

MIN AIK TECHNOLOGY CO., LTD.

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

2023 and 2022

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Independent Auditors' Report

Board of Directors of the MIN AIK TECHNOLOGY CO., LTD.,

Audit Opinions

We have audited the accompanying balance sheet of MIN AIK TECHNOLOGY CO., LTD. as of December 31, 2023 and 2022, and the statement of comprehensive income, statement of changes in equity, statement of cash flow, and notes to parent company only financial statements (including a summary of significant accounting policies) for the years ended thereof.

In our opinion, all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and presented a fair view of the financial position of MIN AIK TECHNOLOGY CO., LTD. as of December 31, 2023 and 2022, and financial performance and cash flow for the years ended thereof.

Basis of audit opinion

The CPA performs audit work in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing principles. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. All relevant personnel of the accounting firm have followed the CPA code of ethics and maintained independence from MIN AIK TECHNOLOGY CO., LTD. when performing their duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

A key audit matter is one that, in our professional judgment, is material to the examination of the parent company only financial statements of MIN AIK TECHNOLOGY CO., LTD. for 2023. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them. We determined that key audit matters that shall be communicated in our report are as follows:

I. Recognition of revenue

Regarding the accounting policy for the recognition of revenue, please refer to Note 4(14) Recognition of revenue to the parent company only financial statements; for the description of revenue, please refer to Note 6(16) to the parent company only financial statements.

Description of key audit matters:

The recognition of sales revenue of MIN AIK TECHNOLOGY CO., LTD. is determined based on the terms of the transaction with the customers. Considering that the transaction volume of the sales revenue is large and comes from multiple business locations, the sales revenue is listed as a material audit matter.

Corresponding audit process:

Our main audit procedures for the abovementioned key audit matter include: understanding the accounting policy for revenue recognition adopted by MIN AIK TECHNOLOGY CO., LTD. and comparing the terms of sale to assess the appropriateness of the policy adopted; understanding the design of the internal control system for sales revenue and performing sample tests on the effectiveness of its implementation; performing sample tests of individual revenue transactions and verifying them with customer orders and shipping certificates; sampling sales transactions before and after the end of the year to examine the sales terms, shipping documents, and customer confirmation documents so as to evaluate whether the sales transactions at the end of the year are recognized in the appropriate period.

II. Valuation of inventory

For the accounting policy of inventory evaluation, please refer to Note 4(7) Inventory to the parent company only financial statements; for the uncertainty of accounting estimates and assumptions of inventories, please refer to Note 5(1) to the parent company only financial statements.

Description of key audit matters:

MIN AIK TECHNOLOGY CO., LTD. has the requirement for inventory and stocking as it engages in the production of electronic parts and components. However, with the rapid progress and replacement of electronic product technologies, the stocked inventory may no longer comply with the market demand; therefore, it has the risk related to inventory cost exceeding the net realizable value. The estimation of the net realizable value of inventories depends on the subjective judgment of the management, which falls into the category of accounting estimates with estimation uncertainties.

Corresponding audit process:

Our main audit procedures for the abovementioned key audit matter include: understanding the policy for the provision of inventory devaluation losses of MIN AIK TECHNOLOGY CO., LTD. and assessing whether the inventory valuation has been carried out in accordance with the established accounting policies, including executing sampling procedures to check the accuracy of the age of inventories and analyzing the changes in the age of inventories of each period; examining the reasonableness of the inventory loss allowance in the past to assess whether the method and assumption for estimating the inventory allowance in the current period is appropriate; examining the sales of inventories after the period to evaluate the reasonableness of the inventory allowance valuation and estimates.

III. Investments under the equity method

For the accounting policy of evaluation of investments under the equity method, please refer to Note 4(9) Investments in subsidiaries to the parent company only financial statements; for the description of investments under the equity method, please refer to Note 6(6) Investments under the equity method to the parent company only financial statements.

Description of key audit matters:

Regarding the investments under the equity method of MIN AIK TECHNOLOGY CO., LTD., material subsidiaries have the requirement for inventory and stocking as they engage in the production of electronic parts and components. However, with the rapid development and replacement of electronic product technologies, the stocked inventory may no longer comply with the market demand; therefore, it has the risk related to inventory cost exceeding the net realizable value. The estimation of the net realizable value of inventories depends on the subjective judgment of the management, which falls into the category of matters with estimation uncertainties. Therefore, relevant inventory valuation items in the financial statements of such subsidiaries are listed as a material audit matter.

Corresponding audit process:

Our main audit procedures for the abovementioned key audit matter include: understanding the policy for the provision of inventory devaluation losses of MIN AIK TECHNOLOGY CO., LTD. and assessing whether the inventory valuation has been carried out in accordance with the established accounting policies, including executing sampling procedures to check the basis and calculation of the net realizable value of inventories, the accuracy of the age of inventories and analyzing the changes in the age of inventories of each period; examining the reasonableness of the inventory loss allowance in the past to assess whether the method and assumption for estimating the inventory allowance in the current period is appropriate; examining the sales of inventories after the period to evaluate the reasonableness of the inventory allowance valuation and estimates.

Responsibilities of management and the governance unit for the parent company only financial statements

Management is responsible for preparing the appropriate parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial statements. As a result, it can ensure material misstatement due to fraud or error does not occur in the parent company only financial statements.

In preparing the parent company only financial statements, management's responsibility also includes assessing MIN AIK TECHNOLOGY CO., LTD.'s ability to continue as a going concern, the disclosure of related matters, and the adoption of the going concern basis of accounting, unless management intends to liquidate MIN AIK TECHNOLOGY CO., LTD. or cease operations, or there is no practical alternative to liquidation or cessation of operations.

The governance unit (the audit committee) of MIN AIK TECHNOLOGY CO., LTD. is responsible for overseeing the financial reporting process.

Independent auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the parent company only financial statements will be discovered during an audit conducted in accordance with relevant auditing standards. Misstatements might have been caused by fraud or errors. If individual values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of the parent company only financial statements, they are considered significant.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with relevant auditing standards. We also perform the following tasks:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of the internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MIN AIK TECHNOLOGY CO., LTD.'s internal control.

3. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of accounting estimates and related disclosures made.
4. Based on the evidence obtained, we have made a conclusion on the appropriateness of management's adoption of the going concern basis of accounting and whether there is any material uncertainty about the events or circumstances that may cast significant doubt on the ability of MIN AIK TECHNOLOGY CO., LTD. to continue as a going concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the parent company only financial statements shall be provided in the auditors' report to allow users of the parent company only financial statements to be aware of such events or circumstances, or we shall revise our opinion when such disclosure is considered inappropriate. Our conclusion is based on the audit evidence obtained up to the date of our report. However, future events or circumstances may cause MIN AIK TECHNOLOGY CO., LTD. and its subsidiaries to cease to have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We obtained sufficient and appropriate audit evidence on the financial information of investees under the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of MIN AIK TECHNOLOGY CO., LTD.'s audits, and for forming an opinion on the audits.

Communication between the CPAs and governance units includes the planned scope and timing of inspection as well as significant inspection findings (including significant deficiencies found with internal control during inspection).

We also provide 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 Accountants with respect to independence, and communicate with the governing body about all relationships and other matters (including related safeguards) that may be considered to affect the accountant's independence.

From the matters communicated with the governance unit, we decided on the key audit matters for the audit of the parent company only financial statements of MIN AIK TECHNOLOGY CO., LTD. for 2023. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about these matters, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG International

CPA:

Approval reference number from the competent authority of securities	Jin-Guan-Zheng-Shen-Zi No. 1010004977
March 13, 2024	Jin-Guan-Zheng-Shen-Zi No. 1060005191

MIN AIK TECHNOLOGY CO., LTD.

Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		2023.12.31		2022.12.31		Liabilities and equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalent (Note 6(1))	\$ 388,847	8	240,054	5	2100	Short-term borrowings (Note 6(9))	\$ 385,000	8	410,000	9
1170	Net notes and accounts receivable (Note 6(3))	707,867	15	513,927	11	2170	Notes and accounts payable	91,190	2	129,506	2
1180	Net accounts receivable - related parties (Notes 6(3) and 7)	6,341	-	11,742	-	2180	Accounts payable - related parties (Note 7)	1,206,530	25	836,956	17
1200	Other receivables (including related parties) (Notes 6(6), 7 and 8)	219,463	4	31,305	1	2280	Lease liabilities – current (Note 6(11))	2,936	-	33,915	1
130X	Inventories (Note 6(4))	238,365	5	324,014	7	2322	Long-term borrowings due within one year or one business cycle (Note 6(10))	78,833	2	88,333	2
1470	Other current assets	76,979	2	211,917	4	2399	Other current liabilities (Note 7)	126,424	3	139,906	3
		<u>1,637,862</u>	<u>34</u>	<u>1,332,959</u>	<u>28</u>			<u>1,890,913</u>	<u>40</u>	<u>1,638,616</u>	<u>34</u>
Non-current assets:						Non-current liabilities:					
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	173,967	4	296,870	6	2540	Long-term borrowings (Note 6(10))	106,028	2	84,861	2
1518	Investments in equity instruments at fair value through other comprehensive income (Note 6(5))	-	-	7,546	-	2570	Deferred income tax liabilities (Note 6(13))	230,074	5	232,774	5
1550	Investments under the equity method (Note 6(6))	2,769,609	58	2,947,090	61	2580	Lease liabilities – non-current (Note 6(11))	6,607	-	-	-
1600	Property, plant and equipment (Note 6(7))	73,085	2	94,919	2	2670	Other non-current liabilities	10,999	-	10,999	-
1755	Right-of-use assets (Note 6(8))	9,500	-	33,605	1			<u>353,708</u>	<u>7</u>	<u>328,634</u>	<u>7</u>
1840	Deferred income tax assets (Note 6(13))	62,864	1	65,098	1			<u>2,244,621</u>	<u>47</u>	<u>1,967,250</u>	<u>41</u>
1900	Other non-current assets (Note 6(6) and (12))	33,536	1	34,972	1	Total Liabilities					
		<u>3,122,561</u>	<u>66</u>	<u>3,480,100</u>	<u>72</u>		Equity: (Note 6(14))				
						3110	Common share capital	<u>1,375,632</u>	<u>29</u>	<u>1,375,632</u>	<u>29</u>
Total assets		<u>\$ 4,760,423</u>	<u>100</u>	<u>4,813,059</u>	<u>100</u>	3200	Capital surplus	<u>1,466,724</u>	<u>31</u>	<u>1,476,353</u>	<u>31</u>
							Retained earnings:				
						3310	Legal reserve	22,875	-	18,844	-
						3320	Special reserve	730,163	15	729,059	15
						3350	Undistributed earnings (losses pending compensation)	(217,720)	(4)	41,420	1
								<u>535,318</u>	<u>11</u>	<u>789,323</u>	<u>16</u>
						3400	Other equity	(861,872)	(18)	(795,499)	(17)
							Total equity	<u>2,515,802</u>	<u>53</u>	<u>2,845,809</u>	<u>59</u>
							Total liabilities and equity	<u>\$4,760,423</u>	<u>100</u>	<u>4,813,059</u>	<u>100</u>

(Please refer to the attached notes on parent company only financial statements)

Chairman: Chia Kin Heng

General Manager: Chia Kin Heng

Accounting Manager: Yu Jhen Chen

MIN AIK TECHNOLOGY CO., LTD.

Statement of Comprehensive Income

For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(16) and 7)	\$ 2,547,963	100	2,979,729	100
5000	Operating cost (Notes 6(4), (11), (12), 7, and 12)	2,376,927	93	2,786,903	94
	Gross operating profit	171,036	7	192,826	6
	Operating expenses (Notes 6(3), (11), (12), 7 and 12):				
6100	Selling expenses	51,881	2	70,624	2
6200	Management expenses	92,587	4	95,380	3
6300	Research and development expenses	76,153	3	92,851	3
6450	Expected credit impairment loss	13,544	1	722	-
	Total operating expenses	234,165	10	259,577	8
	Net operating loss	(63,129)	(3)	(66,751)	(2)
	Non-operating income and expenses (Note 6(11), (18) and 7):				
7100	Interest revenue	9,037	-	2,179	-
7010	Other revenue	12,843	1	35,680	1
7020	Other profits and losses	(111,570)	(4)	(1,755)	-
7050	Finance costs	(12,574)	-	(8,859)	-
7070	Share of profit or loss of subsidiaries and affiliated companies under the equity method	(37,557)	(1)	72,825	2
	Total non-operating income and expense	(139,821)	(4)	100,070	3
7900	Net profit (loss) before tax	(202,950)	(7)	33,319	1
7950	Less: Income tax expenses (gains) (Note 6(13))	12,696	-	(6,439)	-
	Net profit (loss) for the period	(215,646)	(7)	39,758	1
8300	Other comprehensive income:				
8310	Items not reclassified to profit or loss				
8311	Remeasurements of the defined benefit plan (Note 6(12))	(1,864)	-	(1,366)	-
8316	Unrealized valuation gain or loss of investments in equity instruments at fair value through other comprehensive income (Note 6(5))	(7,546)	-	(33,123)	(1)
8330	Share of other comprehensive income of subsidiaries and affiliated companies under the equity method	(4,855)	-	1,924	-
	Total items not reclassified to profit or loss	(14,265)	-	(32,565)	(1)
8360	Items that may be subsequently reclassified as profit or loss				
8361	Exchange difference in the financial statement translation of foreign operations	(71,873)	(3)	123,844	4
8399	Income tax related to items that may be reclassified (Note 6(13))	13,046	1	(17,252)	(1)
	Total items that may be subsequently reclassified as profit or loss	(58,827)	(2)	106,592	3
8300	Other comprehensive income for the period	(73,092)	(2)	74,027	2
	Total comprehensive income for the period	\$ (288,738)	(9)	113,785	3
9750	Basic earnings (losses) per share (Unit: NT\$) (Note 6(15))	\$ (1.57)		0.29	
9850	Diluted earnings per share (Unit: NT\$) (Note 6(15))			0.29	

(Please refer to the attached notes on parent company only financial statements)

Chairman: Chia Kin Heng

General Manager: Chia Kin Heng

Accounting Manager: Yu Jhen Chen

MIN AIK TECHNOLOGY CO., LTD.
Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

	Capital stock		Retained earnings				Other equity items		Total	Total equity
	Common share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (losses pending compensation)	Exchange difference in the financial statement translation of foreign operations	Financial assets measured at fair value through other comprehensive income – unrealized losses			
Balance as of January 1, 2022	\$ 1,375,632	1,604,287	-	570,199	188,438	758,637	(771,824)	(97,144)	(868,968)	2,869,588
Net profit for the period	-	-	-	-	39,758	39,758	-	-	-	39,758
Other comprehensive income for the period	-	-	-	-	558	558	106,592	(33,123)	73,469	74,027
Total comprehensive income for the period	-	-	-	-	40,316	40,316	106,592	(33,123)	73,469	113,785
Appropriation and distribution of earnings:										
Provision of legal reserve	-	-	18,844	-	(18,844)	-	-	-	-	-
Allocated special reserve	-	-	-	158,860	(158,860)	-	-	-	-	-
Cash dividend for common shares	-	-	-	-	(9,630)	(9,630)	-	-	-	(9,630)
Distribution of cash dividends from the capital reserve	-	(127,934)	-	-	-	-	-	-	-	(127,934)
Balance as of December 31, 2022	1,375,632	1,476,353	18,844	729,059	41,420	789,323	(665,232)	(130,267)	(795,499)	2,845,809
Current net loss	-	-	-	-	(215,646)	(215,646)	-	-	-	(215,646)
Other comprehensive income for the period	-	-	-	-	(6,719)	(6,719)	(58,827)	(7,546)	(66,373)	(73,092)
Total comprehensive income for the period	-	-	-	-	(222,365)	(222,365)	(58,827)	(7,546)	(66,373)	(288,738)
Appropriation and distribution of earnings:										
Provision of legal reserve	-	-	4,031	-	(4,031)	-	-	-	-	-
Allocated special reserve	-	-	-	1,104	(1,104)	-	-	-	-	-
Cash dividend for common shares	-	-	-	-	(31,640)	(31,640)	-	-	-	(31,640)
Distribution of cash dividends from the capital reserve	-	(9,629)	-	-	-	-	-	-	-	(9,629)
Balance as of December 31, 2023	\$ 1,375,632	1,466,724	22,875	730,163	(217,720)	535,318	(724,059)	(137,813)	(861,872)	2,515,802

(Please refer to the attached notes on parent company only financial statements)

Chairman: Chia Kin Heng

General Manager: Chia Kin Heng

Accounting Manager: Yu Jhen Chen

MIN AIK TECHNOLOGY CO., LTD.

