

SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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

SANLIEN TECHNOLOGY CORP.
DECEMBER 31, 2023 AND 2022 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000524

To the Board of Directors and Shareholders of Sanlien Technology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Sanlien Technology Corp. (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Fair value measurement of investments in unlisted stocks without active market

Description

Refer to Notes 4(5) and (6) for accounting policies on unlisted stocks (accounted as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income), Note 5 for uncertainty of accounting estimates and assumptions in relation to the fair value of unlisted stocks, Notes 6(2) and (6) for details of unlisted stocks. As at December 31, 2023, the Company's investments in unlisted stocks without active market amounted to NT\$651,358 thousand.

The unlisted stocks held by the Company has no quoted price in an active market. Management estimates the fair value of unlisted stocks using a valuation method, which involves various assumptions and significant unobservable inputs, including the valuation method, identifying similar and comparable companies, price-to-book ratio and discount on liquidity. As the determination of models and parameters used in the estimation of fair value is subject to significant judgement and high uncertainty, we considered the fair value measurement of unlisted stocks as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Company's valuation procedures on the unlisted stocks.

2. Assessed whether the valuation methods used by management were reasonable.
3. Assessed the degree of comparability between the comparable companies identified by management and the investee being valued in the market approach.
4. Sampled and verified the price-to-book ratio and the input value of discount on liquidity used in the valuation method and reviewed related information and supporting documents.

Valuation of investments accounted for using the equity method

Refer to Note 4(12) for accounting policy and Note 6(7) for the details of investments accounted for using the equity method.

As at December 31, 2023, the balance of the Company's investment in Kemitek Industrial Corp., a subsidiary accounted for using the equity method, amounted to NT\$651,970 thousand, constituting 27.18% of the Company's total assets. As the investment is considered significant to the financial statements of the Company, the valuation of the investment accounted for using the equity method has been identified as one of the key areas of focus for this year's audit, hence, the key audit matter reported in the financial statements of the subsidiary is also included as one of the key audit matters in our audit of the Company's parent company only financial statements. The key audit matter of the subsidiary is as follows:

Cut-off of sales revenue from distribution warehouse

Description

The sales revenue of Kemitek Industrial Corp. mainly arises from sales revenue from distribution warehouse, constituting 47.98% of operating revenue for the year. The sales revenue from distribution warehouse is recognised when the goods are dispatched from the warehouses (transfer of control). Kemitek Industrial Corp.'s revenue recognition is based on inventory movement records of warehouses supported by the reports from warehouse custodians or bill of lading reports recorded on its customer's network platform. As the frequency and timing of reports provided by warehouse custodians vary and the process of revenue recognition involves manual procedures, these factors may lead to

improper timing of revenue recognition. Thus, we considered the cut-off of sales revenue from distribution warehouse as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and evaluated the Company's procedures for sales revenue from distribution warehouse and internal controls over revenue recognition.
2. Assessed the internal controls over warehouse distribution (checked the terms of transaction / timing of control transfer and dates of supporting documents) and ascertained whether the transactions were recognised in the proper period to confirm the accuracy of the timing of revenue recognition.
3. Performed cut-off procedures on sales revenue from distribution warehouses recognised during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouses and ensuring the movements of inventories contained in the statements and cost of goods sold recognised in the proper period.
4. Performed physical inventory count observation with significant hub custodians and agreed the results to accounting records.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$362,160 thousand and NT\$221,742 thousand, constituting 15.10% and 10.61% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$46,758 thousand and NT\$51,810 thousand, constituting 11.93% and 55.27% of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China,

we exercise professional judgment and professional skepticism throughout the audit. We also:

