract liabilities	(27,737)	27,888
A32150	Accounts payable	(515,814)	69,591
A32180	Other payables	22,810	50,971
A32200	Provision for liabilities - current	(2,000)	21,000
A32230	Other current liabilities	(674)	1,175
A33000	Cash generated from operations	653,043	64,998
A33100	Interest received	4,949	1,378

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Code		2023	2022
A33300	Interest paid	(\$ 24,537)	(\$ 11,561)
A33500	Income tax paid	(222,241)	(116,513)
AAAA	Net cash generated from (used in) operating activities	<u>411,214</u>	(<u>61,698</u>)
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(20,000)	-
B00020	Sale of financial assets at fair value through other comprehensive income	-	15,000
B00050	Disposal of financial assets at amortized cost	-	19,740
B00100	Acquisition of financial assets at fair value through profit or loss	-	(8,487)
B00200	Sale of financial assets at fair value through profit or loss	-	10,264
B02700	Acquisition of property, plant and equipment	(324,079)	(788,979)
B02800	Disposal of property, plant and equipment	95,841	-
B03800	Decrease (increase) in guarantee deposits	2,633	(3,751)
B04500	Payments for intangible assets	(3,544)	(6,464)
B06700	Increase in other non-current assets	-	(1,143)
B07600	Dividends received	<u>226,186</u>	<u>3,590</u>
BBBB	Net cash used in investing activities	(<u>22,963</u>)	(<u>760,230</u>)
	Net cash flow from financing activities		
C00100	Increase in short-term loans	650,000	500,000
C00200	Decrease in short-term loans	(610,000)	(440,000)
C01200	Convertible bonds issued	298,770	-
C01600	Proceeds from long-term loans	458,230	670,000
C01700	Repayment of long-term loans	(190,240)	(20,240)
C04020	Repayment of the principal portion of lease liabilities	(20,525)	(15,206)
C04300	Decrease in other non-current liabilities	-	(228)
C04500	Dividends paid	(642,885)	(450,172)
C04600	Capital increase by cash	<u>358,050</u>	<u>-</u>
CCCC	Net cash generated from financing activities	<u>301,400</u>	<u>244,154</u>
EEEE	Net increase (decrease) in cash and cash equivalents	689,651	(577,774)
E00100	Cash and cash equivalents at the beginning of the year	<u>515,429</u>	<u>1,093,203</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,205,080</u>	<u>\$ 515,429</u>

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

Chairman: Koon Kam Kwan

General Manager: Nien Ching Wang

Head of Accounting: Ching Hsiang Chiu

SYMTEK AUTOMATION ASIA CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FROM JANUARY 1 TO DECEMBER 31, 2023 AND 2022
(In thousands of New Taiwan dollars, unless stated otherwise)

1. GENERAL INFORMATION

Symtek Automation Asia Co., Ltd. (hereinafter referred to as "the Company") was established in October 1999 in Taoyuan City, Taiwan, and is mainly engaged in the manufacture and sale of automation equipment and related products.

The Company's stock has been officially OTC-listed on the Taipei Exchange (TPEX) since April 2017 and was discontinued on January 19, 2021, and was exchange-listed on the Taiwan Stock Exchange (TWSE) on the same day.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on February 23, 2024.

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

- i. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company.

- ii. The IFRS Accounting Standards endorsed by the FSC with effective date starting 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 - "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 - "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note1: Unless otherwise stated, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note2: The seller and lessee should retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

Note3: The first application of this amendment exempts some requirement of the disclosure.

As of the date of issuance of this parent company only financial report, the Company has evaluated the revised criteria and interpretations and concluded that they will not have a significant impact on its financial condition and financial performance.

- iii. New IFRSs Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC Accounting.

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 -- Comparative Information"	January 1, 2023
Amendments to IAS 21 - "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: These amendments apply to reporting periods beginning on or after January 1, 2025. When the amendment is first applied, the effect is recognized in retained earnings at the date of initial application. When the Company uses a non-functional currency as the presentation currency, the impact amount will be adjusted for the exchange differences from foreign operations under equity as of the date of initial application.

As of the date of adoption of this parent company only financial statements, the Company is still evaluating the impact of the amendments to other standards and interpretations on the financial position and financial performance, which will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

ii. Basis of Preparation

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value and net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

In preparing the parent company only financial statements, the Company applies the equity method to its investments in subsidiaries, associates or joint ventures. In order to make the profit or loss for the year, other comprehensive income and equity in the parent company only financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in

the consolidated financial statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for under the equity method", "share of profit or loss of subsidiaries, associates and joint ventures accounted for under the equity method", "share of other comprehensive income or loss of subsidiaries, associates and joint ventures accounted for under the equity method" and related equity items.

iii. Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months after the reporting period; and
3. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset after the reporting period).

Current liabilities include:

1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the reporting period (current liabilities are classified as current even if a long-term refinancing or rescheduling agreement is completed after the reporting period and before the adoption of the financial statements); and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. However, the terms of the liabilities may be settled by issuing equity instruments at the option of the counter-parties, which does not affect the classification.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

iv. Foreign Currencies

When preparing financial statements, the Company translates transactions in currencies other than the functional currency of the Company (foreign currencies) into the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at the end of each reporting period. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the

resulting exchange differences are recognized in profit or loss in the current period. However, if the change in fair value is recognized in other comprehensive income, the resulting exchange differences are recorded as other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

For the purpose of preparing parent company only financial statements, assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rate for the period and the resulting exchange differences are included in other comprehensive income.

v. Inventories

Inventories include raw materials, work in process and finished goods. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances, less estimated costs to complete and estimated costs to sell. The cost of inventories is calculated using the weighted-average method.

vi. Investment in subsidiaries

The Company adopts the equity method for the investments in subsidiary.

Subsidiaries are entities (including structured entities) over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the carrying amount of the acquired subsidiaries increases or decreases in accordance with the Company's share of profits and losses of subsidiaries and its share of other comprehensive income and profit distribution. Besides, changes in the Company's other equity interests in subsidiaries are recognized in proportion to the Company's shareholding ratio in the subsidiaries.

When the change in the ownership interest of the Company to a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially recognized as components of the Company's net investment in the subsidiary), the Company continues to recognize losses based on the proportion of the shareholding ratio.

The excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business as of the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and cannot be amortized. The excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business over the cost of acquisition at the date of acquisition is recognized as current income.

In assessing impairment, the Company considers the cash-generating unit as a whole and compares its recoverable amount to its carrying amount in the financial statements. Subsequently, if the recoverable amount of an asset increases, the reversal of the impairment loss is recognized as a gain. However, the carrying amount of an asset after the reversal of an impairment loss should not exceed the carrying amount less the amount of amortization, when no impairment loss has been recognized for the asset. Impairment losses attributable to goodwill are not reversed in subsequent periods.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. The difference between the fair value of the retained investment and any consideration received from disposal and the carrying amount of the investment at the date when control is lost is recognized in profit or loss for the current period. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

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

vii. Property, Plant and Equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Cost includes fees for professional services and borrowing costs eligible for capitalization. Samples of these assets are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before they reach their intended use, and the sales price and cost are recognized in profit or loss. These assets are classified into the appropriate categories of property, plant and equipment and depreciation commences when they are completed and in their intended state of use.

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

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

viii. Intangible Assets

1. Separately acquired

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and Company changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

ix. Property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset, cash generating unit or contract asset increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset, cash generating unit or contract asset where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

x. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

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

A. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are measured at fair value, with remeasurement gains or losses recognized in other gains and losses. For the determination of fair value, please refer to Note 29.

B. Financial assets at amortized cost

The Company's investments in financial assets are classified as financial assets at amortized cost if both of the following conditions are met:

- a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost and time deposits with original maturity of more than 3 months) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

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

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

A credit-impaired financial asset is one for which the issuer or the debtor has experienced significant financial difficulties, defaulted, it is probable that the debtor will declare bankruptcy or other financial reorganization, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into known amounts of cash and subject to a low risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

- C. Investments in debt instruments measured at fair value through other comprehensive income

The Company's investments in debt instruments are classified as financial assets at fair value through other comprehensive income if both of the following conditions are met:

- a. they are held under an operating model whose objective is achieved through the receipt of contractual cash flows and the sale of financial assets; and

- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments measured at fair value through other comprehensive income are measured at fair value. Changes in the carrying amounts of interest income, foreign currency exchange gains or losses, and impairment losses or reversal gains that are accounted for by the effective interest method are recognized in profit or loss, while the remaining changes are recognized in other comprehensive income and reclassified to profit or loss when the investments are disposed of.

D. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. On disposal of investments, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the right to receive payments from the Company is established, unless it is clear that the dividend represents a partial recovery of the cost of the investment.

(2) Impairment of financial assets and contract assets

Company assesses impairment losses on financial assets at fair value through profit or loss, financial assets measured at amortized cost (including accounts receivable), investments in equity instruments at fair value through other comprehensive income, operating lease receivables and contract assets at the end of each reporting period based on expected credit losses.

Accounts receivable, operating lease payments receivable and contract assets are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses represent the weighted-average credit losses based on the risk of default. 12-month expected credit losses represent the expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. The 12-month expected credit losses represent the expected credit losses arising from all possible defaults of the financial instruments during the 12-month period after the reporting date.

For internal credit risk management purposes, the Company determines that a financial asset is in default if there is internal or external information indicating that it is no longer probable that the debtor will settle the obligation without considering the collateral held.

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

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

On derecognition of a financial asset at amortized cost in its entirety, the differences between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at fair value through other comprehensive income, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive

income is recognized in profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of the acquisition price less direct issuance costs.

The Company's own equity instruments are recognized and derecognized under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments are not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

The financial liabilities are measured at amortized cost using the effective interest method, except for the followings:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss including those held for trading.

Financial liabilities held for trading are measured at fair value, with gains or losses recognized in other gains and losses.

(2) Derecognition of financial liability

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Convertible bonds

The components of compound financial instruments (convertible bonds) issued by the Company are classified as financial liabilities and equity, respectively, on initial recognition, based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the date of

conversion or maturity. Liability components that are embedded in non-equity derivatives are measured at fair value.

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

Transaction costs related to the issuance of convertible bonds are allocated to the liability (included in the carrying amount of the liability) and equity components (included in equity) of the instrument in proportion to the total apportioned price.

x i. Provision for Liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the reporting period, taking into account the risk and uncertainty of the obligation. Provision for liabilities is measured at the discounted value of the estimated cash flows from the settlement of the obligation.

Warranty

The warranty obligation to conform to the specifications of the agreement is based on management's best estimate of the expenses required to settle the Company's obligations and is recognized as revenue from the related merchandise.

x ii. Revenue Recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

For contracts with a time lag between the transfer of goods or services and the receipt of consideration of less than one year, no adjustment is made to the transaction price for significant financial components.

Merchandise sales revenue

Merchandise sales revenue is derived from the sale of equipment and machinery. Depending on the nature of the product, sales revenue and accounts receivable/contract assets are recognized when the customer has satisfied the obligation to control the product upon delivery or installation of the machine, respectively, and are transferred

to accounts receivable when the remaining obligation is satisfied. Prepayments are recognized as contract liabilities until the delivery or installation of the machine is confirmed.

Upon processing with materials supplied, control of the processed products is not transferred, therefore, no revenue is recognized upon materials supplied.

xiii. Leases

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company as lessor

If the lease clauses transfer nearly all risks and compensation associated with the assets to the lessee, the lease shall be classified as finance lease. All other leases shall be classified as operating lease.