Statement of Cash Flow

For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

	2023	2022
Cash flow from operating activities:		
Net profit (loss) before tax for the period	\$ (202,950)	33,319
Adjustments:		
Income, expenses, and losses		
Depreciation and amortization expenses	68,544	66,868
Net loss on financial assets and liabilities at fair value through profit or loss	122,903	22,274
Dividend revenue	(2,539)	(10,158)
Share of profit of subsidiaries and affiliated companies under the equity method	37,557	(72,825)
(Gains) losses on the disposal and scrapping of property, plant and equipment	(38)	600
Loss on inventory devaluation and scrapping	2,251	13,159
Interest revenue	(9,037)	(2,179)
Interest expenses	12,574	8,859
Others	13,774	(205)
Total income/expense items	245,989	26,393
Changes in assets/liabilities related to operating activities:		
Changes in assets related to operating activities:		
Notes and accounts receivable (including related parties)	(202,083)	531,165
Inventory	73,117	(32,312)
Other current assets	(34,363)	(150,576)
Other non-current assets	(988)	(1,014)
	(164,317)	347,263
Net changes in liabilities related to operating activities:		
Notes and accounts payable (including the related party)	331,258	(530,710)
Other current liabilities	(11,455)	(37,389)
	319,803	(568,099)
Total net changes in assets and liabilities related to operating activities	155,486	(220,836)
Total adjustments	401,475	(194,443)
Cash outflow from operations	198,525	(161,124)
Interest received	7,519	2,145
Stock dividend received	66,082	64,446
Interest paid	(12,274)	(8,845)
Income tax paid	(744)	(44)
Net cash inflow (outflow) from operating activities	259,108	(103,422)
Cash flow from investing activities:		
Acquisition of investment under the equity method	(12,907)	(17,895)
Acquisition of property, plant and equipment	(6,965)	(22,073)
Disposal of property, plant and equipment	180	3,787
Decrease (increase) in other financial assets	(2,304)	179,190
Net cash inflow (outflow) from investment activities	(21,996)	143,009
Cash flow from financing activities:		
Decrease in short-term borrowings	(25,000)	(111,651)
Increase in long-term borrowings	11,667	84,861
Lease principle repayment	(33,717)	(34,058)
Distribution of cash dividends	(41,269)	(137,564)
Net cash outflow from financing activities	(88,319)	(198,412)
Increase (decrease) in cash and cash equivalents in the current period	148,793	(158,825)
Balance of cash and cash equivalents at the beginning of the period	240,054	398,879
Balance of cash and cash equivalents at the end of the period	\$ 388,847	240,054

(Please refer to the attached notes on parent company only financial statements)

Chairman: Chia Kin Heng

General Manager: Chia Kin Heng

Accounting Manager: Yu Jhen Chen

MIN AIK TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements
2023 and 2022

(Unless otherwise stated, all amounts are in NT\$ thousand)

I Company Profile

MIN AIK TECHNOLOGY CO., LTD. (the “Company”) was approved for establishment by the Ministry of Economic Affairs on October 3, 1979. The registered address is 10F-1, No. 492-1, Sec. 1, Wanshou Rd., Longhua Vil., Guishan Dist., Taoyuan City. The Company mainly engages in the R&D, manufacturing and trading of hard disk drive (HDD) parts and components, precision electronic part and component assembly, CD ROM parts and components, optical parts and precision plastic molds.

II Date and Procedures of Approval of the Financial Statements

The parent company only financial statements were approved by the Board for publication on March 13, 2024.

III Adoption of New Standards, Amendments, and Interpretations

(I) The impact of the adoption of new and amended standards and interpretations recognized by the Financial Supervisory Commission (FSC)

The Company began to apply the following newly amended IFRSs on January 1, 2023, and there was no significant impact on the parent company only financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 regarding “Deferred Taxes Related to Assets and Liabilities Arising from A Single Transaction”

The Company began to apply the following newly amended IFRSs on May 23, 2023, and there was no significant impact on the parent company only financial statements.

- Amendments to IAS 12 International Tax Reform-Pillar Two Model Rules”

(II) The impact of not adopting the IFRSs recognized by the FSC

According to the evaluation of the Company, the application of the following newly amended IFRSs that became effective on January 1, 2024 will not have a material impact on the parent company only financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendments to IFRS 16 “Lease Liability in A Sale and Leaseback”

(III) New and amended standards and interpretations not yet recognized by the FSC

The Company expects that the following new and amended standards that have not yet been recognized will not have a significant impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 regarding “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IAS No. 21 “Lack of Exchangeability”

Notes to the Parent Company Only Financial Statements (cont'd)

IV Summary of Significant Accounting Policies

The significant accounting policies adopted in the parent company only financial statements are summarized as follows. Unless otherwise specified, the following accounting policies have been applied throughout the presentation period of the parent company only financial statements.

(I) Compliance Statement

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

(II) Basis of preparation

1. Basis of measurement

Except for the following important items on the balance sheet, the parent company only financial statements have been prepared on the basis of historical cost:

- (1) Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value;
- (2) Net defined benefit liabilities (or assets) are measured at the fair value of the pension fund assets less the present value of the defined benefit obligation.

2. Functional currency and presentation currency

The Company's functional currency is the currency of the main economic environment where its operations are located. The parent company only financial statements are expressed in NT\$, the functional currency of the Company. All financial information expressed in NT\$ is with a unit of NT\$ thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into functional currency in accordance with the exchange rates prevailing on the transaction date. At the end of each subsequent reporting period (the “reporting date”), monetary items denominated in foreign currencies are translated into functional currency in accordance with the exchange rates on that day. Non-monetary items denominated in foreign currency measured at fair value are translated into functional currency in accordance with the exchange rates on the date the fair value is measured. Non-monetary items denominated in foreign currency measured at historical cost are translated in accordance with the exchange rate on the transaction date.

Foreign currency exchange differences arising from the translation are generally recognized in profit or loss; however, foreign currency exchange differences arising from the translation of equity instruments designated as measured at fair value through other comprehensive income are recognized in other comprehensive income.

Notes to the Parent Company Only Financial Statements (cont'd)

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions, are translated into NT\$ in accordance with the exchange rate on the reporting date; incomes and expenses are translated into NT\$ in accordance with the average exchange rate of the period, and the exchange differences generated thereof are recognized as other comprehensive income.

When the disposal of a foreign operation results in a loss of control, loss of joint control, or significant influence, the accumulated exchange differences related to the foreign operation are entirely reclassified as profit or loss. When the partial disposal includes subsidiaries of foreign operations, relevant accumulated exchange differences are re-attributed to non-controlling interests on a pro-rata basis. When the partial disposal includes investments in affiliated companies of foreign operations, relevant accumulated exchange differences are reclassified to profit or loss on a pro-rata basis.

(IV) Classification standards for current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets; assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized or intended to be sold or consumed in the normal business cycle;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within 12 months after the reporting period; or
4. The asset is cash or cash equivalents, except for those that are subject to other restrictions on exchange or used to settle liabilities at least 12 months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities; assets other than current liabilities are classified as non-current liabilities:

1. The liabilities are expected to be settled in the normal business cycle;
2. The liabilities are held primarily for the purpose of trading;
3. The Liabilities are expected to be settled within 12 months after the reporting period; or
4. Liabilities that have no right to unconditionally postpone the settlement deadline to at least 12 months after the reporting period. The terms of liabilities that may, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(V) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Cash equivalents are short-term investments with high liquidity that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of fulfilling short-term cash commitments rather than investment or other purposes are reported as cash equivalents.

Notes to the Parent Company Only Financial Statements (cont'd)

(VI) Financial instruments

Accounts receivable are recognized at the time of occurrence. All other financial assets and financial liabilities are recognized when the Company becomes a party to the terms of a financial instrument contract. Financial assets that are not measured at fair value through profit or loss (except for accounts receivable that do not contain significant financial components) or financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

If the purchase or sale of financial assets is in line with customary transactions, the Company adopts the trade date or settlement date treatment for all purchases and sales of all financial assets classified consistently.

At the time of initial recognition, financial assets are classified as the following: financial assets measured at amortized cost, investments in equity instruments measured at fair value through other comprehensive income, and financial assets at fair value through profit or loss. The Company only reclassifies all affected financial assets from the first day of the next reporting period when the business model for managing financial assets is changed.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contract cash flow.
- The contract terms of the financial asset generate cash flows on specific dates, and such cash flows are fully used to pay the principal and interest of the outstanding principal.

Subsequently, such assets are measured at amortized cost by adding/deducting the accumulated amortization calculated by adopting the effective interest method to/from the initial recognition amount with adjustments made to any loss allowance. Interest revenue, foreign currency exchange gains or losses, and impairment losses are recognized in profit or loss. Upon derecognition, the gain or loss is recognized in profit or loss.

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

The Company may make an irrevocable selection at the time of initial recognition to present the subsequent fair value changes of investments in equity instruments not held for trading in other comprehensive income. The aforementioned selection is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend revenue (unless obviously representing the recovery of the partial investment cost) is

Notes to the Parent Company Only Financial Statements (cont'd)

recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend revenue from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income above are measured at fair value through profit or loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate financial assets that meet the conditions of measurement at amortized cost or fair value through other comprehensive income as financial assets at fair value through profit and loss.

Such assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest revenue) is recognized in profit or loss.

(4) Impairment of financial assets

The Company recognizes loss allowance for the expected credit loss (ECL) of financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits, and other financial assets) accounts receivable.

The following financial assets have allowance losses measured at the 12-month ECLs, and the rest are measured at the lifetime ECLs:

- Debt securities determined to have a low credit risk on the reporting date; and
- The credit risk of other debt securities and bank deposits (i.e., the risk of default during the expected lifetime of the financial instrument) has not increased significantly since the initial recognition.

The loss allowance for accounts receivable is measured at lifetime ECLs.

Lifetime ECLs refer to the ECLs generated by all possible defaults during the expected lifetime of a financial instrument.

The 12-month ECLs refer to the ECLs arising from the possible default of the financial instrument within 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period for measuring ECLs is the longest contract period in which the Company is exposed to credit risk.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and supportive information (which can be obtained without excessive cost or effort), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit assessment and forward-looking information.

Notes to the Parent Company Only Financial Statements (cont'd)

ECL is the probability-weighted estimate of the credit loss during the expected lifetime of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can collect in accordance with the contract and the cash flow that the Company expects to collect. ECLs are discounted at the effective interest rate of financial assets.

The loss allowance of financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Company cannot reasonably expect the entire or partial recovery of financial assets, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of write-off on the basis of whether the recovery is reasonably expected. The Company expects that the written-off amount will not be materially reversed. However, the written-off financial assets can still be enforced compulsorily to meet the Company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

Only after the contractual rights to the cash flows from the assets are terminated, or the financial assets are transferred, and almost all the risks and rewards of the ownership of the assets have been transferred to other enterprises, or the substantial ownership of the assets has not been transferred or retained, and the control over the financial assets is not retained, are the financial assets derecognized.

When the Company enters into a transaction to transfer a financial asset, if all or almost all of the risks and rewards of the transferred asset ownership are retained, it will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The liabilities and equity instruments issued by the Company are categorized as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

An equity instrument refers to any contract in which the Company has residual equity after deducting all liabilities from assets. The equity instruments issued by the Company are recognized based on the acquisition price less direct issuing cost.

(3) Treasury stock

When repurchasing the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stock. In the subsequent sale or re-issuance of the treasury stock, the proceeds received are recognized as increases in equity, and the surplus or loss arising from the transaction is recognized as the capital

Notes to the Parent Company Only Financial Statements (cont'd)

surplus or retained earnings (if the capital surplus is insufficient to offset).

(4) Financial liabilities

Financial liabilities are classified as measured fair value through profit or loss. Financial liabilities held for trading, being derivatives, or designated at the time of initial recognition, are classified as measured at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value, and related net gains or losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost by using the effective interest method. Interest expenses and exchange gains or losses are recognized in profit or loss. Any gain or loss is recognized in profit or loss at the time of derecognition.

(5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations are fulfilled, canceled, or expired. When the terms of financial liabilities are amended, and there is a significant difference in the cash flow of the liabilities after the amendment, the original financial liabilities are derecognized, and the new financial liabilities are recognized based on the fair value in accordance with the amended terms.

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

(6) Offsetting financial assets and liabilities

Financial assets and financial liabilities can be offset against each other and presented in the balance sheet in net amount only when the Company has a legally enforceable right to offset against them with an intention to settle in net amount, or realize the assets and settle the liabilities concurrently.

(VII) Inventory

Inventories are measured at the lower of cost or net realizable value. Costs include the acquisition, production or processing costs and other costs incurred to make them available for use, and are calculated in accordance with the weighted average method. The cost of inventories of finished goods and work-in-progress includes the manufacturing expenses allocated based on the normal production capacity in an appropriate proportion.

The net realizable value refers to the balance of the estimated selling price under normal operations less the estimated cost of completion and the estimated cost of sales.

(VIII) Investments in affiliated companies

Affiliated companies are those over which the Company has significant influence on their financial and operating policies that are not under its control or joint control.

The Company's equity in affiliated companies is accounted for using the equity method. Under the equity method, investments are initially recognized at cost. Investment cost includes

Notes to the Parent Company Only Financial Statements (cont'd)

transaction cost. The carrying amount of investments in affiliated companies includes the goodwill identified at the time of the initial investment less any accumulated impairment loss.

The parent company only financial statements include the profit and loss and other comprehensive income of the investments in affiliated companies recognized by the Company based on the equity ratio from the date of possession of the significant influence to the date of loss of the significant influence after consistent adjustments made with the Company's accounting policies. When changes in equity other than profit and loss and other comprehensive income occur to an affiliated company that does not affect the Company's shareholding ratio, the Company's share of the changes in equity in the affiliated company shall be recognized as capital surplus in proportion to the shareholding ratio.

Unrealized gains and losses arising from the transactions between the Company and its affiliated companies are recognized in the corporate financial statements only within the scope of the non-related investor's equity in the affiliated companies.

When the Company's share of losses from an affiliated company to be recognized on a pro-rata basis equals or exceeds its equity in the affiliated company, the Company stops recognizing its losses. The Company only recognizes additional losses and relevant liabilities when a legal obligation, constructive obligation, or payment on behalf of the investee is made.

The Company ceases to adopt the equity method from the date its investment is no longer an affiliated company or joint venture, and the retained equity is measured at fair value. The difference between the fair value of the retained equity and the disposal consideration, and the carrying amount of the investment on the date when it ceases to adopt the equity method is recognized in profit or loss of the period. The accounting treatments for all amounts previously recognized in other comprehensive income related to the investment are the same as that required for the direct disposal of relevant assets or liabilities by the affiliated company or joint venture. That is, gains or losses previously recognized in other comprehensive income shall be reclassified as profit or loss when disposing of relevant assets and liabilities, and when the Company ceases to adopt the equity method, such gains or losses shall be reclassified from equity to profit or loss. If the Company's ownership interest in the affiliated company or joint venture decreases but the equity method continues to be applied, the Company will make reclassification and adjustments to the gain or loss previously recognized in other comprehensive income related to the decrease in ownership based on the decrease proportion by adopting the abovementioned method.

When the affiliated company issues new shares, if the Company fails to subscribe based on its shareholding ratio and this results in a change in the shareholding ratio, causing an increase/decrease in the net equity of the investment, the capital surplus and investments under the equity method are adjusted based on the increase/decrease. If the adjustment is the write-down of capital surplus, or if the balance of capital surplus generated by the investments under

Notes to the Parent Company Only Financial Statements (cont'd)

the equity method is insufficient, the difference is debited to retained earnings. However, if the Company fails to subscribe based on its shareholding ratio, resulting in a decrease in its ownership interest in an affiliated company, the amount related to the affiliated company previously recognized in other comprehensive income is reclassified based on the decrease proportion, and its accounting treatments are the same as that required for the direct disposal of relevant assets or liabilities by the affiliated company.

(IX) Investments in subsidiaries

In preparing the parent company only financial statements, the Company has adopted the equity method to assess the investees it has control over. Under the equity method, the profit or loss and other comprehensive income of the period in the parent company only financial statements and the allocation of profit or loss and other comprehensive income of the period attributable to the parent company's owners in the financial statements prepared on a consolidation basis, and the equity of owners in the parent company only financial statements is equivalent to the equity attributable to owners of the parent company in the financial statements prepared on a consolidation basis.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are treated as equity transactions with owners.

(X) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment.

When the significant components of property, plant and equipment have a different useful life, they are treated as a separate item (a major component) of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenses may be capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated at the cost of the asset less residual value and recognized in profit or loss by using the straight-line method over the estimated useful life of each component.

The estimated useful life for the current period and the comparison period is as follows:

- (1) Machinery and equipment: 2 to 15 years
- (2) Lease improvement: 3 to 15 years
- (3) Office equipment and others: 1 to 10 years

Notes to the Parent Company Only Financial Statements (cont'd)

The Company examines the depreciation method, useful life, and residual value on the reporting date each year and makes appropriate adjustments when necessary.

(XI) Lease

The Company assesses whether the contract is or contains a lease on the date of establishment of the contract. If the contract transfers the control over the use of identified assets for a period of time in exchange for the consideration, the contract is or contains a lease.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease commencement date. Right-of-use assets are initially measured at cost, which includes the initial measurement of lease liabilities; adjustments are made for any lease payments paid on or before the lease commencement date, plus the initial direct cost that occurred and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, while deducting any lease incentives received.

Subsequently, right-of-use assets are depreciated by using the straight-line method from the lease commencement date to the expiry of their useful lives or the expiry of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use assets are impaired and treats any impairment losses that have occurred. The right-of-use assets are adjusted if the lease liabilities are remeasured.

Lease liabilities are initially measured at the present value of the unpaid lease payments on the lease commencement date. If the implicit interest rate of the lease is easy to determine, the discount rate shall be the interest rate. If it is not easy to determine, the Company's incremental borrowing interest rate is used. Generally, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payments, including substantive fixed payments;
- (2) Variable lease payments subject to a certain index or rate that are initially measured at the index or rate on the lease commencement date;
- (3) The residual guarantee amount expected to be paid; and
- (4) The exercise price or penalties when the purchase option or lease termination option is reasonably determined to be exercised.

Subsequent interest on lease liabilities is accrued by using the effective interest method, and the amount is remeasured when the following circumstances occur:

- (1) Changes in future lease payments due to changes in the index or rate used to determine lease payments;
- (2) Changes in the residual guarantee amount expected to be paid;
- (3) Changes in the evaluation of the underlying asset's purchase option;
- (4) Changes in the evaluation of the lease period due to changes in the estimate of whether

Notes to the Parent Company Only Financial Statements (cont'd)

to exercise the extension or termination option;

- (5) Amendment to the subject, scope, or other terms of the lease.

When lease liabilities are remeasured due to a change in the index or rate used to determine lease payments, changes in the residual guarantee amount, or changes in the evaluation of the purchase, extension, or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and its difference with the remeasurement of the lease liabilities is recognized in profit or loss.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

For the short-term leases of staff dormitories and other equipment, the Company chooses not to recognize the right-of-use assets and lease liabilities but to recognize the relevant lease payments as expenses on a straight-line basis over the lease term.

(XII) Intangible assets

Expenditures related to research activities are recognized in profit or loss when incurred.

Development expenditures are capitalized only when they can be measured reliably, the technical or commercial feasibility of the product or process has been achieved, the future economic benefits are likely to flow into the Company, and the Company has the intention and sufficient resources to complete the development and use of or sell the asset. Other development expenditures are recognized in profit or loss when incurred. After initial recognition, the capitalized development expenditure is measured at its cost less accumulated amortization and accumulated impairment.

Subsequent expenses are capitalized only when they increase the future economic benefits of the relevant specific assets. All other expenditures are recognized in profit or loss when incurred.

(XIII) Impairment of non-financial assets

The Company assesses whether there is any indication that the carrying amount of non-financial assets (except inventories and deferred income tax assets) may be impaired at each reporting date. If any indication exists, the recoverable amount of the asset shall be estimated.

For the purpose of impairment tests, the group of assets with cash inflow mostly independent of other individual assets or asset groups is recognized as the smallest identifiable asset group.

The recoverable amount is the fair value of an individual asset or cash-generating unit less the cost of disposal and its value in use, whichever is higher. In assessing value in use, the estimated future cash flows are converted to the present value by using a pre-tax discount rate

Notes to the Parent Company Only Financial Statements (cont'd)

that reflects the current market's assessment of the time value of money and the assessment of specific risks of the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, the Company recognizes impairment loss. Impairment losses are recognized immediately in profit or loss of the period.

(XIV) Recognition of revenue

1. Revenue from customer contracts

Revenue is measured based on the consideration that is expected to be obtained for the transferred product. The Company recognizes revenue when the control of the product is transferred to the customer, and the performance obligation is met. The main revenue items of the Company are described as follows:

The Company recognizes revenue when the control of the product is transferred. The transfer of control means that the product has been delivered to the customer, the customer can fully determine the sales channels and prices of the product, and there are no outstanding obligations that may affect the acceptance of the product by the customer. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, the customer has accepted the product in accordance with the sales contract, and the acceptance terms have become invalid, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes the accounts receivable when the goods are delivered as it has the right to unconditionally receive the consideration at that point in time.

2. Financial components

The Company expects the interval between the time when all products are transferred to customers based on customer contracts and the time when customers pay for such products to be less than one year; therefore, the Company does not adjust the time value of money.

(XV) Employee benefit

1. Defined contribution plan

The contribution obligation of the defined contribution plan is recognized as expenses within the service period of the employees.

2. Defined benefit plan

The Company's net obligation to the defined benefit plan is calculated by converting the future benefit amount earned from services provided by employees in the current or prior period into its present value less the fair value of the plan assets.

Defined benefit obligations are calculated annually by a qualified actuary using the Projected Unit Credit Method. When the calculation result may be favorable to the Company, the assets recognized shall be limited to the present value of any economic benefit that can

Notes to the Parent Company Only Financial Statements (cont'd)

be derived from the refund of the contribution from the plan or the reduction of the contribution of the plan in the future. The calculation of the present value of the economic benefits takes into account all minimum capital contributions required.

The remeasurement of net defined benefit liabilities, including actuarial gains and losses, plan asset returns (excluding interest), and any change in the effect of asset caps (excluding interest) is immediately recognized in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expenses (revenue) of net defined benefit liabilities (assets) by using the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expenses and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or curtailed, the changes in benefits related to the prior service cost or curtailed benefit or loss are recognized immediately in profit or loss. When the settlement occurs, the Company recognizes the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are provided. If the Company has a current legal or presumed payment obligation due to the past services provided by employees, and the obligation can be estimated reliably, the amount is recognized as liabilities.

(XVI) Income tax

Income tax includes current income tax and deferred income tax. Except for those related to M&As and recognized directly in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to the income tax payable or tax refund receivable from prior years. The amount is measured at the statutory tax rate or tax rate substantially enacted on the reporting date, the best estimate of the amount expected to be paid or received.

Deferred income tax is measured and recognized on temporary differences between the carrying amount of assets and liabilities and their tax bases on the reporting date. Temporary differences arising from the following circumstances are not recognized as deferred income tax:

1. Assets or liabilities initially recognized in a transaction that is not M&As that (i) do not affect accounting profits and taxable income (loss); and (ii) do not give rise to equivalent taxable discrepancy;

Notes to the Parent Company Only Financial Statements (cont'd)

2. For temporary differences arising from investments in subsidiaries and joint ventures, the time point for the Company to control the reversal of temporary differences is likely not to be reversed in the foreseeable future; and
3. The taxable temporary difference arising from the initial recognition of goodwill.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to be reversed by adopting the statutory tax rate or tax rate substantially enacted on the reporting date as the basis, with income tax-related uncertainties reflected, if any.

The Company offsets the deferred income tax assets and deferred income tax liabilities when the following conditions are met concurrently:

1. Has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxable entities levied by the same taxation authority:
 - (1) The same taxable entity; or
 - (2) Different taxable entities, but each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Unused tax losses, unused income tax credits carried forward and deductible temporary differences are recognized as deferred income tax assets when it is likely to have future taxable income available for use. The Company shall perform a reevaluation on each reporting date and adjust the relevant income tax benefits to the extent that it is not likely to be realized, or to reverse the amount reduced in the range where it is likely that there will be sufficient taxable income.

(XVII) Earnings per share

The Company presents the basic and diluted earnings per share attributable to the Company's ordinary shareholders. The basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of the outstanding ordinary shares during the period. Diluted earnings per share is calculated by having the profit or loss attributable to the Company's ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all potential diluted ordinary shares. The Company's potential diluted ordinary shares include the estimated employee remuneration that can be paid in shares.

(XVIII) Segment Information

The Company has disclosed the segment information in the consolidated financial statements; therefore, the segment information is not disclosed in the parent company only financial statements.

Notes to the Parent Company Only Financial Statements (cont'd)

V Major Sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

The management, when preparing the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” is required to make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reporting amounts of assets, liabilities, gains, and expenses. Actual results may differ from estimates.

The management continues to examine the estimates and underlying assumptions, and changes in accounting estimates are recognized in the period in which they are affected in the future.

The accounting policies involve significant judgments, and the information that affects the amounts recognized in the parent company only financial statements is as follows:

- (I) For details on whether the Company has substantial control over the investee, please refer to the 2023 consolidated financial statements.
- (II) The judgment on whether the Company has a significant influence on the investee.

The Company is the largest shareholder of the affiliated company, MIN AIK PRECISION INDUSTRIAL CO., LTD. (the “MIN AIK PRECISION”). However, considering that the Company is unable to appoint more than half of the Directors of MIN AIK PRECISION or secure more than half of voting rights of attending shareholders’ meetings, it is determined that the Company only has a significant influence on MIN AIK PRECISION.

Information related to material adjustments in the following year caused by material risks in the uncertainties of assumptions and estimates is as follows:

- (I) Valuation of inventory

As the inventory needs to be measured at the lower of cost or net realizable value, the Company’s major subsidiaries under the equity method evaluate the amount of inventory of normal depletion, obsolescence, or no market sales value on the reporting date and write down the cost of inventories to the net realizable value. The valuation of inventories is mainly based on the demand for products in a specific period in the future; therefore, it may result in significant changes due to rapid changes in the industry.

- (II) Assessment of Investments under the equity method

In the process of inventory valuation and asset impairment evaluation by subsidiaries it invested, the Company is required to depend on subject judgments to determine the independent cash flow of specific asset groups, useful lives of assets, and gains and expenses that may be generated in the future based on the use models of assets and industry features; any changes in the economic conditions or changes in estimates due to the Company’s strategies may cause material impairment losses or the reversal of recognized impairment losses in the future.

Notes to the Parent Company Only Financial Statements (cont'd)

The Company's accounting policies and disclosures include the adoption of fair value to measure its financial and non-financial assets and liabilities. The Company has established relevant internal control systems for the measurement of fair value and assigned personnel to review the inputs of significant parameters and assumptions to ensure that the valuation results are reasonable.

When measuring its assets and liabilities, the Company uses market-observable input values as much as possible. The level of fair value is based on the inputs used in the valuation technology, classified as follows:

- (I) Level 1: The open quotation (unadjusted) of similar assets or liabilities in an active market.
- (II) Level 2: In addition to the open quotation included in Level 1, the input parameters of assets or liabilities that can be observed directly (i.e., prices) or indirectly (i.e., derived from prices).
- (III) Level 3: The input parameters of assets or liabilities that are not based on observable market data (non-observable parameters).