Under finance leases, lease payments including fixed benefits and real fixed benefits, less lease incentives paid. Net lease investments are measured as the sum of the present value of lease payments receivable and unguaranteed residual value plus original direct costs and expressed as finance lease receivables. Finance income is apportioned to each accounting period to reflect the fixed rate of return that the Company's outstanding net lease investments can earn in each period.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments

for remeasurement of the lease liability. Right-of-use assets are presented separately on Statement of Financial Position.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease obligations are measured initially at the present value of the lease payments (including fixed benefits and real fixed benefits, less lease incentives received). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the balance sheet.

xiv. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an eligible asset are included as part of the cost of the asset until substantially all activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on temporary investments of specific borrowings made to fund qualifying capital expenditure is deducted from the borrowing costs that are eligible for capitalization.

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

xv. Employee benefits

1. Short-term employee benefits

The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Defined benefit pension plans are recognized as expenses over the period of service of the employees.

3. Other long-term employee benefits

The accounting treatment of other long-term employee benefits is the same as that of defined benefit pension plans, except that the related remeasurements are recognized in profit or loss.

xvi. Income tax

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

1. Current income tax

The Company determines the current income (loss) in accordance with the regulations of each jurisdiction in which it files income tax returns and calculates the income tax payable (recoverable) accordingly.

The income tax on undistributed earnings under the Income Tax Act of the ROC is recognized in the year of the resolution of the shareholders' meeting.

The adjustment of income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred income tax liabilities are generally recognized for all temporary differences in taxable income, while deferred income tax assets are recognized when there is a high likelihood that the taxable income will be used as a tax deduction for deductible temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced for those where it is no longer probable that there

will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred income tax assets not previously recognized as such are also reviewed at the end of each reporting period and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred income tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized at the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities at the reporting period.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When evaluating critical accounting estimates, the Company takes into account the possible effects of inflation and fluctuations in market interest along with related factors like cash flow projections, growth rates, discount rates, and profitability. The management will review the estimates and underlying assumptions on an ongoing basis.

Key sources of estimation and assumption uncertainty

i. Estimated impairment of financial assets and contract assets

Estimated impairment of accounts receivable, investments in debt instruments and contract assets are based on the Company's assumptions about default rates and expected loss rates. The Company considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for the impairment assessment. Please refer to Note 8 for the significant

assumptions and inputs used. If actual future cash flows are less than expected, a significant impairment loss could result.

ii. Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to complete the sale, and is based on current market conditions and historical sales experience for similar products; changes in market conditions may materially affect the results of these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 268	\$ 147
Checking accounts and demand deposits	<u>1,204,812</u>	<u>515,282</u>
	<u>\$ 1,205,080</u>	<u>\$ 515,429</u>

The interest rate range for bank deposits at the reporting period was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposit	0.001%~0.58%	0.001%~0.46%

7. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investment		
Listed shares		
SynPower Co., Ltd.	\$129,390	\$110,813
Unlisted shares		
New Smart Technology Co., Ltd.	8,870	8,630
Ever Radiant Inc.	-	-
Great Talent Tech Co., Ltd.	1,000	1,000
TSS Holdings Limited	<u>29,830</u>	<u>-</u>
	<u>\$169,090</u>	<u>\$120,443</u>

The Company invests under a medium- to long-term strategy and expects to earn profits from its long-term investments. The management of the Company believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore has elected to designate these investments as measured at fair value through other comprehensive income.

The management of the Company considered that the fair value of the stock investment in Ever Radiant Inc. could not be measured reliably. The stock investment was valued as a receivable and an impairment loss of \$8,953 thousand was recognized as of December 31, 2019, the acquisition date, because of the decline in the assessed value of the stock investment.

In July 2022, the Company adjusted its investment portfolio to diversify risks and sold a portion of its shares in New Smart Technology Co., Ltd. for a fair value of \$15,000 thousand. The unrealized fair value loss of \$1,500 thousand on other equity - financial assets at fair value through other comprehensive income was then transferred to retained earnings.

On June 15, 2023, the Company invested in TSS Holdings Limited for \$20,000 thousand, which is designated as an investment at fair value through other comprehensive income and loss because it is a medium- to long-term strategic investment in view of the Company's international strategy.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable - Arising from operating activities</u>		
At amortized cost		
Total carrying amount	\$ 3,578	\$ 6,758
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 3,578</u>	<u>\$ 6,758</u>
<u>Accounts receivable</u>		
At amortized cost		
Total carrying amount	\$532,425	\$431,813
Less: Loss allowance	(<u>24,160</u>)	(<u>16,970</u>)
	508,265	414,843
At fair value through other comprehensive income	<u>39,165</u>	<u>129,585</u>
	<u>\$547,430</u>	<u>\$544,428</u>
<u>Other receivables</u>		
Transfer of accounts receivable factoring	\$ 10,009	\$ 30,301
Others	<u>1,146</u>	<u>-</u>
	<u>\$ 11,155</u>	<u>\$ 30,301</u>

Accounts receivable

i. Receivables measured at amortized cost

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the reporting period to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The Company recognizes allowance for loss on accounts receivable on the basis of lifetime expected credit losses, which are calculated using a reserve matrix that takes into account the customer's past default history, current financial condition, industry economic conditions, and GDP forecast and industry outlook. which are calculated using provision matrix that takes into account the customer's past default history, current financial condition, industry economic conditions, and GDP forecast and industry outlook. Because the Company's credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days that the accounts receivable is past due to determine the expected credit losses rate.

The Company writes off a receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

ii. Accounts receivable at fair value through other comprehensive income

For certain accounts receivable from customers, the Company decides to sell them to banks on a non-recourse basis or not, depending on the working capital situation. The Company manages these accounts receivables by collecting contractual cash flows and selling financial assets for this purpose. Therefore, such accounts receivable is measured at fair value through other comprehensive income.

The following table details the loss allowance of note and trade receivables based on the Company's allowance matrix:

December 31, 2023

		No signs of default by counterparties					
	Not Past Due	Past due for 1-90 Days	Past due for 91-180 Days	Past due for 181-270 Days	Past due for 271-365 Days	Past due for over 366 Days	Total
Expected credit loss	0.05%	4.25%	1.54%	12.05%	43.50%	100.00%	
Total carrying amount	\$ 317,176	\$ 62,620	\$ 154,372	\$ 18,508	\$ 10,174	\$ 12,318	\$ 575,168
Allowance for loss (lifetime ECLs)	(150)	(2,664)	(2,371)	(2,231)	(4,426)	(12,318)	(24,160)
Amortized cost	<u>\$ 317,026</u>	<u>\$ 59,956</u>	<u>\$ 152,001</u>	<u>\$ 16,277</u>	<u>\$ 5,748</u>	<u>\$ -</u>	<u>\$ 551,008</u>

December 31, 2022

		No signs of default by counterparties					
	Not Past Due	Past due for 1-90 Days	Past due for 91-180 Days	Past due for 181-270 Days	Past due for 271-365 Days	Past due for over 366 Days	Total
Expected credit loss	0.25%	0.61%	1.36%	2.52%	27.62%	100.00%	
Total carrying amount	\$ 416,730	\$ 95,039	\$ 21,831	\$ 17,205	\$ 3,791	\$ 13,560	\$ 568,156
Allowance for loss (lifetime ECLs)	(1,055)	(579)	(296)	(433)	(1,047)	(13,560)	(16,970)
Amortized cost	<u>\$ 415,675</u>	<u>\$ 94,460</u>	<u>\$ 21,535</u>	<u>\$ 16,772</u>	<u>\$ 2,744</u>	<u>\$ -</u>	<u>\$ 551,186</u>

Information on the changes in the allowance for losses on notes and accounts receivable is as follows:

	2023	2022
Opening balance	\$ 16,970	\$ 30,520
Add: Impairment loss for the year	7,190	-
Less: Reversal of impairment loss for the year	-	(13,550)
Closing balance	<u>\$ 24,160</u>	<u>\$ 16,970</u>

The Company entered into a non-recourse sale contract with the bank for the accounts receivable arising from the sale of a portion of the receivable on credit. For information on the Company's sale of accounts receivable, please refer to Note 29 (v), "Transfer of financial assets".

9. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	\$ 18,031	\$ 232
Work-in-process	734,923	1,292,788
Raw materials	<u>69,272</u>	<u>130,917</u>
	<u>\$ 822,226</u>	<u>\$ 1,423,937</u>

The cost of goods sold in 2023 and 2022 included loss on inventory devaluation of \$106,000 thousand and \$81,000 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in subsidiaries

	December 31, 2023	December 31, 2022
Unlisted		
Symtek Automation Ltd.	<u>\$ 1,544,802</u>	<u>\$ 1,572,182</u>

Subsidiary	Percentage of ownership and voting rights	
	December 31, 2023	December 31, 2022
Symtek Automation Ltd.	100%	100%

Please refer to Note 35 for the details of the Company's indirectly held investment in subsidiaries.

11. PROPERTY, PLANT AND EQUIPMENT

Self-use

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Construction in progress	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 372,524	\$ 290,699	\$ 48,474	\$ 661	\$ 18,940	\$ 219	\$ 731,517
Addition	782,024	713	-	-	-	13,409	796,146
Transfer of advance payment for real estate	190,735	-	-	-	-	-	190,735
Transfer of construction in progress	-	-	796	590	3,659	(5,045)	-
Balance at December 31, 2022	<u>\$ 1,345,283</u>	<u>\$ 291,412</u>	<u>\$ 49,270</u>	<u>\$ 1,251</u>	<u>\$ 22,599</u>	<u>\$ 8,583</u>	<u>\$ 1,718,398</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 43,945	\$ 41,483	\$ 420	\$ 11,974	\$ -	\$ 97,822
Depreciation expenses	-	6,812	3,652	256	3,797	-	14,517
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 50,757</u>	<u>\$ 45,135</u>	<u>\$ 676</u>	<u>\$ 15,771</u>	<u>\$ -</u>	<u>\$ 112,339</u>
Carrying amount at December 31, 2022	<u>\$ 1,345,283</u>	<u>\$ 240,655</u>	<u>\$ 4,135</u>	<u>\$ 575</u>	<u>\$ 6,828</u>	<u>\$ 8,583</u>	<u>\$ 1,606,059</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 1,345,283	\$ 291,412	\$ 49,270	\$ 1,251	\$ 22,599	\$ 8,583	\$ 1,718,398
Addition	-	-	1,623	-	30	426,751	428,404
Transfer of construction in progress	-	952	904	-	3,757	(5,613)	-
Disposal	(57,798)	-	(1,124)	-	-	-	(58,922)
Balance at December 31, 2023	<u>\$ 1,287,485</u>	<u>\$ 292,364</u>	<u>\$ 50,673</u>	<u>\$ 1,251</u>	<u>\$ 26,386</u>	<u>\$ 429,721</u>	<u>\$ 2,087,880</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 50,757	\$ 45,135	\$ 676	\$ 15,771	\$ -	\$ 112,339
Depreciation expenses	-	6,887	1,905	182	3,417	-	12,391
Disposal	-	-	(1,124)	-	-	-	(1,124)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 57,644</u>	<u>\$ 45,916</u>	<u>\$ 858</u>	<u>\$ 19,188</u>	<u>\$ -</u>	<u>\$ 123,606</u>
Carrying amount at December 31, 2023	<u>\$ 1,287,485</u>	<u>\$ 234,720</u>	<u>\$ 4,757</u>	<u>\$ 393</u>	<u>\$ 7,198</u>	<u>\$ 429,721</u>	<u>\$ 1,964,274</u>

No impairment loss was recognized or reversed in 2023 and 2022.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Main factory building	20-50 Years
Electrical and mechanical power equipment	10-30 Years
Machinery and equipment	3-10 Years
Transportation equipment	4 years
Office equipment	4-10 Years

Please refer to Note 31 for the amounts of property, plant and equipment set by the Company as collateral for loans.

12. LEASE ARRANGEMENTS

i. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Land	\$ 4,792	\$ 6,484
Buildings	9,176	22,926
Transportation equipment	<u>5,797</u>	<u>2,762</u>
	<u>\$ 19,765</u>	<u>\$ 32,172</u>
	2023	2022
Additions to the right-of-use assets	<u>\$ 15,132</u>	<u>\$ 41,184</u>
Depreciation expenses for right-of-use assets		
Land	\$ 1,692	\$ 1,692
Buildings	15,345	10,082
Transportation equipment	<u>3,537</u>	<u>3,523</u>
	<u>\$ 20,574</u>	<u>\$ 15,297</u>

The Company terminated the original lease agreement, derecognized the related right-of-use assets, net of \$6,965 thousand, and lease liabilities-current of \$7,011 thousand, and recognized a lease modification benefit of \$46 thousand.

ii. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount		
Current	<u>\$ 11,383</u>	<u>\$ 20,951</u>
Non-current	<u>\$ 8,506</u>	<u>\$ 11,342</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	0.87%	0.87%
Buildings	0.87%~1.99%	0.87%~1.52%
Transportation equipment	0.90%~1.94%	0.87%~0.90%

iii. Important leasing activities and terms

The Company leases certain transportation equipment for official business use for a period of 2 to 3 years. These lease agreements do not contain any renewal or purchase rights.

The Company also leases certain land and buildings for use as factories and offices for a term of 1 to 5 years. At the end of the lease term, the Company has no preferential

purchase rights to the leased land and buildings and has agreed not to sublease or assign all or part of the subject of the lease without the consent of the lessor.

iv. Other lease information

	<u>2023</u>	<u>2022</u>
Expense relating to short-term leases	<u>\$ 25,150</u>	<u>\$ 21,144</u>
Lease expense for low-value assets	<u>\$ -</u>	<u>\$ -</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ -</u>	<u>\$ -</u>
Total cash outflow for leases	<u>(\$ 46,011)</u>	<u>(\$ 36,619)</u>

The Company has elected to apply the exemption from recognition to transportation equipment and office leases that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

13. Intangible Assets

	<u>Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 11,102
Separately acquired	6,464
Disposal	(<u>2,423</u>)
Balance at December 31, 2022	<u>\$ 15,143</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	(\$ 3,383)
Amortization expenses	(4,003)
Disposal	<u>2,423</u>
Balance at December 31, 2022	<u>(\$ 4,963)</u>
Carrying amount at December 31, 2022	<u>\$ 10,180</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 15,143
Separately acquired	3,544
Disposal	(<u>1,800</u>)
Balance at December 31, 2023	<u>\$ 16,887</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	(\$ 4,963)
Amortization expenses	(5,018)
Disposal	<u>1,800</u>
Balance at December 31, 2023	<u>(\$ 8,181)</u>
Carrying amount at December 31, 2023	<u>\$ 8,706</u>

Computer software is amortized on a straight-line basis over two to three years.

An analysis of amortization by function is as follows:

	<u>2023</u>	<u>2022</u>
General and administrative expenses	\$ 4,994	\$ 4,003
Research and development expenses	<u>24</u>	<u>-</u>
	<u>\$ 5,018</u>	<u>\$ 4,003</u>

14. OTHER ASSETS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepayments	<u>\$ 17,352</u>	<u>\$ 28,141</u>
<u>Non-current</u>		
Refundable deposits	\$ 7,816	\$ 10,449
Prepayments	-	762
Others	<u>3,372</u>	<u>3,372</u>
	<u>\$ 11,188</u>	<u>\$ 14,583</u>

15. LOANS

i. Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured loans</u>		
Line of credit loans	<u>\$ 200,000</u>	<u>\$ 160,000</u>

The interest rates on bank loans are 1.99% and 1.91% as of December 31, 2023 and 2022, respectively.

ii. Long-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Guaranteed loans</u>		
Bank loans (1)	\$ 1,778	\$ 4,444
Bank loans (2)	17,207	18,342
Bank loans (4)	500,000	617,000
Bank loans (5)	<u>-</u>	<u>53,000</u>
	518,985	692,786
<u>Unsecured loans</u>		
Bank loans (3)	36,986	53,425
Bank loans (6)	200,000	-
Bank loans (7)	223,000	-
Bank loans (8)	35,230	-
Less: Amount due within 1 year	(<u>47,922</u>)	(<u>20,240</u>)
	<u>\$ 966,279</u>	<u>\$ 725,971</u>

- The bank loan is secured by the Company's own land and buildings (see Note 31) and is due on August 2024. The principal and interest are repaid monthly, and the effective annual interest rate is 1.96% and 1.83% as of December 31, 2023 and 2022, respectively.

2. The bank loan is secured by the Company's own land and buildings (see Note 31) and is due on February 2039. The principal and interest are repaid monthly, and the effective annual interest rate is 2.04% and 1.79% as of December 31, 2023 and 2022, respectively.
3. The bank loan is due on March 2026, and the first installment was repaid starting from March 2020. The principal is repaid in 73 monthly installments over 6 years, with interest paid monthly. The effective annual interest rate is 1.586% and 1.454% as of December 31, 2023 and 2022, respectively.
4. The bank loan was secured by the Company's own land (see Note 31). The due was originally set in July 2024, but was extended to July 2030, and the loan was repaid in advance by \$18,500 thousand and \$98,500 thousand in September and December 2023, respectively, with the remaining loan will be repaid by the first installment starting from August 2026, and the principal will be repaid in 48 monthly installments over 4 years, with interest paid monthly. The effective annual interest rate is 1.94% and 1.69% as of December 31, 2023 and 2022, respectively.
5. The bank loan is secured by the Company's own land (see Note 31). The due was originally set in July 2024, but was extended to July 2030, with interest paid monthly. The principal was repaid in advance in September 2023. The effective annual interest rate is 1.74% as of December 31, 2022.
6. The bank loan is due on June 2028, and the first installment will be repaid starting from June 2024. The principal is repaid in 49 monthly installments over 4 years, with interest paid monthly. The effective annual interest rate is 1.95% as of December 31, 2023.
7. The bank loan is due on July 2030, and the first installment will be repaid starting from August 2026. The principal is repaid in 46 monthly installments over 4 years, with interest paid monthly. The effective annual interest rate is 2.18% as of December 31, 2023.
8. The bank loan is due on July 2030, and the first installment will be repaid starting from September 2026. The principal is repaid in 46 monthly installments over 4 years, with interest paid monthly. The effective annual interest rate is 2.18% as of December 31, 2023.

16. CORPORATE BONDS PAYABLE

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
First domestic unsecured convertible bonds	\$ -	\$ -
Second domestic unsecured convertible bonds	285,898	-
Less: Amount due within 1 year	<u>-</u>	<u>-</u>
	<u>\$ 285,898</u>	<u>\$ -</u>

i. On November 25, 2019, the Company issued unsecured convertible bonds in Taiwan for the purpose of repaying bank loans and to increase working capital, with the following circumstances:

1. Total amount issued: NT\$400,000 thousand
2. Par value: NT\$100 thousand each
3. Coupon rate: 0%
4. Effective interest rate: 1.3108%
5. Carrying value at issuance: NT\$384,674 thousand
6. Maturity: 2019/11/25-2022/11/25 (The Company exercised its bond redemption right on January 19, 2022, and the over-the-counter trading will terminate on March 23, 2022.)
7. Conversion period:

Except for the cessation of conversion period, creditors may request conversion of their convertible bonds into common shares of the Company at any time from the day after the expiration of three months from the date of issuance (February 26, 2020) to the maturity date of November 25, 2022, in accordance with the conversion rule for corporate bonds. The cessation of conversion period is as follows:

- (1) The period during which the transfer of common shares is legally suspended and ceased.
- (2) The period from 15 business days prior to the date on which the Company applies to the Taipei Exchange for the cessation of transfer of the gratis allotment of shares, the cessation of transfer of cash dividends or the cessation of transfer of cash capital increase stock options to the record date.
- (3) From the base date of capital reduction to 1 day before the start of trading day of capital reduction and share exchange.
- (4) Other period of suspension of transfer according to the law.

8. Conversion price and its adjustment:

Creditors may request the Company to convert the bonds held by them into common shares of the Company at NT\$72.9 per share. The conversion price will be adjusted if there is an increase in the number of common shares issued by the Company after the issuance. As of the issuance period, the last announced adjusted conversion price was \$67.

9. Repayment of the bonds at maturity:

The bonds will be repaid by the issuing company in cash on the maturity date at the face value of the bonds.

10. Repurchase rights of the creditors:

Upon the expiration of 2 years from the date of issuance (November 25, 2021), the bondholders may request the Company to redeem the bonds held by them in cash at the face value plus interest compensation (101% of the face value of the bonds and 0.50% of the effective yield) by written notice to the Company in accordance with regulations governing the conversion.

11. Redemption rights of the Company:

After 3 months from the issuance date (February 26, 2020) of the bonds and up to 40 days prior to the expiration of the issuance period (October 16, 2022), if the closing price of the common shares of the issuer on the Taipei Exchange exceeds the then prevailing conversion price by 30% (inclusive) for 30 consecutive business days or if the outstanding balance of the bonds is less than 10% of the original issue amount, the issuer may redeem all of the bonds in cash at the face value of the bonds.

The convertible bonds consist of liabilities and equity components, with the equity components expressed as capital surplus - stock options under equity. The liability components are presented as liabilities embedded in derivative financial instruments and non-derivative financial liabilities, respectively. The embedded derivative financial instruments were valued at fair value of \$(116) thousand as of December 31, 2021. The liabilities for non-derivative financial instruments were measured at amortized cost of \$88,050 thousand as of December 31, 2021, with an effective interest rate of 1.3108% as originally recognized.

Issue price (net of transaction costs of \$3,960 thousand)	\$ 396,040
Equity component (net of transaction costs of \$109 thousand apportioned to equity)	(<u>10,891</u>)
Components of liabilities at issue date (net of transaction costs of \$3,851 thousand apportioned to liabilities)	<u>\$ 385,149</u>
Components of liabilities as of January 1, 2022	\$ 87,934
Interest at effective interest rate of 1.3108%	174
Conversion of bonds payable to common stock	(<u>88,108</u>)
Components of liabilities as of December 31, 2022	<u>\$ -</u>

ii. On May 5, 2023, the Company issued unsecured convertible bonds in Taiwan for the purpose of repaying bank loans and to increase working capital, with the following circumstances:

1. Total amount issued: NT\$300,000 thousand
2. Par value: NT\$100 thousand each
3. Coupon rate: 0%
4. Effective interest rate: 2.0907%
5. Carrying value at issuance: NT\$281,944 thousand
6. Maturity: 2023/5/5-2026/5/5
7. Conversion period:

Except for the cessation of conversion period, creditors may request conversion of their convertible bonds into common shares of the Company at any time from the day after the expiration of three months from the date of issuance (August 6, 2023) to the maturity date of May 5, 2026, in accordance with the conversion rule for corporate bonds. The cessation of conversion period is as follows:

- (1) The period during which the transfer of common shares is legally suspended and ceased.
- (2) The period from 15 business days prior to the date on which the Company applies to the Taipei Exchange for the cessation of transfer of the gratis allotment of shares, the cessation of transfer of cash dividends or the cessation of transfer of cash capital increase stock options to the record date.
- (3) From the base date of capital reduction to 1 day before the start of trading day of capital reduction and share exchange.

(4) The starting date of the cessation of conversion for the change of par value of share is the day before the commencement date of the trading of the new shares to be exchanged.