If there are any transfers between the fair value levels or other circumstances, the Company recognizes such transfers on the reporting date. For the relevant information on the assumptions adopted for measuring fair value, please refer to Note 6(19) below.

VI Description of Significant Accounting Items

(I) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash on hand, check and demand deposits	\$ 210,758	230,841
Time deposits	178,089	9,213
	<u>\$ 388,847</u>	<u>240,054</u>

Please refer to Note 6(19) for the disclosure of the interest rate risk of the Company's financial assets and liabilities and sensitivity analysis.

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Fund investment	\$ 5,759	5,469
Stocks listed on the Emerging Stock Market	168,208	291,401
	<u>\$ 173,967</u>	<u>296,870</u>

As of December 31, 2023 and 2022, the Company's financial assets at fair value through profit or loss had not been provided for security or guarantee.

Notes to the Parent Company Only Financial Statements (cont'd)

(III) Net notes and accounts receivable (including related parties)

	2023.12.31	2022.12.31
Notes receivable	\$ 736	2,315
Accounts receivable	724,208	515,145
Accounts receivable - related parties	6,341	11,742
Less: Allowance loss	(17,077)	(3,533)
	\$ 714,208	525,669

The Company uses the simplified method to estimate ECLs for all notes and accounts receivable; that is, it uses lifetime ECLs for measurement. For the purpose of measurement, such notes and accounts receivable are based on the shared credit risk characteristics of the ability of customers to pay all amounts due under the contract terms, and the forward-looking information has been included. The ECLs of notes and accounts receivable (including related parties) of the Company as of December 31, 2023 and 2022 are analyzed as follows:

2023.12.31			
	Carrying amount of notes and accounts receivable	Weighted average ECL rate	Allowance for lifetime ECLC
Undue	\$ 665,123	0%~1%	100
Overdue for less than 90 days	48,545	0%~21%	1,551
Overdue for 91 to 180 days	2,225	0%~27%	112
Overdue for 181 to 360 days	587	0%~100%	509
Overdue for more than 361 days	14,805	0%~100%	14,805
	\$ 731,285		17,077
2022.12.31			
	Carrying amount of notes and accounts receivable	Weighted average ECL rate	Allowance for lifetime ECLC
Undue	\$ 475,552	0%~1%	1,286
Overdue for less than 90 days	44,418	0%~9%	651
Overdue for 91 to 180 days	8,083	0%~10%	751
Overdue for 181 to 360 days	466	0%~100%	162
Overdue for more than 361 days	683	0%~100%	683
	\$ 529,202		3,533

Notes to the Parent Company Only Financial Statements (cont'd)

The table of changes in the allowance for notes and accounts receivable of the Company is as follows:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 3,533	2,811
Recognized impairment losses	13,544	722
Closing balance	<u>\$ 17,077</u>	<u>3,533</u>

As of December 31, 2023 and 2022, the Company's notes and accounts receivable had not been provided for security or guarantee.

(IV) Inventory

	<u>2023.12.31</u>	<u>2022.12.31</u>
Raw material	\$ 63,540	102,931
Goods in process	38,624	54,647
Merchandise and finished goods	136,201	166,436
	<u>\$ 238,365</u>	<u>324,014</u>

The inventory-related expenses recognized by the Company as cost of sales are as follows:

	<u>2023</u>	<u>2022</u>
Cost of sales	\$ 2,295,988	2,732,887
Unallocated fixed manufacturing expenses due to the production capacity being lower than normal	85,989	41,669
Loss on inventory devaluation and loss on scrapping	2,251	13,159
Others	(7,301)	(812)
	<u>\$ 2,376,927</u>	<u>2,786,903</u>

As of December 31, 2023 and 2022, the Company's inventories had not been provided for security or guarantee.

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Investments in foreign equity	<u>\$ -</u>	<u>7,546</u>

1. The Company's investments in such equity instruments are long-term strategic investments and are not held for trading purposes; therefore, they are designated to be measured at fair value through other comprehensive income, and a valuation loss of NT\$7,546 thousand was appropriated in 2023.
2. The Company did not dispose of strategic investments in 2023 and 2022, and there was no transfer of any accumulated gain or loss within the equity during the period.
3. Please refer to Note 6(19) for the information on credit risk and market risk.
4. The above financial assets have not been provided for security or guarantee.

Notes to the Parent Company Only Financial Statements (cont'd)

(VI) Investments under the equity method

The Company's investments under the equity method on the reporting date are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Subsidiary	\$ 2,015,853	2,186,625
Affiliated company	<u>753,756</u>	<u>760,465</u>
	<u>\$ 2,769,609</u>	<u>2,947,090</u>

1. Subsidiary

- (1) Please refer to the 2023 consolidated financial statements.
- (2) In 2023 and 2022, the Company received cash dividends from subsidiaries of NT\$31,609 thousand and NT\$37,146 thousand, respectively, and they were recognized as a deduction item for investments under the equity method. The uncollected dividends as of December 31, 2023 and 2022 were NT\$33,032 thousand and NT\$20,720 thousand, respectively, and they are accounted for under other receivables and other non-current assets.

2. Affiliated company

The information on affiliates important to the Company is as follows:

<u>Affiliated company</u>	<u>Nature of the relationship with the Company</u>	<u>Principal location of business/ country of incorporation</u>	<u>Ratio of ownership interests and voting rights</u>	
			<u>2023.12.31</u>	<u>2022.12.31</u>
MIN AIK PRECISION	Electronic parts and components manufacturing	Taiwan	38.68%	38.13%

For listed affiliated companies important to the Company, the fair value of shares held by the Company is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
MIN AIK PRECISION	<u>\$ 893,610</u>	<u>880,710</u>

The financial information of the material affiliated company of the Company is summarized as follows. For the financial information, the amounts included in the parent company only financial statements of the affiliates in accordance with the IFRSs have been adjusted to reflect the adjustments made by the Company for the differences in accounting policies:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current assets	\$ 1,774,367	1,919,725
Non-current assets	1,289,929	1,360,829
Current liabilities	(944,746)	(908,941)
Non-current liabilities	<u>(256,367)</u>	<u>(473,381)</u>
Net assets	<u>\$ 1,863,183</u>	<u>1,898,232</u>
Net assets attributable to the owners of investees	<u>\$ 1,855,336</u>	<u>1,890,385</u>

Notes to the Parent Company Only Financial Statements (cont'd)

	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 2,075,139</u>	<u>2,275,017</u>
Net profit for the period	\$ 83,064	161,828
Other comprehensive income	(2,613)	77,005
Total comprehensive income	<u>\$ 80,451</u>	<u>238,833</u>
Total comprehensive income attributable to owners of investees	<u>\$ 80,451</u>	<u>238,833</u>
	<u>2023</u>	<u>2022</u>
Share of net assets of affiliated company at the beginning of the period	\$ 732,229	645,630
Total comprehensive income attributable to the Company for the period	28,219	89,057
Amount of equity in affiliated companies acquired during the period	12,907	17,895
Dividends from affiliated companies during the period	(44,246)	(20,353)
Share of net assets of affiliated company at the end of the period	729,109	732,229
Add: Difference of net worth of equity	28,632	28,632
Less: Unrealized gross profit from sales	(3,985)	(396)
Carrying amount of the Company's equity in affiliated companies at the end of the period	<u>\$ 753,756</u>	<u>760,465</u>

In 2023, the Company acquired additional shares of its affiliated company, MIN AIK PRECISION, with consideration of NT\$12,907 thousand, and its shareholding ratio increased from 38.13% to 38.68%.

3. Guarantee

As of December 31, 2023 and 2022, the Company's investments under the equity method had not been provided for security or guarantee.

Notes to the Parent Company Only Financial Statements (cont'd)

(VII) Property, plant and equipment

The breakdown of changes in cost, accumulated depreciation, and impairment loss of the Company's property, plant and equipment for the years ended December 31, 2023 and 2022 is as follows:

	Machinery and equipment	Other equipment	Unfinished construction and equipment pending inspection	Total
Cost or recognized cost:				
Balance on January 1, 2023	\$ 494,074	258,180	-	752,254
Addition	1,663	2,975	-	4,638
Diverted from self-produced products for own use	1,888	8,701	-	10,589
Disposal	(46,885)	(5,090)	-	(51,975)
Others	-	(615)	-	(615)
Balance on December 31, 2023	\$ 450,740	264,151	-	714,891
Balance on January 1, 2022	\$ 528,987	254,761	744	784,492
Addition	13,124	5,738	1,632	20,494
Disposal	(50,206)	(3,011)	-	(53,217)
Reclassification	2,169	692	(2,376)	485
Balance on December 31, 2022	\$ 494,074	258,180	-	752,254
Accumulated depreciation and impairment loss:				
Balance on January 1, 2023	\$ 418,585	238,750	-	657,335
Depreciation of the year	19,923	14,919	-	34,842
Disposal	(46,757)	(5,076)	-	(51,833)
Others	660	802	-	1,462
Balance on December 31, 2023	\$ 392,411	249,395	-	641,806
Balance on January 1, 2022	\$ 440,971	231,724	-	672,695
Depreciation of the year	22,297	9,794	-	32,091
Disposal	(45,819)	(3,011)	-	(48,830)
Others	1,136	243	-	1,379
Balance on December 31, 2022	\$ 418,585	238,750	-	657,335
Carrying amount:				
December 31, 2023	\$ 58,329	14,756	-	73,085
December 31, 2022	\$ 75,489	19,430	-	94,919

Notes to the Parent Company Only Financial Statements (cont'd)

As of December 31, 2023 and 2022, the Company's property, plant and equipment had not been provided for security or guarantee.

(VIII) Right-of-use assets

The cost and depreciation of the Company's houses and buildings, and other equipment are as follows:

	<u>Houses and buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance on January 1, 2023	\$ 99,830	520	100,350
Addition	9,896	1,001	10,897
Derecognition	(14,349)	(520)	(14,869)
Balance on December 31, 2023	<u>\$ 95,377</u>	<u>1,001</u>	<u>96,378</u>
Balance on January 1, 2022	\$ 98,019	520	98,539
Addition	1,811	-	1,811
Balance on December 31, 2022	<u>\$ 99,830</u>	<u>520</u>	<u>100,350</u>
	<u>Houses and buildings</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation of right-of-use assets:			
Balance on January 1, 2023	\$ 66,333	412	66,745
Depreciation appropriated	31,324	303	31,627
Derecognition	(12,815)	(520)	(13,335)
Others	1,800	41	1,841
Balance on December 31, 2023	<u>\$ 86,642</u>	<u>236</u>	<u>86,878</u>
Balance on January 1, 2022	\$ 32,530	152	32,682
Depreciation appropriated	31,565	260	31,825
Others	2,238	-	2,238
Balance on December 31, 2022	<u>\$ 66,333</u>	<u>412</u>	<u>66,745</u>
Carrying amount:			
December 31, 2023	<u>\$ 8,735</u>	<u>765</u>	<u>9,500</u>
December 31, 2022	<u>\$ 33,497</u>	<u>108</u>	<u>33,605</u>

(IX) Short-term borrowings

	<u>2023.12.31</u>	<u>2022.12.31</u>
Credit loans	\$ 285,000	360,000
Secured bank borrowings	100,000	50,000
Total	<u>\$ 385,000</u>	<u>410,000</u>
Unused limit	<u>\$ 237,500</u>	<u>670,550</u>
Interest rate interval at the end	<u>1.85%~1.89%</u>	<u>1.6%~2.0106%</u>

For the information on the exposure of the Company's interest rate and liquidity risks, please refer to Note 6(19). Please refer to Note 8 for the Company's assets pledged as collateral for bank borrowings.

Notes to the Parent Company Only Financial Statements (cont'd)

(X) Long-term loans

	2023.12.31			
	Currency	Interest rate interval	Maturity	Amount
Credit loans	NTD	1.93%-2.32%	2024-2025	\$ 184,861
Less: Portion due within one year				<u>(78,833)</u>
Total				<u>\$ 106,028</u>

	2022.12.31			
	Currency	Interest rate interval	Maturity	Amount
Unsecured bank borrowings	NTD	1.93%-2.175%	2024-2025	\$ 173,194
Less: Portion due within one year				<u>(88,333)</u>
Total				<u>\$ 84,861</u>

For the information on the exposure of the Company's interest rate and liquidity risks, please refer to Note 6(19).

(XI) Lease liabilities

The carrying amount of lease liabilities of the Company is as follows:

	2023.12.31	2022.12.31
Current	<u>\$ 2,936</u>	<u>33,915</u>
Non-current	<u>\$ 6,607</u>	<u>-</u>

For the liquidity risk, please refer to Note 6(19) Financial instruments.

The amounts recognized in profit or loss are as follows:

	2023	2022
Interest expenses of lease liabilities	<u>\$ 265</u>	<u>496</u>
Expenses of short-term leases	<u>\$ 2,467</u>	<u>2,392</u>

The amounts recognized in the statement of cash flow are as follows:

	2023	2022
Total cash outflow for leases	<u>\$ 36,449</u>	<u>36,946</u>

Notes to the Parent Company Only Financial Statements (cont'd)

(XII) Employee benefit

1. Defined benefit plan

The reconciliation of the present value of the Company's defined benefit obligations and the fair value of the plan assets is as follows:

	2023.12.31	2022.12.31
Present value of the defined benefit obligations	\$ 40,893	39,987
Fair value of plan assets	(44,559)	(44,530)
Net defined benefit assets	\$ (3,666)	(4,543)

The Company's defined benefit plan makes appropriation to the labor pension reserve account at the Bank of Taiwan. The pension payment of each employee under the Labor Standards Act is calculated based on the base points earned from the years of service and the average salary six months prior to retirement.

(1) Composition of plan assets

The pension fund appropriated by the Company in accordance with the Labor Standards Act is coordinated and managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau of Labor Funds"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," the minimum income allocated shall not be lower than the income calculated based on the two-year time deposit interest rate of local banks.

The balance of the Company's labor pension reserve account at the Bank of Taiwan was NT\$44,559 thousand as of the reporting date. The labor pension fund asset utilization information includes fund yield rate and fund asset allocation. Please refer to the information announced on the website of the Bureau of Labor Funds, Ministry of Labor

(2) Changes in the present value of the defined benefit obligations

Changes in the present value of the Company's defined benefit obligations in 2023 and 2022 are as follows:

	2023	2022
Defined benefit obligations on January 1	\$ 39,987	39,498
Service cost and interests of the current period	699	481
Remeasurement of net defined benefit liabilities (assets)	1,653	8,732
- Return on plan assets (excluding interest for the current period)		
- Actuarial gains or losses arising from changes in financial assumptions	582	(3,956)
Benefits planned to be paid	(2,028)	(4,768)
Defined benefit obligations on December 31	\$ 40,893	39,987

Notes to the Parent Company Only Financial Statements (cont'd)

(3) Changes in the fair value of plan assets

Changes in the fair value of the Company's plan assets in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets on January 1	\$ 44,530	44,393
Interest revenue	597	319
Remeasurement of net defined benefit liabilities (assets)	371	3,410
- Return on plan assets (excluding interest for the current period)		
Amount appropriated to the plan	1,089	1,176
Benefits planned to be paid	<u>(2,028)</u>	<u>(4,768)</u>
Fair value of plan assets on December 31	<u>\$ 44,559</u>	<u>44,530</u>

(4) Expenses recognized in profit or loss

The breakdown of expenses recognized as expenses by the Company in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Service cost in the current period	\$ 174	203
Net interest of net defined benefit liabilities (assets)	<u>(72)</u>	<u>(41)</u>
	<u>\$ 102</u>	<u>162</u>
Operating cost	\$ 38	104
Selling expenses	9	6
Management expenses	29	32
R&D expenses	<u>26</u>	<u>20</u>
	<u>\$ 102</u>	<u>162</u>

(5) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligations by the Company at the end of the financial period are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	1.300%	1.400%
Future salary increase rate	1.500%	1.500%

The Company expects to pay NT\$1,078 thousand as the appropriation amount to the defined benefit plan in the following year to the 2023 reporting date.

The weighted average duration of the defined benefit plan is nine years.

Notes to the Parent Company Only Financial Statements (cont'd)

(6) Sensitivity analysis

The effects of changes in the main actuarial assumptions adopted the present value of defined benefit obligations as of December 31, 2023 and 2022 are as follows:

<u>Actuarial assumptions</u> <u>December 31, 2023</u>	<u>Effects on defined benefit obligations</u>	
	<u>Increase by 0.5%</u>	<u>Decrease by 0.5%</u>
Discount rate of 1.3%	(1,442)	1,533
Future salary increase rate of 1.5%	1,477	(1,403)
	<u>Effects on defined benefit obligations</u>	
<u>Initial actuarial assumptions</u> <u>December 31, 2022</u>	<u>Increase by 0.5%</u>	<u>Decrease by 0.5%</u>
Discount rate of 1.4%	(1,503)	1,602
Future salary increase rate of 1.5%	1,545	(1,464)

The above sensitivity analysis analyzes the effects of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis of the current period are the same as those used in the previous period.

2. Defined contribution plan

The Company's defined contribution plan for its domestic employees complies with the Labor Pension Act. A contribution rate of 6% of the employees' monthly wages is appropriated to the individual labor pension account with the Bureau of Labor Insurance. Under the plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company no longer has legal or constructive obligations to make additional payments.

In 2023 and 2022, the Company's pension expenses under the defined contribution regulations were NT\$8,483 thousand and NT\$9,735 thousand, respectively.

(XIII) Income tax

1. Income tax expenses

The breakdown of income tax expenses (gains) of the Company in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expenses	\$ 116	137
Deferred income tax expenses (gains)	12,580	(6,576)
	<u>\$ 12,696</u>	<u>(6,439)</u>

Notes to the Parent Company Only Financial Statements (cont'd)

2. The breakdown of the Company's income tax expenses (gains) recognized in other comprehensive income in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Exchange difference in the financial statement translation of foreign operations	<u>\$ (13,046)</u>	<u>17,252</u>

3. The reconciliation between income tax expenses (gains) and net profit (loss) before tax of the Company in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Net profit (loss) before tax	\$ (202,950)	33,319
Income tax calculated in accordance with the domestic tax rate in the place where the Company is located	(40,590)	6,664
Permanent difference	38,449	(18,363)
Others	14,837	5,260
	<u>\$ 12,696</u>	<u>(6,439)</u>

4. Deferred income tax assets and liabilities

- (1) Unrecognized deferred income tax assets

The items that have not been recognized by the Company as deferred income tax assets are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Deductible temporary difference	<u>\$ 111,676</u>	<u>111,676</u>

Such items are not recognized as deferred income tax assets because the Company is not likely to have sufficient taxable income in the future available for use by temporary differences.

Notes to the Parent Company Only Financial Statements (cont'd)

(2) Deferred income tax assets and liabilities recognized

In 2023 and 2022, changes in deferred income tax assets and liabilities are as follows:

	Share of subsidiaries and affiliated companies under the equity method	Others	Total	
Deferred income tax liabilities:				
Balance on January 1, 2023	\$ 230,616	2,158	232,774	
Debit/(credit) profit or loss	11,657	(1,311)	10,346	
Debit/(credit) other comprehensive income	(13,046)	-	(13,046)	
Balance on December 31, 2023	<u>\$ 229,227</u>	<u>847</u>	<u>230,074</u>	
Balance on January 1, 2022	\$ 190,383	5,730	196,113	
Debit/(credit) profit or loss	22,981	(3,572)	19,409	
Debit/(credit) other comprehensive income	17,252	-	17,252	
Balance on December 31, 2022	<u>\$ 230,616</u>	<u>2,158</u>	<u>232,774</u>	
	Inventory devaluation losses	Loss deduction	Others	Total
Deferred income tax assets:				
Balance on January 1, 2023	\$ (5,761)	(46,874)	(12,463)	(65,098)
Debit/(credit) profit or loss	547	9,846	(8,159)	2,234
Balance on December 31, 2023	<u>\$ (5,214)</u>	<u>(37,028)</u>	<u>(20,622)</u>	<u>(62,864)</u>
Balance on January 1, 2022	\$ (4,812)	(25,070)	(9,231)	(39,113)
Debit/(credit) profit or loss	(949)	(21,804)	(3,232)	(25,985)
Balance on December 31, 2022	<u>\$ (5,761)</u>	<u>(46,874)</u>	<u>(12,463)</u>	<u>(65,098)</u>

(3) The deadline for the deduction of the Company's taxable losses as of December 31, 2023 is as follows:

Year of loss	Amount assessed/filed	Non-deductible amount	Amount deducted for previous years	outstanding balance	Last year for deduction
2017	\$ 125,350	64,442	38,228	22,680	2027
2017	10,614	8,675	-	1,939	2028
2019	34,497	11,467	-	23,030	2029
2020	64,868	13,334	-	51,534	2030
2022	149,255	63,296	-	85,959	2032

5. The profit-seeking income tax of the Company filed has been audited and approved by the tax authorities up to 2021.

Notes to the Parent Company Only Financial Statements (cont'd)

(XIV) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized capital was NT\$4,000,000 thousand (including 7.5 million shares for subscription under employee stock warrants); the par value of the shares was NT\$10 per share. To issued amount was NT\$1,375,632 thousand. All payments for the issued shares have been collected.

1. Capital surplus

The content of the balance of the Company's capital surplus is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Premium of issued stocks	\$ 1,161,430	1,171,059
Treasury stock trading	39,954	39,954
Gain on disposal of assets	7	7
Changes in net equity of affiliated companies and joint ventures recognized under the equity method	<u>265,333</u>	<u>265,333</u>
	<u>\$ 1,466,724</u>	<u>1,476,353</u>

Pursuant to the Company Act, the capital surplus shall be first used to make up losses before issuing new shares or cash based on the realized capital surplus in accordance with the initial shareholding ratio. The realized capital surplus mentioned in the preceding paragraph includes the premium from shares issued in excess of the par value and the income from gifts received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus available for capitalization each year shall not exceed 10% of the paid-in capital.

As proposed by the Board on March 22, 2023 and resolved at the shareholders' meeting on June 15, 2023, the Company distributed cash dividends of NT\$0.07 per share from the capital surplus, totaling NT\$9,629 thousand.

As proposed by the Board on March 17, 2022 and resolved at the shareholders' meeting on June 14, 2022, the Company distributed cash dividends of NT\$0.93 per share from the capital surplus, totaling NT\$127,934 thousand.

2. Retained earnings

According to the Company's Articles of Incorporation, if there is a profit in the final account, the tax shall be paid first, the losses of the previous years shall be covered, and then 10% of the legal reserve shall be appropriated. However, when the legal reserve has reached the amount of the Company's paid-in capital, this shall not apply. In addition, the special reserve shall be appropriated based on the Company's business requirements and regulatory requirements. Combine the remaining earnings (if any) with the undistributed earnings at the beginning of the period, and the Board shall formulate the proposal for earning distribution and submit it to the shareholders' meeting for resolution before the

Notes to the Parent Company Only Financial Statements (cont'd)

distribution.

In order to pursue long-term shareholder interests and stable business performance goals, the Company adopts a balanced dividend policy. Specifically, the distributed earnings shall be no less than 50% of the distributable earnings in the current year, and the cash dividends shall be no less than 10% of the total dividends, provided that no earnings shall be distributed if the distributable earnings are less than NT\$0.5 per share in the current year.

(1) Legal reserve

When the Company has no losses, the shareholders' meeting may resolve to distribute new shares or cash from the legal reserve; however, it shall be limited to the part exceeding the paid-in capital by 25%.

(2) Special reserve

When distributing the distributable earnings, for the net amount debited to the other shareholders' equity in the current year, the Company appropriates the special reserve in the same amount from the current profit or loss and the undistributed earnings of the previous period; for the amount debited to the other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall be set aside from the undistributed earnings of the previous period, which shall not be distributed. If the amount debited to other shareholders' equity is reversed subsequently, the reversed amount may be distributed as earnings. The balance of the special reserve was NT\$730,163 thousand and NT\$729,059 thousand as of December 31, 2023 and 2022, respectively.

(3) Earnings distribution

The 2022 proposal for earning distribution resolved at the shareholders' meeting on June 15, 2023 is as follows:

	2022		2021	
	Dividends per share		Dividends per share	
	(NT\$/share)	Amount	(NT\$/share)	Amount
Cash Dividend	\$ 0.23	31,640	0.07	9,630

(XV) Earnings (losses) per share

1. Basic earnings (losses) per share

The basic earnings (losses) per share of the Company for 2023 and 2022 were calculated based on the net profit (loss) and the weighted average number of outstanding ordinary shares. The calculation is as follows:

	2023	2022
Net profit (loss) attributable to the Company's ordinary shareholders	\$ (215,646)	39,758
Weighted average number of outstanding ordinary shares (thousand shares)	137,564	137,564
Basic earnings (losses) per share (NT\$)	\$ (1.57)	0.29

Notes to the Parent Company Only Financial Statements (cont'd)

2. Diluted earnings per share

	<u>2022</u>
Net profit attributable to the Company's ordinary shareholders	<u>\$ 39,758</u>
Weighted average number of outstanding ordinary shares (thousand shares)	137,564
Effects of a full stock issuance for the estimation of remuneration of employees	<u>282</u>
Weighted average number of outstanding ordinary shares (thousand shares)	<u>137,846</u>
Diluted earnings (losses) per share	<u>\$ 0.29</u>

In 2023, the Company incurred a loss; therefore, the diluted earnings per share is not disclosed when the effect of the adjustments to potentially diluted ordinary shares has no dilutive effect.

When calculating the dilutive effect of the deemed issuance of all shares, the fair value is based on the market quotation on the day followed by the Company's reporting date.

(XVI) Revenue from customer contracts

1. Recognition of revenue

	<u>2023</u>	<u>2022</u>
Key regional markets:		
Thailand	\$ 1,619,861	1,762,403
Singapore	600,415	780,136
Taiwan	161,261	211,234
Others	166,426	225,956
	<u>\$ 2,547,963</u>	<u>2,979,729</u>
Main product/service lines:		
Voice Coil Motor (VCM)	\$ 1,045,885	1,107,276
External Hard Drive (EHD)	432,770	634,333
HDD cover	261,690	247,370
HDD parts	183,140	241,616
Microscope parts	154,541	163,300
Others	469,937	585,834
	<u>\$ 2,547,963</u>	<u>2,979,729</u>

2. Contract balance

Please refer to Note 6(3) for the disclosure of notes and accounts receivable and the impairment thereof.

Notes to the Parent Company Only Financial Statements (cont'd)

(XVII) Remuneration to employees and Directors

In accordance with the Articles of Incorporation of the Company, if there is a profit recorded during the year, over 1% of the profit shall be distributed as remuneration to employees and no more than 3% as remuneration to Directors. Where the Company has any cumulative loss, the profit shall be reserved to offset the loss. The targets for the distribution of stocks or cash as the remuneration to employees include employees of subordinates who fulfill certain conditions.

The 2022 amount appropriated as employees' remuneration and Directors' remuneration was NT\$1,772 thousand and NT\$354 thousand, respectively. The amount is calculated by multiplying the amount of net profit before tax less the remuneration of employees and Directors of the Company during the period by the distribution ratio of remuneration of employees and Directors stated in the Articles of Incorporation, and the amount is reported as the operating cost or operating expenses of the period; for relevant information, please visit MOPS for inquiries. In addition, the Company suffered losses before tax in 2023; therefore, there was no estimation of the remuneration of employees and Directors. The amount of remuneration of employees and Directors distributed as resolved at the abovementioned Board meeting is in line with the estimated amount in the Company's 2022 financial statements.

(XVIII) Non-operating income and expenses

1. Other revenue

The breakdown of other revenue by the Company in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Dividend revenue	2,539	10,158
Others	10,304	25,522
	<u>\$ 12,843</u>	<u>35,680</u>

2. Other profits and losses

The breakdown of other profits and losses by the Company in 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Net gain from currency exchange	\$ 11,549	21,388
Valuation loss of financial assets	(122,903)	(22,274)
Others	(216)	(869)
	<u>\$ (111,570)</u>	<u>(1,755)</u>

Notes to the Parent Company Only Financial Statements (cont'd)

(XIX) Financial instruments

1. Credit risk

Credit risk is the risk of financial loss incurred by the Company due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations, which mainly comes from the accounts receivable from customers and securities investments.

(1) Accounts receivable and other receivables

In accordance with the credit policy, the Company shall analyze the credit rating of each new customer before granting standard payment and delivery terms. The credit limit is established for individual customers and is reviewed regularly. Customers who do not meet the benchmark credit ratings of the Company may only trade with the Company on the basis of advance payment.

(2) Investment

The credit risk of bank deposits, securities investments and other financial instruments is measured and monitored by the Company's finance department. As the counterparties of the Company are banks with favorable credit standing and financial institutions, corporations and government agencies of investment grade or above, there is no major concern about performance; therefore, there is no significant credit risk.

(3) Credit risk exposure

Credit risk refers to the risks of financial losses for the Company caused by the delay in fulfilling the contractual obligations of trade counterparties. The carrying amount of the Company's financial assets represents the maximum credit risk exposure. The maximum credit risk exposure was NT\$1,339,238 thousand and NT\$814,537 thousand as of December 31, 2023 and 2022, respectively. In addition, the Company's cash is deposited in different financial institutions, all of which are creditworthy banks, without causing significant credit risk.