8. Conversion price and its adjustment

Creditors may request the Company to convert the bonds held by them into common shares of the Company at NT\$115 per share. The conversion price will be adjusted if there is an increase in the number of common shares issued by the Company after the issuance. As of the issuance period, the last announced adjusted conversion price was NT\$105.1.

9. Repayment of the bonds at maturity

The bonds will be repaid by the issuing company in cash on the maturity date at the face value of the bonds.

10. Repurchase rights of creditors

Upon the expiration of 2 years from the date of issuance (May 5, 2025), the bondholders may request the Company to redeem the bonds held by them in cash at the face value plus interest compensation (100.500625% of the face value of the bonds and 0.25% of the effective yield) by written notice to the Company in accordance with regulations governing the conversion.

11. Redemption rights of Company

After 3 months from the issuance date (August 6, 2023) of the bonds and up to 40 days prior to the expiration of the issuance period (March 26, 2026), if the closing price of the common shares of the issuer on the Taipei Exchange exceeds the then prevailing conversion price by 30% (inclusive) for 30 consecutive business days or if the outstanding balance of the bonds is less than 10% of the original issue amount, the issuer may redeem all of the bonds in cash at the face value of the bonds.

The convertible bonds consist of liabilities and equity components, with the equity components expressed as capital surplus - stock options under equity. The liability components are presented as liabilities embedded in derivative financial instruments and non-derivative financial liabilities, respectively. The liabilities for embedded derivative financial instruments were valued at fair value of \$930 thousand as of December 31, 2023. The liabilities for non-derivative financial instruments were measured at amortized cost of \$285,898 thousand as of

December 31, 2023, with an effective interest rate of 2.0907% as originally recognized.

Issue price (net of transaction costs of \$2,730 thousand)	\$ 298,770
Equity component (net of transaction costs of \$144 thousand apportioned to equity)	(<u>15,756</u>)
Components of liabilities at issue date (net of transaction costs of \$2,586 thousand apportioned to liabilities)	283,014
Interest at effective interest rate of 2.0907%	3,954
Valuation gain on financial instruments	(<u>140</u>)
Components of liabilities as of December 31, 2023	<u>\$ 286,828</u>

17. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable</u>		
Arising from operating activities	<u>\$ 438,418</u>	<u>\$ 954,356</u>

The average credit period for accounts payable is approximately four months. The Company has a financial risk management policy to ensure that all accounts payables are repaid within the prearranged credit period.

18. Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 250,438	\$ 201,748
Payable for equipment and construction	112,007	7,682
Payable for compensation of employees	27,000	33,500
Payable for remuneration of directors	9,000	11,700
Payable for insurance premiums	9,448	7,937
Others	<u>67,264</u>	<u>85,524</u>
	<u>\$ 475,157</u>	<u>\$ 348,091</u>
Other liabilities		
Receipts under custody	<u>\$ 2,580</u>	<u>\$ 3,254</u>
<u>Non-current</u>		
Other payables		
Long-term employee benefits payable	<u>\$ 2,936</u>	<u>\$ 2,227</u>

19. PROVISION FOR LIABILITIES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Warranty provision	<u>\$ 55,000</u>	<u>\$ 57,000</u>
		Warranty provision
Balance at January 1, 2022		\$ 36,000
Additions during the year		81,965
Used during the year		(60,965)
Balance at December 31, 2022		<u>\$ 57,000</u>
Balance at January 1, 2023		\$ 57,000
Additions during the year		26,841
Used during the year		(28,841)
Balance at December 31, 2023		<u>\$ 55,000</u>

Warranty provision for liabilities is the present value of the Company's management's best estimate of future economic outflows due to warranty obligations, as agreed in the sales contracts. The estimate is based on historical warranty experience and adjusted to take into account new raw materials, process changes or other factors affecting product quality.

20. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

21. EQUITY

i. Share capital

Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>75,282</u>	<u>71,432</u>
Shares issued	<u>\$ 752,817</u>	<u>\$ 714,317</u>

The issued common stock has a par value of NT\$10 per share and each share has one voting right and the right to receive dividends.

The convertible bonds were converted into 2,175 thousand shares of common stock with a par value of \$10 per share in 2022.

To control the timeliness of raising capital, to obtain long-term capital within the shortest period of time, and to restrict the transfer of capital for three years to facilitate the stability of the Company's operating right and the expansion of its operations, the Company approved the issuance of 6,000 thousand shares of common stock through a private placement cash capital increase on August 11, 2021. The issue price per share was NT\$95, the actual number of shares issued was 4,000 thousand shares, and the actual amount issued was NT\$380,000 thousand, the base date of the capital increase was August 25, 2021, and the change of registration was completed on September 13, 2021. In accordance with Article 43-8 of the Securities and Exchange Act, the common shares of the private placement shall be freely transferable after three years from the date of delivery and shall not be listed for trading until after the completion of public offering.

On February 24, 2023, the board of directors resolved the proposal of capital increase by cash and issued 3,850 thousand shares of common stock with a par value of NT\$10 per share at a premium of NT\$93 per share. The proposal of capital increase by cash was based on the share exchange date of August 15, 2023, and the capital increase registration was completed on August 28, 2023.

Of the new shares issued under the above cash capital increase proposal, 578 thousand shares were reserved for employee stock options in accordance with Article 267 of the Company Act. Moreover, in accordance with IFRS 2, "Share-based Payment," the fair value of equity instruments at the date of transferred should be measured, and recognized \$12,647 thousand of salary expenses as a capital surplus addition to the issue premium at the date of transferred.

ii. Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 1,480,755	\$ 1,148,558
Premium on conversion of corporate bonds	344,646	344,646
Treasury shares trading	9,700	9,700

May be used only to offset a deficit

Recognition of changes in ownership interests of subsidiaries (2)

3,192

3,192

May not be used for any purpose

Employee share options (3)

15,756

\$ 1,854,049

-

\$ 1,506,096

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
2. This type of capital surplus represents the equity transaction effects recognized due to changes in the ownership interests of subsidiaries that the Company has not actually acquired or disposed of, or adjustments to the capital surplus of subsidiaries recognized by the Company using the equity method.
3. This type of capital surplus represents the value of stock options recognized for the issuance of convertible bonds.

iii. Retained earnings and dividend policy

On May 31, 2023, the shareholders' meeting resolved to amend the Articles of Incorporation to provide that the distribution of earnings or the appropriation of losses of the Company shall be made after the end of each semi-annual period.

In accordance with the distribution of earnings policy of the Company's amended Articles of Incorporation, the Company distributes earnings or makes up for losses after the end of each semi-annual period. When distributing earnings, the Company should first estimate and retain taxes, compensation of employees and remuneration of directors and supervisors, and then make compensations for losses as well as set aside legal reserve in accordance with the law. However, when the legal reserve has reached the amount of paid-in capital, it may not be appropriated. When the distribution of earnings is by cash, it shall be resolved by the board of directors; When the distribution of earnings is by issuance of new shares, it shall be resolved by the shareholders' meeting.

In accordance with the Company's Articles of Incorporation before amendment, 10% of the Company's annual earnings, if any, shall be set aside as legal reserve after paying taxes and making up for accumulated deficits. However, if the legal reserve has

reached the Company's paid-in capital, it may not be set aside, and the remainder may be set aside or reversed to a special reserve in accordance with the law. If there are any unappropriated earnings, the board of directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of compensation of employees and remuneration of directors and supervisors is described in Note 23 (vii), "Compensation of employees and remuneration of directors.

In the case of dividends or legal reserve or capital surplus distributed in cash as described above, the board of directors is authorized to do so with the presence of at least two-thirds of the directors and a resolution of a majority of the directors present, and to report to the shareholders' meeting.

The Company's dividend policy is to distribute dividends to shareholders at a rate of not less than 10% of the distributable earnings each year in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of shareholders. However, if the accumulated distributable earnings are less than 5% of the paid-in capital, the dividends may not be distributed. Dividends may be distributed in cash or in shares, with cash dividends not less than 50% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When the Company transferred the net decrease in other equity components to special reserves, it only transferred the portion that was not distributed as retained earnings in previous periods.

The appropriations of earnings for 2022 and 2021 were as follows:

	Earnings distribution		Dividends per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 66,549	\$ 65,165		
(Reversal) of special reserve	(13,538)	234		
Cash dividends	428,590	450,172	\$ 6	\$ 6.5

The aforementioned cash dividends were resolved to be distributed by the board of directors on March 21, 2023, and March 8, 2022, respectively, while the other items of

earning distribution were resolved to be distributed by the shareholders' meeting on May 31, 2023, and May 27, 2022, respectively.

Due to the conversion of corporate bonds, the dividend payout ratio for ordinary shares in 2021 was adjusted because it affected the number of outstanding shares. The Chairman was authorized to fully handle the adjustment of the dividend payout ratio to NT\$6.30212374 per share at the shareholders' meeting on May 27, 2022.

The appropriations of 2023's semi-annual earnings have been approved by the Company's board of directors in its meeting, respectively. The appropriations and cash dividends per share were as follows:

	<u>From July 1 to December 31, 2023</u>	<u>From January 1 to June 30, 2023</u>
Resolution date of the board's meeting	February 23, 2024	August 11, 2023
Legal reserve	<u>\$ 28,926</u>	<u>\$ 35,854</u>
Appropriation / (reversal) of special reserve	<u>(\$ 42,455)</u>	<u>\$ 35,598</u>
Cash dividends	<u>\$ 188,204</u>	<u>\$ 214,295</u>
Cash dividends per share (NT\$)	<u>\$ 2.5</u>	<u>\$ 3</u>

Due to the cash dividends of common stock for the first six months in 2023 and then capital increase by cash, the number of outstanding shares was affected. Therefore, the dividend payout ratio for ordinary shares was adjusted to NT\$2.84657628 per share.

The above cash dividends have been approved by the board of directors. The remaining distribution of earnings is pending the resolution of the shareholders' meeting scheduled for May 30, 2024.

22. REVENUE

	<u>2023</u>	<u>2022</u>
Revenue from customer contracts		
Merchandise sales revenue	<u>\$ 3,526,523</u>	<u>\$ 3,414,489</u>

i. Contract information

The automation equipment was sold to the manufacturers in Taiwan, China, and United States on a geographical basis and sold at a fixed price under a contractual agreement.

ii. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable, net (Note 8)	\$ 547,430	\$ 544,428	\$ 551,475
Accounts receivable - related parties (Note 30)	<u>1,403</u>	<u>13,779</u>	<u>17,199</u>
	<u>\$ 548,833</u>	<u>\$ 558,207</u>	<u>\$ 568,674</u>
	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets - current			
Sale of goods	<u>\$ 536,884</u>	<u>\$ 451,381</u>	<u>\$ 294,633</u>
Contract liabilities- current			
Sale of goods	<u>\$ 215,058</u>	<u>\$ 242,795</u>	<u>\$ 214,907</u>

The Company recognizes an allowance for losses on contract assets based on expected credit losses over the life of the contracts. The contract assets will be transferred to accounts receivable upon billing. The credit risk characteristics are the same as those of accounts receivable arising from similar contracts, so the Company considers that the expected credit loss rate of accounts receivable can also be applied to contract assets.