(4) Concentration of credit risk

The Company's credit risk is mainly affected by the credit characteristics of each creditor, and the industry where customers operate also affects the credit risk. As of December 31, 2023 and 2022, 88% and 78% of the Company's total accounts receivable are from the top three sales customers, respectively.

(5) Credit risk of amounts receivable

Please refer to Note 6(3) for the credit risk of amounts receivable.

Notes to the Parent Company Only Financial Statements (cont'd)

2. Liquidity risk

The table below sets out the maturity date of contracts of financial liabilities, including interest, but excluding the effect of net amount negotiations.

	Carrying amount	Contractual cash flow	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Long- and short-term borrowings						
	\$ 569,861	579,386	467,343	32,323	45,341	34,379
Accounts payable	91,190	91,190	91,190	-	-	-
Accounts payable - related parties	1,206,530	1,206,530	1,206,530	-	-	-
Lease liabilities	9,543	9,843	3,088	3,117	3,638	-
Other financial liabilities	30,853	30,853	30,853	-	-	-
	\$ 1,907,977	1,917,802	1,799,004	35,440	48,979	34,379
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings						
	\$ 583,194	587,895	501,930	69,324	16,641	-
Accounts payable	129,506	129,506	129,506	-	-	-
Accounts payable - related parties	836,956	836,956	836,956	-	-	-
Lease liabilities	33,915	34,089	34,089	-	-	-
Other financial liabilities	34,603	34,603	34,603	-	-	-
	\$ 1,618,174	1,623,049	1,537,084	69,324	16,641	-

The Company does not expect that the cash flow analysis on the maturity date will be significantly earlier or the actual amount will be significantly different.

3. Market risk

(1) Exchange rate risk

The financial assets and liabilities of the Company exposed to significant exchange rate risks are as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
<u>Monetary items</u>						
USD	\$ 38,084	30.705	1,169,369	20,350	30.71	624,939
SGD	2,015	23.29	46,929	2,504	22.88	57,293

Notes to the Parent Company Only Financial Statements (cont'd)

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial liabilities						
<u>Monetary items</u>						
USD	39,571	30.705	1,215,028	27,855	30.71	855,422

The exchange rate risk of the Company's monetary items mainly comes from the currency exchange gains or losses arising from the translation of cash and cash equivalents, accounts receivable, other receivables, and accounts payable that are denominated in foreign currencies. As of December 31, 2023, when the NT\$ depreciates or appreciates by 1% against foreign currencies, and all other factors remain unchanged, the net profit (loss) before tax for 2023 and 2022 will increase (decrease) by NT\$13 thousand and NT\$(1,732) thousand, respectively. The analysis of the two periods adopts the same basis.

The information on the amount of the exchange gain or loss (including realized and unrealized) on the Company's monetary items translated into the functional currency and the exchange rate for the translation to the functional currency of the parent company (i.e., the presentation currency of the Company) is as follows:

	2023		2022	
	Exchange gain or loss	Average exchange rate	Exchange gain or loss	Average exchange rate
NTD	\$ 11,549	1	21,388	1

(2) Interest rate risk

The interest rate of interest-bearing financial instruments of the Company on the reporting date is summarized as follows:

	Carrying amount	
	2023.12.31	2022.12.31
Fixed interest rate instruments:		
Financial assets	\$ 348,729	21,213
Financial liabilities	(392,500)	(340,000)
	\$ (43,771)	(318,787)
Variable interest rate instruments:		
Financial assets	\$ 209,314	229,512
Financial liabilities	(177,361)	(243,194)
	\$ 31,953	(13,682)

The Company conducts sensitivity analysis based on the interest rate risk of non-

Notes to the Parent Company Only Financial Statements (cont'd)

derivative instruments on the reporting date. If the interest rate increases/decreases by 0.25%, and all other variables remain unchanged, the net profit (loss) before tax in 2023 and 2022 will increase/decrease by NT\$80 thousand and NT\$(34) thousand, respectively, mainly due to exposure to the interest rate risk from the variable interest rate.

In addition, the Company's financial assets of fixed interest rate instruments are measured at amortized cost. Changes in the market interest rate on the reporting date have no impact on the gain or loss; therefore, the Company does not intend to disclose the sensitivity analysis of changes in fair value.

(3) Other price risks

If the price of equity securities changes on the reporting date (the analysis for the two periods adopts the same basis, and assuming other variables remain unchanged), the effect on the comprehensive income is as follows:

	2023		2022	
	Other comprehensive income before tax	Profit or loss before tax	Other comprehensive income before tax	Profit or loss before tax
Securities price on the reporting date				
Up by 5%	\$ -	8,410	377	14,570
Down by 5%	\$ -	(8,410)	(377)	(14,570)

4. Fair value information

(1) Category and fair value of financial instruments

Financial assets at fair value through other comprehensive income of the Company are measured at fair value on a repetitive basis. The carrying amount and fair value of various financial assets and financial liabilities (including fair value hierarchy information; financial instruments not measured at fair value with fair value reasonably approximate the fair value and investments in equity instruments with no quoted price in the active market and a fair value that cannot be reliably measured, it is not required to disclose the fair value information according to the requirements) is shown as follows:

Notes to the Parent Company Only Financial Statements (cont'd)

		2023.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	\$ 173,967	5,759	-	168,208	173,967
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 388,847				
Net notes and accounts receivable	707,867				
Net accounts receivable - related parties	6,341				
Other accounts receivable	<u>236,183</u>				
Total	<u>\$ 1,339,238</u>				
Financial liabilities measured at amortized cost					
Long- and short-term borrowings	\$ 569,861				
Accounts payable	91,190				
Accounts payable - related parties	1,206,530				
Lease liabilities	9,543				
Other financial liabilities	<u>67,805</u>				
Total	<u>\$ 1,944,929</u>				

Notes to the Parent Company Only Financial Statements (cont'd)

	2022.12.31				
	Carrying amount	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss	<u>\$ 296,870</u>	<u>5,469</u>	<u>-</u>	<u>291,401</u>	<u>296,870</u>
Financial assets at fair value through other comprehensive income	<u>\$ 7,546</u>	<u>-</u>	<u>-</u>	<u>7,546</u>	<u>7,546</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 240,054				
Net notes and accounts receivable	513,927				
Net accounts receivable - related parties	11,742				
Other accounts receivable	<u>48,814</u>				
Total	<u>\$ 814,537</u>				
Financial liabilities measured at amortized cost					
Long- and short-term borrowings	\$ 583,194				
Accounts payable	129,506				
Accounts payable - related parties	836,956				
Lease liabilities	33,915				
Other financial liabilities	<u>76,864</u>				
Total	<u>\$ 1,660,435</u>				

(2) Valuation technique for the fair value of financial instruments measured at fair value

A. Non-derivative financial instruments

If a financial instrument has a quoted price in the active market, the quoted price will be the fair value.

If the open quotation of the financial instrument can be timely and frequently acquired from exchanges, brokers, underwriters, industrial unions, pricing service institutions or competent authorities, and the price represents actual and fair market transactions that occur frequently, then the financial instrument has an open quotation of the active market. If the conditions mentioned above are not fulfilled, the market is not viewed as an active one. Generally, large bid-ask spread, significant increase in bid-ask spread or less trading volume are indices of an inactive market.

The fair value of the financial instruments held by the Company is obtained by using evaluation techniques or by referring to the quotation of trade counterparties. The fair value acquired through the valuation technique can take reference from other

Notes to the Parent Company Only Financial Statements (cont'd)

substantial conditions and present fair value, cash flow discount methods and other valuation techniques used on similar financial instruments, including market information that can be acquired on the balance sheet date. The information is then used in a calculation model.

For financial instruments held by the Company that have no active market, the fair value is listed as follows by category and attribute:

Equity instruments without public quotations: The fair value is estimated using the approach of comparable companies in the market, and the main assumption is based on the earning multiple calculated based on the estimated earnings of investors before tax, interests, depreciation, and amortization (EBITDA) and the market quotations of listed companies. The adjustments for the effect of the discount due to the lack of market liquidity of the equity securities have been made.

(3) Statement of Changes in Level 3

In 2023 and 2022, Level 3 fair value measurements were mainly composed of financial assets at fair value through profit or loss and other comprehensive income; the changes are as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
January 1, 2023	\$ 291,401	7,546
Recognized as profit and/or loss	(123,193)	-
Recognized under other comprehensive income	-	<u>(7,546)</u>
December 31, 2023	<u>\$ 168,208</u>	<u>-</u>
January 1, 2022	\$ 312,193	40,669
Recognized as profit and/or loss	(20,792)	-
Recognized under other comprehensive income	-	<u>(33,123)</u>
December 31, 2022	<u>\$ 291,401</u>	<u>7,546</u>

The above profit or loss and other comprehensive income are reported under other gain or loss and in the unrealized valuation gain or loss of financial assets at fair value through other comprehensive income.

(4) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

Fair value measurements of the Company classified as Level 3 primarily include financial assets at fair value through profit or loss - investments in equity securities and financial assets at fair value through other comprehensive income - investments in equity

Notes to the Parent Company Only Financial Statements (cont'd)

securities. Financial assets at fair value through profit or loss - investments in equity securities adopt third-party pricing information as its fair value. The unobservable input for determining fair value was not established when the Company measured fair value; therefore, the Company does not intend to disclose the significant unobservable input quantitative information and sensitivity analysis.

The majority of the Company's fair value classified as Level 3 has only a single significant unobservable input, and only investments in equity instruments with no active market have multiple significant unobservable inputs. They are independent of each other; therefore, there is no mutual connectivity.

The quantitative information of the significant unobservable inputs is as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Unobservable major input</u>	<u>Relationship between the unobservable significant input and fair value</u>
Financial assets at fair value through profit or loss - investments in equity instruments with no active market	Comparable public company approach	<ul style="list-style-type: none"> • Enterprise value to revenue multiplier (2.87 for December 31, 2023 and 3.34 for December 31, 2022) • Enterprise value to EBITDA multiplier (16.24 for December 31, 2022) • Price-book ratio (2.61 for December 31, 2023 and 3.24 for December 31, 2022) • Discount for lacking market liquidity (21% for both December 31, 2023 and 2022) 	<ul style="list-style-type: none"> • The higher the discount for lacking market liquidity, the lower the fair value. • The higher the multiplier, the higher the fair value.

Notes to the Parent Company Only Financial Statements (cont'd)

Item	Valuation technique	Unobservable major input	Relationship between the unobservable significant input and fair value
	Comparable transaction approach	<ul style="list-style-type: none"> • Enterprise value to revenue multiplier (2.35 for December 31, 2023 and 2.4 for December 31, 2022) • Enterprise value to EBITDA multiplier (19.13 for December 31, 2022) • Price-book ratio (2.27 for December 31, 2023 and 2.64 for December 31, 2022) • Discount for lacking market liquidity (21% for both December 31, 2023 and 2022) 	<ul style="list-style-type: none"> • The higher the discount for lacking market liquidity, the lower the fair value. • The higher the multiplier, the higher the fair value.
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Comparable company approach	<ul style="list-style-type: none"> • Enterprise value to revenue multiplier (0.87 for December 31, 2022) • Price-book ratio (1.23 for December 31, 2022) • Discount for lacking market liquidity (33% for December 31, 2022) 	<ul style="list-style-type: none"> • The higher the discount for lacking market liquidity, the lower the fair value. • The higher the multiplier, the higher the fair value.
	Comparable transaction approach	<ul style="list-style-type: none"> • Enterprise value to revenue multiplier (2.02 for December 31, 2022) • Price-book ratio (2.34 for December 31, 2022) • Discount for lacking market liquidity (33% for December 31, 2022) 	<ul style="list-style-type: none"> • The higher the discount for lacking market liquidity, the lower the fair value. • The higher the multiplier, the higher the fair value.

(5) Fair value measurement for Level 3 and sensitivity analysis for fair value to reasonably possible alternative assumptions

The Company's measurement of the fair value of its financial instruments is reasonable; however, the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on other comprehensive income is as follows:

Notes to the Parent Company Only Financial Statements (cont'd)

	Input	Upward or downward changes	Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments without an active market	Enterprise value to revenue multiplier	Downward change by 0.5	-	(898)
	Enterprise value to revenue multiplier	Upward change by 0.5	1,479	-

The Company's favorable and unfavorable changes refer to the fluctuation of the fair value, and the fair value is calculated by adopting the valuation techniques based on the unobservable input parameters of different levels. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the impact of changes in a single input, and does not take into account the correlation and variability between the inputs.

(XX) Financial risk management

1. Risk management structure

The Company's risk management policy is established to identify and analyze the risks faced by the Company, and to set appropriate risk limits and control to monitor risks and compliance with risk limits. The Company reviews risk management policies and systems on a regular basis to reflect changes in market conditions and operations in due course. In addition, it strives to develop a disciplined and constructive control environment through training, management guidelines, and operating procedures to allow all employees to be aware of their roles and obligations.

The Company's Board oversees how the management monitors the compliance of the Company's risk management policies and procedures and reviews the adequacy of relevant risk management structures for the risks faced. Internal auditors assist the Board in supervision. They conduct regular and exceptional reviews of risk management control and procedures and report the review results to the Board.

2. The Company is exposed to the following risks due to the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

Information on the risk exposure of the above risks and the objectives, policies and procedures of the Company's risk measurement and management. Please refer to Note 6(19) of the parent company only financial statements for further quantitative disclosure.

(XXI) Capital management

Notes to the Parent Company Only Financial Statements (cont'd)

The Company's capital management policy is to maintain a sound capital foundation to ensure necessary and reasonable financial resources for future development. The Company adopts debt ratio as the basis for capital management, and its liabilities include bank borrowings, accounts payable, expenses payable, and other liabilities.

The debt ratio was 47% and 41% as of December 31, 2023 and 2022, respectively. The capital management method has not changed for the years ended December 31, 2023 and 2022.

Notes to the Parent Company Only Financial Statements (cont'd)

(XXII) Investing and financing activities of non-cash transactions

Investing and financing activities of non-cash transactions of the Company in 2023 and 2022 are as follows:

1. For the right-of-use assets acquired by lease, please refer to Note 6(8).
2. The reconciliation of liabilities from financing activities is as follows:

	<u>2023.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2023.12.31</u>
			<u>Changes in lease payment</u>	<u>Others</u>	
Long-term loans	\$ 173,194	11,667	-	-	184,861
Short-term borrowings	410,000	(25,000)	-	-	385,000
Lease liabilities	33,915	(33,717)	10,897	(1,552)	9,543
Total liabilities from financing activities	<u>\$ 617,109</u>	<u>(47,050)</u>	<u>10,897</u>	<u>(1,552)</u>	<u>579,404</u>

	<u>2022.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2022.12.31</u>
			<u>Changes in lease payment</u>	<u>Others</u>	
Long-term loans	\$ -	173,194	-	-	173,194
Short-term borrowings	609,984	(199,984)	-	-	410,000
Lease liabilities	66,162	(34,058)	1,811	-	33,915
Total liabilities from financing activities	<u>\$ 676,146</u>	<u>(60,848)</u>	<u>1,811</u>	<u>-</u>	<u>617,109</u>

VII Related Party Transaction

(I) Name and relationship of the related party

The subsidiaries of the Company and other related parties having transactions with the Company during the period covered by the parent company only financial statements are as follows:

<u>Name of the related party</u>	<u>Relationship with the Company</u>
MIN AIK PRECISION INDUSTRIAL CO., LTD. (the "MIN AIK PRECISION")	Affiliated company of the Company
GREEN FAR COMPANY LTD. (the "GREEN FAR")	Subsidiary of the Company
GEMINNOVATIVE TECHNOLOGY CO., LTD. (the "GEMINNOVATIVE")	Subsidiary of the Company

Notes to the Parent Company Only Financial Statements (cont'd)

Min Aik Technology (M) Sdn. Bhd. (the “MAM”)	Subsidiary indirectly held by the Company
MATC Technology (M) Sdn. Bhd. (the “MATC”)	Subsidiary indirectly held by the Company
Min Aik Technology (Suzhou) Ltd. (the “Suzhou Min Aik”) (Note 1)	Subsidiary indirectly held by the Company
Min Yan (Suzhou) Automated Equipment Co., Ltd. (the “Suzhou Min Yan”) (Note 1)	Subsidiary indirectly held by the Company
Key management personnel	Key management personnel of the Company

Note 1: Suzhou Min Aik and Suzhou Ming Yan, subsidiaries indirectly held by the Company, were merged after obtaining the approval letter in December 2023. Suzhou Ming Aik is the surviving company.

(II) Major transactions with the related party:

1. Operating revenue

The Company’s significant sales to related parties and the outstanding balance are as follows:

	<u>Sale</u>		<u>Amounts due from related parties</u>	
	<u>2023</u>	<u>2022</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
MIN AIK PRECISION	<u>\$ 12</u>	<u>166</u>	<u>-</u>	<u>-</u>

The collection term of the Company’s sales to related parties is 30 to 120 days, which may be adjusted subject to the actual operation. Generally, it is two to three months for sales. The price of sales to related parties is not significantly different from the general sales.

2. Purchase

The Company’s purchases from related parties and the outstanding balance are as follows:

Subsidiary	<u>Purchase</u>	
	<u>2023</u>	<u>2022</u>
MAM	\$ 1,004,069	1,075,703
Suzhou Min Aik	419,556	501,160
MATC	251,653	235,002
Others	1,012	648
Affiliated company	<u>113,111</u>	<u>168,249</u>
	<u>\$ 1,789,401</u>	<u>1,980,762</u>

Notes to the Parent Company Only Financial Statements (cont'd)

	<u>Amounts due to related parties</u>	
	<u>2023.12.31</u>	<u>2022.12.31</u>
Subsidiary		
MAM	\$ 872,706	646,203
Suzhou Min Aik	267,671	113,104
MATC	20,822	17,396
Affiliated company	<u>45,331</u>	<u>60,253</u>
	<u>\$ 1,206,530</u>	<u>836,956</u>

The amount of purchases from related parties in 2023 and 2022 above was after deducting the amount of materials supplied by the Company. The amount of purchases on behalf of subsidiaries in 2023 and 2022 was NT\$13,674 thousand and NT\$116,082 thousand. The balance of other payables (accounted for under other current liabilities) due to suppliers as of December 31, 2023 and 2022 for the purchases on behalf of subsidiaries was nil and NT\$2 thousand, respectively.

The Company's payment terms to its related parties is on monthly settlement of 120 days. Accounts to subsidiaries are written off on a monthly basis and for net collection and payment. As the use of funds of subsidiaries is mainly controlled by the Company, the transaction amount is agreed between both parties and adjusted according to the actual operations. L/C, T/T, or monthly settlement of 60 to 120 days are adopted for general suppliers. In addition, except that partial purchase prices from affiliated companies and subsidiaries are negotiated between both parties, the remaining transaction prices are determined based on the cost that occurred to related parties by taking into account reasonable profits.

3. Provision of services to related parties

	<u>Transaction amount</u>	
	<u>2023</u>	<u>2022</u>
Subsidiary		
GEMINNOVATIVE	\$ 14,422	19,656
MAM	5,479	9,903
Others	2,155	2,201
Affiliated company		
MIN AIK PRECISION	<u>4,042</u>	<u>3,425</u>
	<u>\$ 26,098</u>	<u>35,185</u>

Notes to the Parent Company Only Financial Statements (cont'd)

	Amounts due from related parties and other amounts receivable from related parties	
	2023.12.31	2022.12.31
Subsidiary		
GEMINNOVATIVE	\$ 6,510	11,742
MAM	4,320	8,055
Others	239	490
Affiliated company		
MIN AIK PRECISION	1,284	1,564
	<u>\$ 12,353</u>	<u>21,851</u>

The service revenue above is accounted for at net after deducting relevant expenses under operating revenue or other revenue.

4. Endorsement/guarantee

In order to meet the capital needs of subsidiaries' business development, the Company provides endorsements/guarantees for subsidiaries and assists them in obtaining bank financing limits as follows:

	2023.12.31	2022.12.31
Endorsement/guarantee	<u>\$ 35,000</u>	<u>35,000</u>

5. Loaning of funds

The utilization of loans to related parties by the Company is as follows:

	2023.12.31	2022.12.31
Subsidiary	<u>\$ 158,131</u>	<u>-</u>

The interest rate for the above loans to subsidiaries is 2%, and such loans are unsecured loans. The interest income arising from loans to subsidiaries in 2023 was NT\$1,120 thousand. As of December 31, 2023, the outstanding amount was NT\$245 thousand, which was accounted for under other receivables.

6. Others

The unrecovered dividends due from subsidiaries as of December 31, 2023 and 2022 were NT\$33,032 thousand and NT\$20,720 thousand, respectively, which were accounted for under other receivables and other non-current assets.

(III) Transactions with key management personnel

Compensation of key management personnel includes:

	2023	2022
Short-term employee benefits	\$ 33,652	35,874
Benefits after severance/retirement	441	422
	<u>\$ 34,093</u>	<u>36,296</u>

Notes to the Parent Company Only Financial Statements (cont'd)

VIII Pledged Assets

The breakdown of the carrying amount of the Company's assets pledged as collateral is as follows:

Asset	Subject pledged	2023.12.31	2022.12.31
Restricted assets (accounted for in other receivables)	Short-term borrowing guarantee, borrowing limit, letter of credit guarantee, and customs guarantee	<u>\$ 12,000</u>	<u>12,000</u>

IX Major contingent liabilities and commitments made under unrecognized contracts

(I) Major commitments made under unrecognized contracts

	2023.12.31	2022.12.31
Acquisition of property, plant and equipment	<u>\$ 98</u>	<u>2,595</u>

(II) The guaranteed notes issued by the Company in order to obtain the bank borrowing limit are as follows:

	2023.12.31	2022.12.31
Guaranteed notes issued	<u>\$ 1,126,705</u>	<u>1,382,260</u>

(III) Please refer to Note 7 for the Company's endorsement/guarantee provided to banks for subsidiaries' financing needs.

X Losses due to major disasters: None.

XI Significant subsequent events: None.

XII Others

The employee benefits, depreciation, depletion, and amortization expenses by function are summarized as follows:

By function By nature	2023			2022		
	As operating costs	As operating expenses	Total	As operating costs	As operating expenses	Total
Employee benefit expenses						
Salary expenses	93,559	119,430	212,989	122,042	127,588	249,630
Expenses for labor and health insurance	9,681	10,915	20,596	14,414	11,324	25,738
Pension expenses	3,174	5,411	8,585	4,421	5,476	9,897
Remuneration Paid to Directors	-	5,744	5,744	-	6,012	6,012
Other employee benefit expenses	7,920	7,627	15,547	9,151	7,977	17,128
Depreciation and amortization expenses	53,347	15,197	68,544	52,390	14,478	66,868

Notes to the Parent Company Only Financial Statements (cont'd)

The additional information on the number of employees and employee benefit expenses in 2023 and 2022 is as follows:

	2023	2022
Number of employees	292	352
Number of directors not concurred as employees	6	6
Average employee benefit expenses	\$ 901	\$ 874
Average employee salary expenses	\$ 745	\$ 721
Adjustments to average employee salary expenses	3.33%	(6.49)%
Remuneration of supervisors	\$ -	\$ -

The Company's remuneration policy (including Directors, supervisors, managers and employees) is as follows:

Employees' remuneration mainly includes basic salary, allowances and bonuses. The basic salary is agreed between the Company and employees. Remuneration is determined based on factors such as seniority, job level, work performance, and special achievements.

The remuneration of managers is determined with reference to the level of remuneration within the industry, as well as a comprehensive consideration of business performance, goal achievements and future risks.

The Company does not have any supervisor. The remuneration of Directors includes the Director's remuneration and business execution fees, which are distributed according to the Articles of Incorporation and resolved by the Board before distribution.

XIII Noted Disclosures

(I) Information on Significant Transactions

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall further disclose the information of significant transactions in 2023 as follows:

1. Loaning of funds to others:

No.	Lender	Debtor	Current account	Whether a related party or not	Maximum amount during the period (Note 1)	Closing balance	Amount actually disbursed	Interest rate interval	Nature of funds loaned	Amount of business transactions	Reasons for short-term financing	Amount of loss allowance appropriated	Collateral		Limit of loans to individual borrowers (Note 2)	Total limit of loans (Note 3)
													Name	Value		
0	The Company	MATC	Other amounts due from related parties	Y	184,230	184,230	158,131	2%	There is a need for short-term financing	-	Operating turnover	-	-	-	503,160	1,006,320

Note 1: It is the maximum amount of loans resolved by the Board. If foreign currencies are involved in the current period in the table, it is translated into NTS at the exchange rate on the date of the financial statements.

Note 2: Where there is a need for short-term financing, the amount shall not exceed 20% of the net worth in the latest financial statements.

Note 3: The total loans provided by the Company shall not exceed 40% of the net worth in the latest financial statements.

2. Endorsements/guarantees provided for others:

No.	Name of endorsing/guaranteeing company	Counterparty of endorsement/guarantee		Endorsement/guarantee limit for a single enterprise (Note 1)	Maximum balance of endorsement/guarantee made during the current period	Balance of endorsement/guarantee at the end of the period	Amount actually disbursed	Endorsement/guarantee secured by company assets	Ratio of the accumulated endorsement/guarantee amount to the net worth in the most recent financial statement	Maximum limit of endorsement/guarantee (Note 2)	As the parent company's endorsements/guarantees toward subsidiary(ies)	As a subsidiary's endorsements/guarantees toward its parent company	As the endorsements/guarantees toward the mainland China area
		Company name	Relationship										
0	The Company	GREEN FAR	Subsidiary of the Company	251,580	35,000	35,000	25,764	-	1.39%	5,031,604	Y	N	N

Note 1: The limit on endorsements/guarantees made by the Company to a single enterprise shall be no more than 10% of the Company's net worth in its latest financial statements.

Note 2: Maximum limit on endorsements/guarantees made by the Company shall be no more than two times the Company's net worth in its latest financial statements.

Notes to the Parent Company Only Financial Statements (cont'd)

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliated companies and joint ventures):

Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
				Share/stock (thousand shares/stock)	Carrying amount	Ratio of shareholding	Fair value	
The Company	United 5Y Trigger EMD Term Fd B USD	None	Financial assets at fair value through profit or loss - non-current	20	\$ 5,759	-	5,759	
"	Archers Inc.	"	"	4,500	-	13.89 %	-	
"	LBO	"	"	165	-	0.72 %	-	
"	HDDisk	"	"	833	-	12.50 %	-	
"	Das Technology	"	"	5,079	168,208	10.158 %	168,208	
					<u>\$ 173,967</u>			
"	Tascent, Inc.	"	Financial assets measured at fair value through other comprehensive income – non-current	4,500	\$ -	5.14 %	-	

4. Accumulated purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of property amounting to at least NT\$300 million or 20% of the paid-in capital:
6. Disposal of property amounting to at least NT\$300 million or 20% of the paid-in capital:
7. Sales or purchases with related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Purchasing (selling) company	Name of the counterparty	Relationship	Transaction status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As a percentage of total purchases (sales)	Duration	Unit price	Duration	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	MAM	Subsidiary wholly-owned by MAS	Purchase	1,004,069	48%	註1	-	The general transaction payment period is approximately two to four months	(872,706)	(67)%	
MAM	The Company	Subsidiary wholly-owned by MAS	(Sales)	(1,004,069)	(99)%	"	-	"	872,706	100%	
The Company	MATC	Subsidiary in which Synergy holds 80% of its equity	Purchase	251,653	12%	"	-	"	(20,822)	(2)%	
MATC	The Company	Subsidiary in which Synergy holds 80% of its equity	(Sales)	(251,653)	(97)%	"	-	"	20,822	85%	
The Company	Suzhou Min Aik	Subsidiary in which Synergy holds 100% of its equity	Purchase	419,556	21%	"	-	"	(267,671)	(21)%	
Suzhou Min Aik	The Company	Subsidiary in which Synergy holds 100% of its equity	(Sales)	(419,556)	(85)%	"	-	"	267,671	81%	
The Company	MIN AIK PRECISION	Investee in which the Company holds 38.68% of its equity	Purchase	113,111	5%	"	-	"	(45,331)	(3)%	
MAM	MIN AIK PRECISION	Investee in which the Company holds 38.68% of its equity	Purchase	140,310	25%	"	-	"	(51,918)	(19)%	

Note 1: A monthly settlement of 120 days is adopted, and the payment term may be adjusted by both parties upon agreement.

Notes to the Parent Company Only Financial Statements (cont'd)

8. Amounts due from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Stated company of accounts receivable	Name of the counterparty	Relationship	Balance of amounts due from related parties	Turnover rate	Overdue amounts due from related parties		Amounts due from related parties recovered after the period (Note)	Amount of loss allowance appropriated
					Amount	Treatment		
MAM	The Company	Subsidiary wholly-owned by MAS	872,706	1.32	344,885	Collection based on fund position	200,033	-
Suzhou Min Aik	The Company	Subsidiary in which Synergy holds 100% of its equity	267,671	2.20	-	-	44,539	-

Note: Data as of February 6, 2024.