	December 31, 2023	December 31, 2022
Expected credit loss	0.55%	0.03%
Total carrying amount	\$ 539,874	\$ 451,511
Allowance for loss (lifetime ECLs)	<u>(2,990)</u>	<u>(130)</u>
	<u>\$ 536,884</u>	<u>\$ 451,381</u>

Information on the changes in the allowance for losses on contract assets is as follows:

	2023	2022
Opening balance	\$ 130	\$ 3,160
Add: Impairment loss for the year	2,860	-
Less: Reversal of impairment loss for the year	<u>-</u>	<u>(3,030)</u>
Closing balance	<u>\$ 2,990</u>	<u>\$ 130</u>

The amount of contractual liabilities from the beginning of the year recognized as income in the current year were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>From contractual liabilities at the beginning of the year</u>		
Sale of goods	<u>\$ 204,010</u>	<u>\$ 206,217</u>

iii. Breakdown of revenue from customer contracts

2023

		<u>Reportable departments</u>			
		Semiconductor carriers - PCB automation equipment	Semiconductor packaging and testing - LCD panel automation equipment	Semiconductor wafers - Semiconductor automation equipment	Total
<u>Product type</u>					
Merchandise sales	revenue	<u>\$ 1,819,021</u>	<u>\$ 223,527</u>	<u>\$ 1,483,975</u>	<u>\$ 3,526,523</u>

2022

		<u>Reportable departments</u>			
		Semiconductor carriers - PCB automation equipment	Semiconductor packaging and testing - LCD panel automation equipment	Semiconductor wafers - Semiconductor automation equipment	Total
<u>Product type</u>					
Merchandise sales	revenue	<u>\$ 2,101,553</u>	<u>\$ 334,262</u>	<u>\$ 978,674</u>	<u>\$ 3,414,489</u>

23. NET PROFIT

i. Interest income

	<u>2023</u>	<u>2022</u>
Bank deposit	<u>\$ 4,949</u>	<u>\$ 1,378</u>

ii. Other income

	<u>2023</u>	<u>2022</u>
Consulting and service revenue	\$ 65,830	\$ 70,035
Dividend income	6,086	3,590
Other	<u>2,262</u>	<u>3,694</u>
	<u>\$ 74,178</u>	<u>\$ 77,319</u>

iii. Other gains and losses

	<u>2023</u>	<u>2022</u>
Gain on disposal of financial assets		
Financial assets at fair value through profit or loss	\$ -	\$ 1,777

	<u>2023</u>	<u>2022</u>
Interest in financial assets and financial liabilities		
Financial liabilities held for trading	140	-
Gains on disposal of property plant and equipment	38,043	-
Net gain (loss) on foreign currency exchange	(2,277)	19,206
Others	(4,441)	(3,639)
	<u>\$ 31,465</u>	<u>\$ 17,344</u>

iv. Financial costs

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 26,301	\$ 12,754
Interest on lease liabilities	336	269
Interest on corporate bonds payable	3,954	174
Less: The amount of the cost of qualifying assets	(2,149)	-
	<u>\$ 28,442</u>	<u>\$ 13,197</u>

Information related to the capitalization of interest is as follows:

	<u>2023</u>	<u>2022</u>
Amount of the capitalization of interest	\$ 2,149	\$ -
Rate of the capitalization of interest	1.80%~2.27%	-

v. Depreciation and amortization

	<u>2023</u>	<u>2022</u>
An analysis of depreciation by function		
Operating costs	\$ 24,636	\$ 21,339
Operating expenses	<u>8,329</u>	<u>8,475</u>
	<u>\$ 32,965</u>	<u>\$ 29,814</u>
An analysis of amortization by function		
Operating costs	\$ 851	\$ 449
Operating expenses	<u>20,494</u>	<u>19,115</u>
	<u>\$ 21,345</u>	<u>\$ 19,564</u>

For information on the amortization expenses of intangible assets allocated to individual items, please refer to Note 13.

vi. Employee benefits expenses

	2023	2022
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 19,625	\$ 16,524
Other employee benefits	<u>735,305</u>	<u>689,724</u>
Total employee benefits expenses	<u>\$ 754,930</u>	<u>\$ 706,248</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 285,035	\$ 260,049
Operating expenses	<u>469,895</u>	<u>446,199</u>
	<u>\$ 754,930</u>	<u>\$ 706,248</u>

vii. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues employees' compensation and board directors' remuneration at the rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The estimated compensation of employees and the remuneration of directors for 2023 and 2022 were resolved by the board of directors on February 23, 2024 and February 24, 2023, respectively, as follows:

Accrual rate

	2023	2022
Compensation of employees	3.26%	3.71%
Remuneration of directors	1.09%	1.30%

Amount

	2023	2022
Compensation of employees	\$ 27,000	\$ 33,500
Remuneration of directors	9,000	11,700

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

viii. Gains or losses on foreign currency exchange

	2023	2022
Foreign exchange gains	\$ 31,980	\$ 50,632
Foreign exchange losses	(34,257)	(31,426)
Net gains (losses)	(\$ 2,277)	\$ 19,206

24. INCOME TAX

i. Income tax recognized in profit or loss:

Major components of income tax expense are as follows:

	2023	2022
Current income tax		
In respect of the current period	\$ 165,268	\$ 162,967
Surtax on undistributed earnings	8,831	6,097
In respect of prior years	(2,196)	824
	<u>171,903</u>	<u>169,888</u>
Deferred income tax		
In respect of the current period	(26,470)	21,085
Income tax expense recognized in profit or loss	<u>\$ 145,433</u>	<u>\$ 190,973</u>

The reconciliation of accounting income and income tax expense is as follows:

	2023	2022
Net income before tax	<u>\$ 793,236</u>	<u>\$ 857,967</u>
Income tax expense at statutory rate on net income before tax	\$ 158,647	\$ 171,593
Non-deductible expenses for tax purposes	1,010	71
Tax-exempt income	(8,992)	(817)
Surtax on undistributed earnings	8,831	6,097
Other income tax effects adjusted according to tax laws	(15,697)	13,800
Adjustments to prior years' deferred income tax expense	3,830	(595)
Adjustments to prior years' current income tax expense	(2,196)	824
Income tax expense recognized in profit or loss	<u>\$ 145,433</u>	<u>\$ 190,973</u>

ii. Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred income tax expenses</u>		
<u>(benefits)</u>		
Arising from current year		
Translation of foreign operating entities	(\$ 5,448)	\$ 3,403

iii. Current income tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax liabilities		
Income tax payable	\$ 74,547	\$ 124,885

iv. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred income tax assets</u>				
Allowance for losses	\$ 2,256	\$ 2,021	\$ -	\$ 4,277
Loss on inventory devaluation	23,800	21,200	-	45,000
Provision for contingent service cost	11,400	(400)	-	11,000
Others	<u>28,939</u>	<u>3,125</u>	<u>-</u>	<u>32,064</u>
	<u>\$ 66,395</u>	<u>\$ 25,946</u>	<u>\$ -</u>	<u>\$ 92,341</u>

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred tax liabilities</u>				
Income from foreign investments recognized under the equity method	<u>\$156,470</u>	<u>(\$ 524)</u>	<u>(\$ 5,448)</u>	<u>\$150,498</u>

2022

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
<u>Deferred income tax assets</u>				
Allowance for losses	\$ 4,926	(\$ 2,670)	\$ -	\$ 2,256
Loss on inventory devaluation	7,600	16,200	-	23,800
Provision for contingent service cost	7,200	4,200	-	11,400
Others	<u>18,845</u>	<u>10,094</u>	<u>-</u>	<u>28,939</u>
	<u>\$ 38,571</u>	<u>\$ 27,824</u>	<u>\$ -</u>	<u>\$ 66,395</u>
<u>Deferred tax liabilities</u>				
Income from foreign investments recognized under the equity method	<u>\$104,158</u>	<u>\$ 48,909</u>	<u>\$ 3,403</u>	<u>\$156,470</u>

v. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The earnings and weighted-average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	2023	2022
Earnings used in the computation of basic per share	\$ 647,803	\$ 666,994
Effects of potentially dilutive ordinary shares:		
Interest on convertible bonds	<u>3,954</u>	<u>174</u>
Net profit used in the computation of diluted earnings per share	<u>\$ 651,757</u>	<u>\$ 667,168</u>

SHARES

Unit: In Thousands of Shares

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares used in the computation of basic earnings per share	72,898	70,908
Effects of potentially dilutive ordinary shares:		
Compensation of employees	308	486
Conversion of corporate bonds	<u>2,854</u>	<u>524</u>
Weighted-average number of ordinary shares used in the computation of diluted earnings per share	<u>76,060</u>	<u>71,918</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. Share-based payment arrangementsEmployee stock options

In August 2023, for the new shares issued under capital increase by cash of the Company, 578 thousand shares were open for stock options to employees, including those who met certain criteria.

The Company adopted the Black-Scholes valuation model, and the inputs used in the valuation model were as follows:

	<u>August, 2023</u>
Expected volatility rate	36.83%
Risk-free interest rate	1.16%
Expected duration	0.156 years
Price per share	93 NT\$
Stock market price on the date of transaction	114.24 NT\$
Employee stock options	578 thousands shares

The salary expenses recognized in 2023 was \$12,647 thousand.

27. NON-CASH TRANSACTIONS

In 2022, the Company converted convertible corporate bonds and bond conversion entitlement certificates into common stock and capital surplus, resulting in a total impact of NT\$88,108 thousand.

28. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it has the necessary financial resources and operating plans to meet its future needs for working capital, capital expenditures, research and development expenses, debt service and dividend payments. The Company manages capital to maximize shareholder returns by optimizing debt and equity balances, provided that the Company continues to operate.

29. FINANCIAL INSTRUMENTS

- i. Fair value of financial instruments that are not measured at fair value

Except for those listed in the table below, the carrying amounts of financial assets and financial liabilities that are not measured at fair value are considered by the management of the Company to approximate their fair values.

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
- Convertible bonds	\$ 285,898	\$ 358,500	\$ -	\$ -	\$ 358,500

December 31, 2022: None.

- ii. Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>at FVTOCI</u>				
Investments in equity instruments				
- Listed shares	\$ 129,390	\$ -	\$ -	\$ 129,390
- Unlisted shares	-	-	39,700	39,700
	<u>\$ 129,390</u>	<u>\$ -</u>	<u>\$ 39,700</u>	<u>\$ 169,090</u>
<u>Financial liabilities</u>				
<u>at FVTPL</u>				
Derivatives	\$ -	\$ 930	\$ -	\$ 930

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>				
<u>at FVTOCI</u>				
Investments in equity instruments				
- Emerging stocks	\$ -	\$ -	\$ 110,813	\$ 110,813
- Unlisted shares	-	-	9,630	9,630
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,443</u>	<u>\$ 120,443</u>

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

2. Reconciliation of Level 3 fair value measurements of financial instruments

2023

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Opening balance	\$ 120,443
Recognized in other comprehensive income (unrealized gain or loss on financial assets at fair value through other comprehensive income)	10,070
Additions	20,000
Transfer out of Level 3	(110,813)
Closing balance	<u>\$ 39,700</u>

2022

	Financial assets at fair value through other comprehensive income
<u>Financial assets</u>	<u>Equity instruments</u>
Opening balance	\$ 137,019
Recognized in other comprehensive income (unrealized gain or loss on financial assets at fair value through other comprehensive income)	(1,576)
Disposal	(15,000)
Closing balance	<u>\$ 120,443</u>

3. Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - Buy-back and sell-back options on convertible bonds	The binary tree method is used to evaluate the convertible bonds based on the volatility of conversion price, risk-free interest rate, risk discount rate and remaining maturity.

4. Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair value of equity investments without an active market is assessed using the market approach. The market approach is used to estimate the fair value of investment targets by referring to the trading prices of comparable targets in the market and related information.

iii. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,761,804	\$ 1,029,413
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	169,090	120,443
Investment in debt instruments	39,165	129,585
<u>Financial liabilities</u>		
Financial assets at fair value through profit or loss		
Held for trading	930	-
At amortized cost (Note 2)	1,938,517	1,860,567

Note1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable. accounts receivable - related parties, other receivables - related parties and refundable deposits.