9. Transactions of derivatives: None.

(II) Information Related to Reinvested Enterprises:

Information on the Company's investees in 2023 are as follows (excluding investees in Mainland China):

Name of investor	Name of investee	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Number of shares (thousand shares)	Ratio	Carrying amount			
The Company	MAS	Singapore	Import & export, agency, warehousing management and after-sale service of products	353,522	353,522	18,564	100.00%	1,451,386	(53,010)	(52,953)	
The Company	Synergy	Samoa	Holdings company	883,384	883,384	22,057	100.00%	402,686	(58,467)	(58,467)	
The Company	MATH	Thailand	HDD manufacturing and trading	433,606	433,606	262	100.00%	104,449	44,685	44,685	
The Company	MAUS	U.S.	Trading, after-sale service and R&D of HDD	968	968	30	100.00%	3,283	(76)	(76)	
The Company	Good Master	Cayman Islands	Holdings company	239,894	239,894	7,490	100.00%	22,926	(185)	(185)	
The Company	GREEN FAR	Taiwan	Energy technical services and renewable energy power generation	12,000	12,000	1,200	100.00%	16,001	(5)	(5)	
The Company	GEMINNOVATIVE	Taiwan	Electronic materials wholesale and retail	5,000	5,000	500	100.00%	15,122	1,279	1,279	
The Company	MAP Tech.	Singapore	Investment holding company	260,791	260,791	66,913	46.60%	-	(405)	-	
The Company	MIN AIK PRECISION	Taiwan	Electronic parts and components manufacturing	566,744	553,837	29,787	38.68%	753,756	83,064	28,165	
The Company	ABLYTEK	Taiwan	Manufacturing and sales of solar modules	209,885	209,885	16,229	27.05%	-	-	-	Note 1
MAS	MAM	Malaysia	HDD manufacturing and trading	333,937	333,937	60,000	100.00%	1,431,858	(53,557)	(53,557)	
Synergy	MATC	Malaysia	HDD manufacturing and trading	406,648	406,648	17,707	80.00%	(26,060)	(90,174)	(72,140)	
Good Master	MUS	Singapore	Holdings company	239,201	239,201	11,800	69.41%	22,924	(267)	(185)	
MUS	MUM	Malaysia	HDD manufacturing and trading	347,134	347,134	35,996	100.00%	66	(58)	(41)	

Note 1: ABLYTEK was put to an end on November 10, 2021; however, the liquidation documents of the company have not been obtained.

Notes to the Parent Company Only Financial Statements (cont'd)

(III) Information on investments in Mainland China:

1. Information on the name and main scope of business of the investees in Mainland China:

Name of invested company in Mainland China	Principal business	Paid-in capital	Investment method	Cumulative outward investment amount remitted from Taiwan – beginning of the period	Proportion of direct or indirect holdings		Cumulative outward investment amount remitted from Taiwan – ending of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment	Recognized investment gain or loss (Note 1)	Carrying amount of investments at the end of the period (Note 1)	Repatriated investment gain as of the current period
					Remitted outward	Repatriated						
Suzhou Min Aik	Manufacturing, trading, after-sales service and R&D of HDD	492,127 (USD15,000 thousand)	Investment through Synergy	385,168 (USD11,512 thousand)	-	-	476,438 (USD14,512 thousand)	8,086 (Note 2)	100%	8,086	428,969	-
Suzhou Min Yan	Automation equipment manufacturing and trading	- (Note 2)	Investment through Synergy	91,270 (USD 3,000 thousand)	-	-	-(Note 2)5,587	5,587	-% (Note 2)	5,587	-	-

Note 1: Based on the financial statements of the parent company in Taiwan audited by CPAs.

Note 2: Suzhou Min Yan merged with Suzhou Min Aik in December 2023, and Suzhou Min Aik is the surviving company.

2. Limit of investment in Mainland China:

Accumulated outward investments remitted from Taiwan to China at the end of the period	Investment amount approved by Investment Commission, MOEA	Ceiling on investment in Mainland China imposed by the Investment Commission, Ministry of Economic Affairs
NT\$479,610 thousand	NT\$520,548 thousand	NT\$1,509,481 thousand

3. Significant transactions with investees in Mainland China:

For the Company's direct or indirect significant transactions with investees in Mainland China in 2023, please refer to the description under "Information on Significant Transactions."

(IV) Information on Major Shareholders:

The information on major shareholders is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. Shareholders hold more than 5% of ordinary and preferred shares that have completed the delivery of scripless registration and delivery (including treasury shares). The Company does not intend to disclose the information of major shareholders as there is no shareholder holding more than 5% of the shares.

XIV Segment Information

Please refer to the 2023 consolidated financial statements for details.

MIN AIK TECHNOLOGY CO., LTD.
Statement of Cash and Cash Equivalents

December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Amount in foreign currency</u>	<u>Conversion exchange rate</u>	<u>Amount</u>
Cash on hand and petty cash			\$ 911
Bank deposits:			
Checking deposit			24
Savings deposit			60,346
Foreign currency deposits:			
USD	10,659 thousand	30.705	327,299
SGD	11 thousand	23.29	267
Total			<u>\$ 388,847</u>

Statement of Net Notes and Accounts Receivable

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>
Western Digital (Thailand) Company	Operation	\$ 486,031
Western Digital (Singapore)	"	108,059
Leica Instruments (Singapore) Pte Ltd	"	46,636
Others (those less than 5% of the item)	"	84,218
		724,944
Less: Allowance for bad debt		(17,077)
Total		<u>\$ 707,867</u>

MIN AIK TECHNOLOGY CO., LTD.

Statement of Inventory

December 31, 2023

Unit: NT\$ thousand

Item	Amount	
	Costs	Net realizable value
Commodities	\$ 63,900	69,654
Finished products	79,392	95,235
Goods in process	40,272	55,351
Raw material	80,874	65,799
Subtotal	264,438	286,039
Less: Allowance for inventory devaluation and obsolescence losses	(26,073)	
	\$ 238,365	

Statement of Other Accounts Receivable

Item	Summary	Amount
Other receivables - related parties	Mainly loans to subsidiaries	\$ 164,388
Restricted bank deposits	Guarantee of the borrowing limit	12,000
Others (those less than 5% of the item)		43,075
Total		\$ 219,463

Statement of Other Current Assets

Item	Summary	Amount
Prepayment for goods		\$ 61,944
Prepayment for molds		6,843
Others (those less than 5% of the item)		8,192
Total		\$ 76,979

MIN AIK TECHNOLOGY CO., LTD.

**Statement of Changes in Financial Assets Measured at Fair Value
through Profit or Loss – Non-current**

For the year ended December 31, 2023

Unit: NT\$ thousand

Name	Opening balance		Inward transfer during the period		Decrease in the current period		Other changes		Closing balance			Collateral and mortgage
	Number of shares or stocks	Amount	Number of shares or stocks	Amount	Number of shares or stocks	Amount	Number of shares or stocks	Amount	Number of shares or stocks	Ratio of shareholding	Amount	
Das Technology	5,079	\$291,401	-	-	-	-	-	(123,193)	5,079	10.158%	168,208	None
United 5YTrigger EMD Term Fd B USD	20	5,469	-	-	-	-	-	290	20	-%	5,759	None
		<u>\$296,870</u>		<u>-</u>		<u>-</u>		<u>(122,903)</u>			<u>173,967</u>	

MIN AIK TECHNOLOGY CO., LTD.

**Statement of Changes in Financial Assets Measured at Fair Value
through Other Comprehensive Income – Non-current**

For the year ended December 31, 2023

Unit: NT\$ thousand

Name	At the beginning of the period		Increase in the current period		Decrease in the current period		End of year		Accumulated impairment	Collateral and mortgage
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Fair value		
TASCENT, INC	4,500	\$ <u>7,546</u>	-	<u>-</u>	-	<u>(7,546)</u>	4,500	<u>-</u>	Not applicable	None

MIN AIK TECHNOLOGY CO., LTD.
Statement of Changes in Investment under the Equity
Method
For the year ended December 31, 2023

Unit: NT\$ thousand

Investee	Opening balance		Increase in the current period		Decrease in the current period		Other changes		Closing balance			Total market price or net worth	Collateral and mortgage
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Ratio of shareholding	Amount		
Min Aik International Development Pte. Ltd.	18,564	\$ 1,586,177	-	-	-	(15,297)	-	(119,494)	18,564	100.00%	1,451,386	1,451,578	None
Synergy Technology Industrial Co., Ltd.	22,057	469,356	-	-	-	-	-	(66,670)	22,057	100.00%	402,686	402,916	"
Min Aik Technology (Thailand) Co., Ltd.	262	58,462	-	-	-	-	-	45,987	262	100.00%	104,449	104,442	"
Min Aik Technology USA Inc.	30	3,354	-	-	-	-	-	(71)	30	100.00%	3,283	3,304	"
Good Master Holding Co., Ltd.	7,490	23,115	-	-	-	-	-	(189)	7,490	100.00%	22,926	22,926	"
GREEN FAR COMPANY LTD.	1,200	17,361	-	-	-	(1,355)	-	(5)	1,200	100.00%	16,001	16,001	"
GEMINNOVATIVE TECHNOLOGY CO., LTD.	500	28,800	-	-	-	(14,957)	-	1,279	500	100.00%	15,122	15,122	"
MAP Technology Holdings Pte. Ltd.	66,913	-	-	-	-	-	-	-	66,913	46.60%	-	6,970	"
MIN AIK PRECISION INDUSTRIAL CO., LTD.	29,357	760,465	430	12,907	-	(44,246)	-	24,630	29,787	38.68%	753,756	893,610	"
ABLYTEK CO., LTD.	16,229	-	-	-	-	-	-	-	16,229	27.05%	-	-	"
Total		\$ 2,947,090		12,907		(75,855)		(114,533)			2,769,609	2,916,869	

Note 1: Please refer to Notes 6(6) and 13 of the financial statements for the changes in the investments under the equity method during the period.

MIN AIK TECHNOLOGY CO., LTD.
**Statement of Changes in Property, Plant and
Equipment**

For the year ended December 31, 2023

Unit: NT\$ thousand

Please refer to Note 6(7) to the parent company only financial statements for information on
“property, plant and equipment.”

Statement of Changes in Right-of-use Assets

Please refer to Note 6(8) to the parent company only financial statements for the information of the
“right-of-use assets.”

Statement of short-term loans

<u>Lending bank</u>	<u>Summary</u>	<u>Amount</u>	<u>Contract term</u>	<u>Interest rate interval</u>	<u>Financing quota</u>	<u>Collateral and mortgage</u>
Hua Nan Commercial Bank	Short-term borrowings	100,000	Within one year	1.85%	150,000	Time deposits
Shin Kong Bank	"	70,000	"	1.85%	100,000	None
CTBC	"	100,000	"	1.85%	100,000	None
First Commercial Bank	"	60,000	"	1.85%	60,000	None
Taishin International Bank	"	55,000	"	1.89%	Shared limit of long-term and short-term borrowings of NT\$85,000	None
Mega International Commercial Bank	"	=	"	-	150,000	None
		<u>\$ 385,000</u>				

MIN AIK TECHNOLOGY CO., LTD.

Statement of Accounts Payable

December 31, 2023

Unit: NT\$ thousand

Customer name	Summary	Amount
ANSONIC TECHNOLOGY CO., LTD.	Operation	\$ 12,007
INJECTION INDUSTRIAL CO., LTD.	"	9,415
DIWEI INDUSTRIAL CO., LTD.	"	4,798
Others (those less than 5% of the item)	"	64,970
Total		\$ 91,190

Statement of Long-term Loans

Lending bank	Summary	Borrowing amount	Agreement Terms	Interest rate interval	Financing quota	Collateral and mortgage
Bank of Panhsin	Mid-term borrowing s	\$ 17,500	111.7.25~113.7.25	2.32%	110,000	None
The Shanghai Commercial and Savings Bank	"	44,861	111.7.25~114.7.25	2.3%	85,000	None
Taishin International Bank	"	22,500	111.9.20~113.9.20	1.93%	Shared limit of long-term and short-term borrowings of NT\$85,000	None
CTBC	"	100,000	112.2.1~113.1.31	1.98%	100,000	None
Less: Long-term borrowings due within one year		(78,833)				
		\$ 106,028				

MIN AIK TECHNOLOGY CO., LTD.

Statement of Other Current Liabilities

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Salaries and bonuses payable		\$ 33,837
Expenses payable	Labor and health insurance fees, freight and export fees payable	27,681
Advance payment for goods and molds		21,489
Employee benefit liability reserve		9,985
Others (those less than 5% of the item)		<u>33,432</u>
Total		<u><u>\$ 126,424</u></u>

Statement of Operating Income

For the year ended December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Voice Coil Motor (VCM)	24,077 thousand PCS	\$ 1,045,885
External Hard Drive (EHD)	358 thousand PCS	432,770
HDD cover	9,812 thousand PCS	261,690
HDD parts	37,331 thousand PCS	183,140
Microscope parts	295 thousand PCS	154,541
Others		<u>469,937</u>
Total		<u><u>\$ 2,547,963</u></u>

MIN AIK TECHNOLOGY CO., LTD.

Statement of Operating Costs

For the year ended December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Raw materials:	
Raw materials at the beginning of the period	\$ 117,149
Add: Purchase of materials in current period	182,412
Less: Raw materials at the end of the period	(80,874)
Sale of raw materials and others	<u>(39,891)</u>
Consumed during the period	178,796
Direct labor	44,261
Manufacturing expenses	<u>113,182</u>
Current manufacturing cost	336,239
Add: Goods in process at the beginning of the period	56,337
Less: Goods in process, ending	(40,272)
Others	<u>(3,215)</u>
Cost of finished products	349,089
Add: Finished products at the beginning of the period	115,090
Less: Finished products at the end of the period	(79,392)
Others	<u>(14,413)</u>
Cost of sales for the period	<u>370,374</u>
Commodities:	
Merchandise inventory at the beginning of the period	64,246
Add: Merchandise purchases	1,889,800
Less: Merchandise at the end of the period	(63,900)
Others	<u>12,345</u>
Cost of merchandise sales	1,902,491
Add: Selling cost of raw materials, work-in-progress, and supplies	23,123
Loss on inventory devaluation and loss on scrapping	2,251
Unallocated fixed manufacturing expenses due to the production capacity being lower than normal	85,989
Others	<u>(7,301)</u>
Operating cost for the period	<u><u>\$ 2,376,927</u></u>

MIN AIK TECHNOLOGY CO., LTD.

Statement of Operating Expenses

For the year ended December 31, 2023

Unit: NT\$ thousand

Item	Selling expenses	Management expenses	Research and development expenses	Expected credit impairment loss
Salary expense	\$ 21,908	44,717	52,805	-
Import/export expenses	8,917	-	49	-
Commission expenses	6,046	-	-	-
Depreciation	2,739	3,528	8,291	-
Labor services fee	436	10,479	563	-
Remuneration Paid to Directors	-	5,744	-	-
Impairment loss	-	-	-	13,544
Other expenses (Note)	11,835	28,119	14,445	-
Total	\$ 51,881	92,587	76,153	13,544

(Note) Those less than 5% of the item