Note2: The balance includes financial liabilities at amortized cost, such as short-term loans, accounts payable, bonds payable and long-term loans (including those due within one year).

iv. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, investments in equity and debt instruments, notes receivable, accounts receivable -

related-parties, accounts payable - related-parties, corporate bonds payable and borrowings. The Company's financial management department provides services to each business unit, coordinates access to financial markets, monitors and manages financial risks associated with the Company's operations by analyzing risk exposures based on risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

(1) Foreign currency risk

The Company holds monetary assets and monetary liabilities that are not denominated in functional currencies, which give rise to exchange rate risk. The Company is aware of the changes in market exchange rates and adjusts its exchange rate policy to manage exchange rate risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to RMB and USD.

The following table details the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity ratio used for internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their year-end translation by a 1% change in exchange rates. The amounts in the table below represent the increase in income before income taxes that would result from a 1% weakening of the New Taiwan dollar against the respective currencies, and the negative impact on income before income taxes that would result from a 1% strengthening of the New Taiwan dollar against the respective currencies.

	RMB Impact (Note)		USD Impact (Note)	
	2023	2022	2023	2022
Profit or loss	\$ 276	\$ 1,474	\$ 3,646	\$ 2,433

Note: Mainly derived from bank deposits, receivables and payables in RMB and USD that were outstanding and not cash flow hedged at the reporting period of the Company.

The decrease in the Company's sensitivity to RMB exchange rate for the year was mainly due to the decrease in accounts receivable denominated in RMB; the increase in the Company's sensitivity to USD exchange rate for the year was mainly due to the increase in bank deposit and accounts receivable denominated in USD.

(2) Interest rate risk

Interest rate risk arises because the Company borrows funds at both fixed and floating rates. The Company manages interest rate risk by maintaining an appropriate mix of fixed and floating rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
- Financial liabilities	\$ 285,898	\$ -
Cash flow interest rate risk		
- Financial liabilities	1,214,201	906,211

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the interest rate risk as of the end of the financial reporting period. If interest rates were to increase by 1%, with all other variables held constant, the Company's net income before income taxes would decrease by \$12,142 thousand and \$9,062 thousand for 2023 and 2022, respectively.

The increase in the Company's sensitivity to interest rates was mainly due to the increase in bank loans with variable interest rates during the year.

(3) Other price risk

The Company has equity price risk due to its investment in equity securities. These equity investments are not held for trading but are strategic investments and the Company does not actively trade these investments. In addition, the Company assigns a specific team to monitor price risk and assess when additional hedges are required.

Sensitivity analysis

The following sensitivity analysis was performed based on the equity price risk at the reporting period.

If the equity price increases/decreases by 5%, other comprehensive income before income tax will increase/ decrease by \$8,454 thousand and \$6,022 thousand in 2023 and 2022, respectively, due to the increase/decrease in fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to the failure of the counterparty to discharge an obligation approximates the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company's policy is to deal only with creditworthy counterparties and to obtain advance payments when necessary to mitigate the risk of financial loss arising from delinquencies. To mitigate credit risk, the Company continuously monitors credit risk and the credit ratings of counterparties, and has dedicated personnel responsible for credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the reporting period to ensure that appropriate impairment losses are recorded for uncollectible receivables.

The Company's credit risk is mainly concentrated in the Company's top three customers. As of December 31, 2023 and 2022, the percentage of total accounts receivable from these customers is 44% and 46%, respectively.

3. Liquidity risk

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

As of December 31, 2023 and 2022, the Company had unutilized financing facilities of \$2,106,238 thousand and \$338,040 thousand, respectively.

The following tables show the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 167,177	\$ 108,056	\$ 163,185	\$ -	\$ -
Lease liabilities	1,045	2,024	8,547	8,586	-
Variable rate instruments	3,714	7,377	260,653	710,094	322,824
Fixed rate instruments	-	-	-	300,000	-
	<u>\$ 171,936</u>	<u>\$ 117,457</u>	<u>\$ 432,385</u>	<u>\$ 1,018,680</u>	<u>\$ 322,824</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Variable rate instruments	<u>\$ 271,744</u>	<u>\$ 710,094</u>	<u>\$ 316,648</u>	<u>\$ 5,986</u>	<u>\$ 190</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 250,203	\$ 326,247	\$ 377,906	\$ -	\$ -
Lease liabilities	1,831	3,662	15,684	11,429	-
Variable rate instruments	2,990	5,949	185,182	721,635	13,945
	<u>\$ 255,024</u>	<u>\$ 335,858</u>	<u>\$ 578,772</u>	<u>\$ 733,064</u>	<u>\$ 13,945</u>

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Variable rate instruments	<u>\$ 194,121</u>	<u>\$ 721,635</u>	<u>\$ 6,557</u>	<u>\$ 6,049</u>	<u>\$ 1,339</u>

v. Information on the transfer of financial assets

Information on the sale of outstanding receivables of the Company at the end of the year is as follows:

December 31, 2023

Counterparty	Factoring amount	Amount transferred to other receivables	Amount available for cash advance	Total cash advance	Interest rate of total cash advance (%)
Fubon Bank	\$ 93,927	\$ 9,393	\$ -	\$ 84,534	1.987~1.991
O-Bank	6,164	616	-	5,548	1.9377
	<u>\$ 100,091</u>	<u>\$ 10,009</u>	<u>\$ -</u>	<u>\$ 90,082</u>	

December 31, 2022

Counterparty	Factoring amount	Amount transferred to other receivables	Amount available for cash advance	Total cash advance	Interest rate of total cash advance (%)
Fubon Bank	\$ 266,495	\$ 26,650	\$ -	\$ 239,845	1.442~1.709
O-Bank	36,515	3,651	-	32,864	1.463~1.642
	<u>\$ 303,010</u>	<u>\$ 30,301</u>	<u>\$ -</u>	<u>\$ 272,709</u>	

Under the factoring contracts, losses arising from commercial disputes (such as sales returns or discounts) are borne by the Company, while losses arising from credit risk are borne by the banks.

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its related parties are disclosed below.

i. Related Parties and Relationships with Them

Name of Related Party	Relationship
Symtek Automation China Co., Ltd.	Subsidiary
Protek Technology Limited	Other related parties - Key management companies
Dongguan Protek Machinery Co., Ltd.	Other related parties - Key management companies
Gudeng Precision Industrial Co., Ltd.	Substantial related party (as a related party from September 26, 2023)
GUDENG INC.	Substantial related party (as a related party from September 26, 2023)

ii. Operating revenue

Line Item	Related Party Category	2023	2022
Sales revenue	Subsidiary	<u>\$ 18,256</u>	<u>\$ 48,402</u>

The transaction prices and collection terms of sales transactions with related parties are not materially different from those of non-related parties.

iii. Purchases

<u>Related Party Category</u>	<u>2023</u>	<u>2022</u>
Subsidiary	<u>\$ 23,620</u>	<u>\$ 5,769</u>

The terms of the purchase transactions between the Company and its related parties are determined by mutual agreement as there are no similar transactions.

iv. Receivables from related parties (excluding lending to related parties)

<u>Line Item</u>	<u>Name of Related Party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable - related parties	Symtek Automation China Co., Ltd.	<u>\$ 1,403</u>	<u>\$ 13,779</u>

No guarantees are received for accounts receivable from related parties in circulation. No loss allowance has been recognized for accounts receivable from related parties in 2023 and 2022.

v. Accounts payable to related parties (excluding loans from related parties)

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Subsidiary	<u>\$ 27</u>	<u>\$ 574</u>

No guarantees were provided for the balance of the outstanding accounts payable to related parties.

vi. Other related party transactions

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Other income (consulting and advisory services revenue)		
Symtek Automation China Co., Ltd.	<u>\$ 65,830</u>	<u>\$ 70,035</u>
Selling and marketing expenses		
Substantial related parties	<u>\$ 4,255</u>	<u>\$ -</u>

<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables - related parties		
Symtek Automation China Co., Ltd.	<u>\$ 24,507</u>	<u>\$ 37,855</u>
Other payables		
Substantial related parties	<u>\$ 796</u>	<u>\$ -</u>

Other income is the amount received by the Company for technical consulting services provided to Symtek Automation China Co., Ltd., and the collection period is subject to mutual agreement.

Expenses incurred by the Company for services rendered by a related party on behalf of the Company are paid on a monthly basis within 120 days of at the end of every month.

vii. Compensation of key management personnel

	2023	2022
Short-term employee benefits	<u>\$ 42,633</u>	<u>\$ 43,955</u>

The remuneration of board directors and salaries of other key management personnel are decided by remuneration and compensation committee based on individual performance and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for financing loans, tariff guarantees for imported raw materials, or security deposits for the employment of foreign workers:

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 1,522,205</u>	<u>\$ 1,585,938</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS:

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

- i. As of December 31, 2023, the Company had notes as guarantee amounting to \$23 thousand and letters as guarantee amounting to \$35,532 thousand for purchases and sales of goods.
- ii. The construction contracts the Company has entered into amounted to \$1,396,880 thousand (including tax), and as of December 31, 2023, the payment the Company had not yet paid amounted to \$1,073,466 thousand (including tax).

33. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: NONE

34. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT

The following information is expressed in a summary of foreign currencies other than the functional currency of the Company. The disclosed exchange rates are the rates at which

these foreign currencies are converted into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currencies	Exchange Rates	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 11,943	30.71 (USD:NTD)	\$ 366,699
EUR	89	33.98 (EUR:NTD)	3,019
JPY	16,213	0.22 (JPY:NTD)	3,521
RMB	8,161	4.33 (RMB:NTD)	35,313
			<u>\$ 408,552</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
RMB	357,017	4.33 (RMB:NTD)	<u>\$ 1,544,802</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	68	30.71 (USD:NTD)	\$ 2,080
EUR	385	33.98 (EUR:NTD)	13,094
JPY	19,255	0.22 (JPY:NTD)	4,182
RMB	1,775	4.33 (RMB:NTD)	7,683
			<u>\$ 27,039</u>

December 31, 2022

	Foreign Currencies	Exchange Rates	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,956	30.71 (USD:NTD)	\$ 244,334
EUR	155	32.72 (EUR:NTD)	5,073
JPY	22,889	0.23 (JPY:NTD)	5,319
RMB	36,659	4.41 (RMB:NTD)	161,594
			<u>\$ 416,320</u>
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
RMB	357,026	4.41 (RMB:NTD)	<u>\$ 1,572,182</u>

Financial liabilitiesMonetary items

USD	33	30.71 (USD:NTD)	\$ 1,024
EUR	124	32.72 (EUR:NTD)	4,051
JPY	60,070	0.23 (JPY:NTD)	13,960
RMB	3,215	4.41 (RMB:NTD)	14,174
			<u>\$ 33,209</u>

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	2023	Net Foreign Exchange	2022	Net Foreign Exchange
	Exchange Rates	Gains (Losses)	Exchange Rates	Gains (Losses)
USD	30.71 (USD:NTD)	(\$ 715)	30.71 (USD:NTD)	\$ 307
EUR	33.98 (EUR:NTD)	66	32.72 (EUR:NTD)	(39)
JPY	0.22 (JPY:NTD)	(92)	0.23 (JPY:NTD)	(581)
RMB	4.33 (RMB:NTD)	(222)	4.41 (RMB:NTD)	259
		(\$ 963)		(\$ 54)

35. SEPARATELY DISCLOSED ITEMS

i. INFORMATION ABOUT SIGNIFICANT TRANSACTIONS:

1. Financing provided to others: (None).
2. Endorsements/guarantees provided: (None).
3. Marketable securities held. (Table 1)
4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: (None).
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: (None).
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (None).
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (None).
9. Trading in derivative instruments: See Note 16 and 29.

ii. INFORMATION ON INVESTEEES. (Table 3)

iii. INFORMATION ON INVESTMENTS IN MAINLAND CHINA:

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, profit or loss for the period

and investment income or loss recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 4)

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 5)

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- (3) The amount of property transactions and the amount of the resultant gains or losses.
- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
- (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

iv. INFORMATION OF MAJOR SHAREHOLDERS:

The name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder of shareholders with ownership of 5% or greater. (Table 6)

SYMTEK AUTOMATION ASIA CO., LTD.
MARKETABLE SECURITIES HELD
DECEMBER 31, 2023

TABLE 1

(In Thousands of New Taiwan Dollars/Thousands of Shares)

Holding Company	Marketable Securities Type/Name (Note)	Relationship with the Holding Company	Line Item	At the End of the Year				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Symtek Automation Asia Co., Ltd.	<u>Equity investment</u>							
	New Smart Technology Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	515	\$ 16,995	2.34%	\$ 8,870	
	Ever Radiant Inc.	None	"	560	-	6.77%	-	
	SynPower Co., Ltd.	None	"	2,992	106,626	9.10%	129,390	
	Great Talent Tech Co., Ltd.	None	"	100	1,000	6.25%	1,000	
	TSS Holdings Limited	None	"	2,000	20,000	12.50%	29,830	
	Add: Valuation adjustment on financial assets at fair value through other comprehensive income				<u>24,469</u>		<u>-</u>	
					<u>\$ 169,090</u>		<u>\$ 169,090</u>	

Note1: Marketable securities referred to in this table are marketable securities derived from stocks that fall within the scope of IFRS 9, "Financial Instruments".

Note2: Refer to Tables 3 and 4 for information about subsidiaries and associates.

SYMTEK AUTOMATION ASIA CO., LTD.
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR 2023

TABLE 2

(In Thousands of New Taiwan Dollars)

Company that acquires the property	Asset	Date of occurrence	Transaction amount	Payment	Counterparty	Relationship	Prior Transaction of Related Counterparty				Reference for price determination	Purpose of acquisition and use	Other contractual matters
							Owner	Relationship with the issuer	Date of transfer	Amount			
Symtek Automation Asia Co., Ltd.	New construction of factory	July 15, 2023 (Note)	\$ 1,396,880	\$323,414 has been paid as of December 31, 2023 (Including business tax)	True-Dreams Construction Co., Ltd.	Non-related party	-	-	-	\$ -	Negotiated by both parties	Self use	-

Note1: This is the date of the board of directors' resolution.

SYMTEK AUTOMATION ASIA CO., LTD.
INFORMATION ON INVESTEEES
YEAR 2023

TABLE 3

(In Thousands of New Taiwan Dollars/Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Held at the End of the Year			Profit or Loss of the Investee	Investment Profit or Loss Recognized	Note
				At the End of Current Period	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Amount			
Symtek Automation Asia Co., Ltd.	Symtek Automation Ltd.	British Virgin Islands	Investment	\$ 298,447	\$ 298,447	26,272	100%	\$1,544,802	\$ 217,474	\$ 219,958 (Note 1)	Subsidiary
Symtek Automation Ltd.	Symtek Automation China Co., Ltd.	China	Equipment manufacturing and sales	298,447	298,447	26,272	100%	1,544,802	217,474	219,958 (Note 1)	Second-tier subsidiary
Symtek Automation China Co., Ltd.	Symtek Technology Jiangsu Co., Ltd.	China	Equipment manufacturing and sales	71,443	71,443	16,200	60%	63,662	(839)	(504)	Second-tier subsidiary
Symtek Technology Jiangsu Co., Ltd.	Symtek Automation Technology Thailand Co., Ltd.	Thailand	Equipment sales	16,828	-	180	100%	14,676	(1,553)	(1,553)	Second-tier subsidiary (Note 2)

Note1: The amount of \$217,474 thousand was recognized as the net income of the investee based on the equity in the investee, after adjusting the realized gain or loss of \$3,08 thousand and the unrealized gain or loss of (\$604) thousand from the downstream transactions.

Note2: In May 2023, Symtek Thailand has completed the registration as a company.

SYMTEK AUTOMATION ASIA CO., LTD.
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR 2023

TABLE 4

(In Thousands of New Taiwan Dollars/Thousands of Shares)

YEAR 2022 Company name	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	At the Beginning of the Year Accumulated Outward Remittance for Investment from Taiwan Original Investment Amount	Remittance of Funds		At the End of Current Period Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Investee Company Investment Profit or Loss Recognized	% Ownership of Direct or Indirect Investment	Investment Profit or Loss Recognized (Note 2)	Carrying Amount at the End of the Year	Accumulated Inward Remittance of Earnings as of the End of Year	N o t e
					Outward	Inward							
Symtek Automation China Co., Ltd.	Equipment manufacturing and sales	\$818,750 (RMB 180,000 thousand)	(2) (Note 5)	\$ 298,447	\$ -	\$ -	\$ 298,447	\$ 217,474	100%	\$ 219,958 (Note 3)	\$ 1,544,802	\$ 220,100	
Symtek Technology Jiangsu Co., Ltd.	Equipment manufacturing and sales	120,713 (RMB 27,000 thousand)	(3) (Note 6)	-	-	-	-	(839)	60% (Note 7)	(504) (Note 4)	63,662	-	

Accumulated Investments in Mainland China as of the End of Year	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on of Investments Stipulated by the Investment Commission, MOEA
\$ 298,447 (HKD39,800 thousand and RMB30,000 thousand)	\$ 778,860 (HKD48,000 thousand and RMB135,137 thousand)	\$ 2,426,801

Note1: The followings are three types of investment methods and can be labeled as follows:

- (1) Direct investment in Mainland China.
- (2) Reinvesting in China through a third-party company (please specify the third-party investment company).
- (3) Other methods.

Note2: For the column of "Investment Profit or Loss Recognized":

- (1) If the investment is under preparation and no investment profit or loss is available, please specify.
- (2) Investment profit or loss is recognized on the following three bases, which should be specified:
 - A. Financial statements audited by an international accounting firm with which the R.O.C. accounting firm has a cooperative relationship.
 - B. B. Financial statements audited by a certified public accountant of the parent company in Taiwan.
 - C. C. Others.

Note3: The investment profit or loss was recognized based on Note 2, (2) B., which was based on the investee's financial statements audited by the parent company's accountants in Taiwan, and the net income of the investee was recognized in proportion to the equity in the investee's net income of \$217,474 thousand, after adjusting for the realized gain or loss of \$3,088 thousand and the unrealized gain or loss of (\$604) thousand on the downstream transactions.

Note4: The recognition basis for investment gains or losses is based on Note 2, item (2) B. Investment gains or losses are recognized based on the financial statements of the invested company during the same period as audited by the Taiwan parent company's accountant, and recognized according to the equity ratio. The net loss of the invested company was \$503 thousand.

Note5: The investment company in the third region is Symtek Automation Ltd.

Note6: A company reinvested by the second-tier subsidiary Symtek Automation China Co., Ltd.

Note7: In September 2022, Symtek China did not subscribe for the shares issued from capital increase of Symtek Jiangsu according to its shareholding proportion, resulting in a decrease in its shareholding proportion from 100% to 60%.

SYMTEK AUTOMATION ASIA CO., LTD.
DETAILS OF SIGNIFICANT TRANSACTIONS WITH INVESTEEES IN MAINLAND CHINA
YEAR 2023

TABLE 5

(In Thousands of New Taiwan Dollars)

Purchases

Investee Company	Business in Third Region	Trading Terms			Purchase		Notes and Accounts Payable		
		Price	Payment Terms	Compared with General Trading	Amount	%	Ending Balance	%	Note
Symtek Automation China Co., Ltd.	—	As negotiated by the parties Price	Within 3 months of delivery	No similar transactions as reference	\$ 23,620	2.24%	\$ 27	0.01%	-

Sales

Investee Company	Business in Third Region	Trading Terms			Sale		Gross Profit on Sales	Unrealized Gross Profit on Sales	Notes and Accounts Receivable		
		Price	Payment Terms	Compared with General Trading	Amount	%			Ending Balance	%	Note
Symtek Automation China Co., Ltd.	—	Under normal trading conditions	Within 4 months of delivery	Equivalent	\$ 18,256	0.52%	\$ 3,390	\$ 604	\$ 1,403	0.24%	-

SYMTEK AUTOMATION ASIA CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

TABLE 6

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership (%)
Gudeng Precision Industrial Co., Ltd.	4,161,692	5.52%

Note1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of differences in the basis of preparation.

Note2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.

§ STATEMENTS OF MAJOR ACCOUNTING ITEMS §

<u>I T E M</u>	<u>R E F E R E N C E</u>
STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY ITEMS:	
STATEMENT OF CASH	STATEMENT 1
STATEMENT OF NOTES RECEIVABLE	STATEMENT 2
STATEMENT OF TRADE RECEIVABLES	STATEMENT 3
STATEMENT OF INVENTORIES	STATEMENT 4
STATEMENT OF OTHER CURRENT ASSETS	Note 14
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT	STATEMENT 5
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	STATEMENT 6
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	STATEMENT 7
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	STATEMENT 8
STATEMENT OF DEFERRED INCOME TAX ASSETS	Note 24
STATEMENT OF OTHER NON-CURRENT ASSETS	Note 14
STATEMENT OF SHORT-TERM LOANS	STATEMENT 9
STATEMENT OF ACCOUNTS PAYABLES	STATEMENT 10
STATEMENT OF OTHER PAYABLES	Note 18
STATEMENT OF OTHER CURRENT LIABILITIES	Note 18
STATEMENT OF CONTRACT LIABILITIES	STATEMENT 11
STATEMENT OF CORPORATE BONDS PAYABLE TABLE	STATEMENT 12
STATEMENT OF LONG-TERM LOANS	STATEMENT 13
STATEMENT OF DEFERRED INCOME TAX LIABILITIES	Note 24
STATEMENTS OF PROFIT OR LOSS ITEMS	
STATEMENT OF OPERATING REVENUE	STATEMENT 14
STATEMENT OF OPERATING COSTS	STATEMENT 15
STATEMENT OF SELLING EXPENSES	STATEMENT 16
STATEMENT OF ADMINISTRATIVE EXPENSES	STATEMENT 16
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES	STATEMENT 16
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SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF CASH

DECEMBER 31, 2023

STATEMENT 1

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

Item	Summary	Total
Cash on hand		\$ 268
Bank deposit		
Cheques and demand deposits		1,179,638
Foreign currency demand deposits	HKD3 thousand@3.938, USD552 thousand @30.705, EUR89 thousand@33.98, RMB389 thousand@4.327 and JPY16,173 thousand@0.2172	<u>25,174</u>
		<u>\$1,205,080</u>

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2023

STATEMENT 2

(In Thousands of New Taiwan Dollars)

Item	Amount
Company A	\$ 2,928
Company B	634
Other (Note)	16
Less: Loss allowance	-
Non-related party	<u>\$ 3,578</u>

Note 1: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF TRADE RECEIVABLES

DECEMBER 31, 2023

STATEMENT 3

(In Thousands of New Taiwan Dollars)

Item	Amount
Non-related party	
Company A	\$ 190,593
Company B	103,534
Company C	78,958
Company D	75,449
Company E	33,943
Company F	32,279
Other (Note)	<u>56,834</u>
	571,590
Less: Loss allowance	(<u>24,160</u>)
	<u>\$ 547,430</u>
Related party	
Symtek Automation China Co., Ltd.	<u>\$ 1,403</u>

Note1: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

STATEMENT 4

(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value
Raw materials	\$ 90,044	\$ 69,272
Work-in-process	927,996	1,136,861
Finished goods	<u>29,186</u>	<u>36,814</u>
	1,047,226	<u>\$ 1,242,947</u>
Less: Allowance for inventory write-down	(<u>225,000</u>)	
	<u>\$ 822,226</u>	

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

YEAR 2023

STATEMENT 5

(In Thousands of New Taiwan Dollars/Thousands of Shares)

Item	At the Beginning of the Year		Increase		Decrease		At the End of the Year		Accumulated Impairment	Guarantees or Pledges	Note
	Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Fair Value			
Investments in equity instruments											
New Smart Technology Co., Ltd.	515	\$ 8,630	-	\$ 240	-	\$ -	515	\$ 8,870	N/A	None	Note 1
Ever Radiant Inc.	560	-	-	-	-	-	560	-	N/A	None	—
SynPower Co., Ltd.	2,992	110,813	-	18,577	-	-	2,992	129,390	N/A	None	Note 2
Great Talent Tech Co., Ltd.	100	1,000	-	-	-	-	100	1,000	N/A	None	—
TSS Holdings Limited	-	-	2,000	29,830	-	-	2,000	29,830	N/A	None	Note 3
		<u>\$120,443</u>		<u>\$ 48,647</u>		<u>\$ -</u>		<u>\$169,090</u>			

Note1: The increase for this period is due to unrealized gains of \$240 thousand measured at fair value.

Note2: The increase for this period is due to unrealized gains of \$18,577 thousand measured at fair value.

Note3: The increase for this period is due to unrealized gains of \$9,830 thousand measured at fair value and addition of 20,000 thousand.

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
YEAR 2023

STATEMENT 6

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

Investee Company	Opening Balance		Increase (decrease)		Investment Gains	Investment Income Recognized During the Year	Realized Gross Profit on Sales	Unrealized Gross Profit on Sales Recognized During the Year	Translation Adjustment	Closing Balance			
	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount						Number of Shares (in thousands)	Percentage of Ownership (%) (%)	Amount at End of Year	Guarantees or Pledges
Symtek Automation Ltd.	26,272	<u>\$ 1,572,182</u>	-	<u>\$ -</u>	(<u>\$ 220,100</u>)	<u>\$ 217,474</u>	<u>\$ 3,088</u>	(<u>\$ 604</u>)	(<u>\$ 27,238</u>)	26,272	100	<u>\$ 1,544,802</u>	None

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
YEAR 2023

STATEMENT 7

(In Thousands of New Taiwan Dollars)

Item	Opening Balance	Increase	Decrease	Closing Balance	Note
Land	\$ 8,176	\$ -	\$ -	\$ 8,176	
Buildings	33,008	8,560	(26,393)	15,175	
Transportation equipment	<u>9,256</u>	<u>6,572</u>	(<u>6,315</u>)	<u>9,513</u>	
	<u>\$ 50,440</u>	<u>\$ 15,132</u>	(<u>\$ 32,708</u>)	<u>\$ 32,864</u>	

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE

ASSETS

YEAR 2023

STATEMENT 8

(In Thousands of New Taiwan Dollars)

Item	Opening Balance	Increase	Decrease	Closing Balance	Note
Land	\$ 1,692	\$ 1,692	\$ -	\$ 3,384	
Buildings	10,082	15,345	(19,428)	5,999	
Transportation equipment	<u>6,494</u>	<u>3,537</u>	(<u>6,315</u>)	<u>3,716</u>	
	<u>\$ 18,268</u>	<u>\$ 20,574</u>	(<u>\$ 25,743</u>)	<u>\$ 13,099</u>	

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2023

STATEMENT 9

(In Thousands of New Taiwan Dollars)

Bank	Type	Closing Balance	Contract Term	Interest Rate (%)	Financing Amount	Collateral or Guarantee
Fubon Bank	Credit loan	<u>\$200,000</u>	112/12/25-113/12/24	1.99%	<u>\$ 200,000</u>	None

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF ACCOUNTSPAYABLES

DECEMBER 31, 2023

STATEMENT 10

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Non-related party		
Company A	Loan	\$ 42,196
Company B	"	30,679
Other (Note)	"	<u>365,516</u>
		<u>\$ 438,391</u>
Related party		
Symtek Automation China Co., Ltd.	"	<u>\$ 27</u>

Note 1: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2023

STATEMENT 11

(In Thousands of New Taiwan Dollars)

Item	Amount
Non-related party	
Company A	\$ 131,236
Company B	35,548
Company C	18,938
Company D	15,540
Company E	11,066
Other (Note)	<u>2,730</u>
	<u><u>\$ 215,058</u></u>

Note1: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF CORPORATE BONDS PAYABLE TABLE
DECEMBER 31, 2023

STATEMENT 12

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

Item	Trustee	Issuance Date	Rate (%)	Total Amount	Buy-backed and Converted Amount	Closing Balance	Interest Payable	Unamortized Discount	Book Value	Repayment Method	Guarantees
Second domestic unsecured convertible bonds in 2023	KGI Securities Co., Ltd.	112.5.5	-	<u>\$300,000</u>	<u>\$ -</u>	<u>\$300,000</u>	<u>\$ -</u>	<u>\$ 14,102</u>	<u>\$285,898</u>	See Note 16	None

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2023

STATEMENT 13

(In Thousands of New Taiwan Dollars)

Bank		Summary	Contract Term	Repayment Method	Annual Interest Rate (%)	Due Within One Year	Due After One Year	Total	Collateral or Guarantee
Hua Commercial Bank	Nan	Bank guaranteed loans	98.08-113.08	Principal repayment in equated monthly installments	1.960%	\$ 1,778	\$ -	\$ 1,778	See Note 31
Hua Commercial Bank	Nan	Bank guaranteed loans	108.02-128.02	Principal repayment in equated monthly installments	2.040%	1,135	16,072	17,207	See Note 31
O-Bank		Bank guaranteed loans	108.04-115.03	The first installment was repaid from March 2020. The principal is repaid in 73 monthly installments over 6 years, with interest paid monthly.	1.586%	16,438	20,548	36,986	None
Hua Commercial Bank	Nan	Bank guaranteed loans	111.07-119.07	The first installment will be repaid starting from August 2026. The principal is repaid in 48 monthly installments over 4 years, with interest paid monthly.	1.940%	-	500,000	500,000	See Note 31
O-Bank		Bank guaranteed loans	112.06-117.06	The first installment will be repaid starting from June 2024. The principal is repaid in 48 monthly installments over 4 years, with interest paid monthly.	1.950%	28,571	171,429	200,000	None
Hua Commercial Bank	Nan	Bank guaranteed loans	112.09-119.07	The first installment will be repaid starting from August 2026. The principal is repaid in 46 monthly installments over 4 years, with interest paid monthly.	2.180%	-	223,000	223,000	None
Hua Commercial Bank	Nan	Bank guaranteed loans	112.12-119.07	The first installment will be repaid starting from September 2026. The principal is repaid in 46 monthly installments over 4 years, with interest paid monthly.	2.180%	-	35,230	35,230	None
						<u>\$ 47,922</u>	<u>\$ 966,279</u>	<u>\$ 1,014,201</u>	

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF OPERATING REVENUE
YEAR 2023

STATEMENT 14

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Semiconductor carriers - PCB automation equipment (IBU)	1,009 台	\$ 1,819,058
Semiconductor packaging and testing - LCD panel automation equipment (BBU)	29 台	223,527
Semiconductor wafers - Semiconductor automation equipment (FBU)	312 台	1,483,975
Less: Sales discounts and returns		(_____ 37)
		<u>\$ 3,526,523</u>

SYMTEK AUTOMATION ASIA CO., LTD.

STATEMENT OF OPERATING COSTS

YEAR 2023

STATEMENT 15

(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw materials	
Raw material at the beginning of the year	\$ 141,154
Current feedstock	1,054,058
Raw material at the end of the year	(90,044)
Direct materials	1,105,168
Direct labor	227,871
Manufacturing costs	<u>537,558</u>
Total manufacturing costs	1,870,597
Inventory of work in process at the beginning of the year	1,391,600
Inventory of work in process at the end of the year	(<u>927,996</u>)
Cost of finished goods	2,334,201
Inventory of finished goods at the beginning of the year	10,184
Inventory of finished goods at the end of the year	(<u>29,186</u>)
Cost of production and sales	2,315,199
Loss on inventory devaluation	<u>106,000</u>
Total operating costs	<u>\$ 2,421,199</u>

SYMTEK AUTOMATION ASIA CO., LTD.
STATEMENT OF OPERATING EXPENSES
YEAR 2023

STATEMENT 16

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	Administrati ve Expenses	Research and Development Expenses	Expected Credit Impairment Loss	Total
Salary expenses	\$ 58,179	\$ 172,879	\$ 202,179	\$ -	\$ 433,237
Insurance premiums	5,074	5,422	15,926	-	26,422
Amortization expenses	-	16,551	3,943	-	20,494
Traveling expenses	5,698	1,143	6,811	-	13,652
Entertainment expenses	6,050	1,366	5	-	7,421
Advertising expenses	6,017	161	-	-	6,178
Expected credit impairment loss	-	-	-	10,050	10,050
Other (Note)	<u>17,527</u>	<u>38,372</u>	<u>40,843</u>	<u>-</u>	<u>96,742</u>
Total	<u>\$ 98,545</u>	<u>\$ 235,894</u>	<u>\$ 269,707</u>	<u>\$ 10,050</u>	<u>\$ 614,196</u>

Note 1: The balance of each item does not exceed 5% of the balance of this account.

SYMTEK AUTOMATION ASIA CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND
AMORTIZATION EXPENSES BY FUNCTION

FROM JANUARY 1 TO DECEMBER 31, 2023 AND 2022

STATEMENT 17

(In Thousands of New Taiwan Dollars)

	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expenses						
Salary	\$ 227,871	\$ 424,237	\$ 652,108	\$ 211,631	\$ 399,382	\$ 611,013
Labor and health insurance	27,027	23,820	50,847	20,845	22,026	42,871
Pension	10,490	9,135	19,625	8,033	8,491	16,524
Remuneration of directors	-	9,000	9,000	-	11,700	11,700
Other employee benefit expenses	<u>19,647</u>	<u>3,703</u>	<u>23,350</u>	<u>19,540</u>	<u>4,600</u>	<u>24,140</u>
	<u>\$ 285,035</u>	<u>\$ 469,895</u>	<u>\$ 754,930</u>	<u>\$ 260,049</u>	<u>\$ 446,199</u>	<u>\$ 706,248</u>
Depreciation expenses	<u>\$ 24,636</u>	<u>\$ 8,329</u>	<u>\$ 32,965</u>	<u>\$ 21,339</u>	<u>\$ 8,475</u>	<u>\$ 29,814</u>
Amortization expenses	<u>\$ 851</u>	<u>\$ 20,494</u>	<u>\$ 21,345</u>	<u>\$ 449</u>	<u>\$ 19,115</u>	<u>\$ 19,564</u>

Note1: The number of employees in the current and previous years was 682 and 638, respectively, of which the number of directors who were not also employees was 8 both, which were calculated on the same basis as the employee benefit expenses.

Note2:

- (1) The average employee benefit expenses for the year was \$1,107 thousand.
- (2) The average employee benefit expenses for the previous year was \$1,102 thousand.
- (3) The average salary expense for the year was \$968 thousand.
- (4) The average salary expense of the previous year was \$970 thousand.
- (5) The average salary expense decreased by 0.2%.
- (6) Remuneration of supervisors for the year: The Company has no supervisors.
- (7) The Company's salary and compensation policy: Employees' salaries are based on the current year's company results and personal performance; year-end bonuses are based on three months of salary and the actual amount is adjusted according to the company's current year's operating conditions; performance bonuses are based on 10% of the pre-tax net income before allocating compensation of employees and remuneration of directors for the current year; managers' salaries are evaluated according to the current year's performance achievement rate, in addition to referring to all employees.