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

supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Gregory Kuo

Tsai, Yi-Tai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 147,449	6	\$ 165,887	8
1110	Financial assets at fair value through profit or loss — current	6(2)	131,804	6	120,599	6
1136	Financial assets at amortised cost — current	6(3) and 8	19,083	1	26,808	1
1140	Contract assets — current	6(20)	10,419	-	3,926	-
1150	Notes receivable, net	6(4)	9,794	-	14,822	1
1160	Notes receivable — related parties	7	38	-	93	-
1170	Accounts receivable, net	6(4)	62,930	3	73,462	4
1180	Accounts receivable — related parties	7	3,244	-	4,171	-
130X	Inventories	6(5)	126,908	5	89,518	4
1410	Prepayments	7	14,060	1	12,893	1
11XX	Total current assets		525,729	22	512,179	25
Non-current assets						
1510	Financial assets at fair value through profit or loss — non-current	6(2)	156,364	7	77,437	4
1517	Financial assets at fair value through other comprehensive income — non-current	6(6) and 7	496,136	21	447,927	21
1550	Investments accounted for using equity method	6(7) and 7	1,016,354	42	848,388	41
1600	Property, plant and equipment	6(8), 7 and 8	174,272	7	176,000	8
1755	Right-of-use assets	6(9)	9,095	-	9,281	-
1780	Intangible assets		188	-	601	-
1840	Deferred tax assets	6(27)	10,765	1	9,934	1
1920	Guarantee deposits paid		7,591	-	5,047	-
1930	Long-term notes and accounts receivable		525	-	-	-
1960	Non-current prepayments for investments		570	-	-	-
1980	Other financial assets — non-current		-	-	1,134	-
1990	Other non-current assets		1,130	-	1,130	-
15XX	Total non-current assets		1,872,990	78	1,576,879	75
1XXX	Total assets		\$ 2,398,719	100	\$ 2,089,058	100

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SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 306,425	13	\$ 325,454	16
2110	Short-term notes and bills payable	6(11)	29,985	1	-	-
2130	Contract liabilities — current	6(20) and 7	12,348	1	24,463	1
2150	Notes payable		347	-	330	-
2160	Notes payable — related parties	7	-	-	16	-
2170	Accounts payable		61,438	3	26,999	1
2180	Accounts payable — related parties	7	3,635	-	7,110	-
2200	Other payables	6(12)	83,690	3	73,146	4
2220	Other payables — related parties	7	277	-	13	-
2230	Current income tax liabilities		6,131	-	1,344	-
2280	Lease liabilities — current		4,028	-	4,095	-
2320	Long-term liabilities, current portion	6(13)	140,000	6	-	-
2399	Other current liabilities		6,562	-	4,604	-
21XX	Total current liabilities		654,866	27	467,574	22
Non-current liabilities						
2540	Long-term borrowings	6(13)	60,000	3	220,000	11
2570	Deferred tax liabilities	6(27)	21,615	1	18,849	1
2580	Lease liabilities — non-current		4,707	-	5,273	-
2640	Net defined benefit liability — non-current	6(14)	3,280	-	439	-
2645	Guarantee deposits received		2,094	-	-	-
2670	Other non-current liabilities		77	-	129	-
25XX	Total non-current liabilities		91,773	4	244,690	12
2XXX	Total liabilities		746,639	31	712,264	34
Equity						
	Share capital	6(16)				
3110	Common stock		416,088	17	416,088	20
	Capital surplus	6(17)				
3200	Capital surplus		44,189	2	44,195	2
	Retained earnings	6(18)				
3310	Legal reserve		256,888	11	240,545	12
3350	Unappropriated retained earnings		677,004	28	507,949	24
	Other equity interest	6(19)				
3400	Other equity interest		257,911	11	168,017	8
3XXX	Total equity		1,652,080	69	1,376,794	66
	Significant contingent liabilities and unrecognised commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,398,719	100	\$ 2,089,058	100

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

SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 440,831	100	\$ 463,451	100
5000	Operating costs	6(5)(25)(26) and 7	(269,863)	(61)	(305,087)	(66)
5900	Gross profit from operations		170,968	39	158,364	34
5920	Realized profit from inter-affiliate accounts		51	-	52	-
5950	Gross profit from operations		171,019	39	158,416	34
	Operating expenses	6(14)(25)(26) and 7				
6100	Selling expenses		(61,486)	(14)	(55,923)	(12)
6200	Administrative expenses		(81,427)	(18)	(84,239)	(18)
6300	Research and development expenses		(13,697)	(3)	(34,809)	(7)
6450	(Expected credit loss) impairment gain		(129)	-	(54)	-
6000	Total operating expenses		(156,739)	(35)	(175,025)	(37)
6900	Operating (loss) income		14,280	4	(16,609)	(3)
	Non-operating income and expenses					
7100	Interest income	6(21)	847	-	267	-
7010	Other income	6(22) and 7	45,149	10	87,243	19
7020	Other gains and losses	6(23)	124,907	28	(19,139)	(4)
7050	Finance costs	6(24)	(11,690)	(2)	(7,022)	(2)
7070	Share of profit of associates and joint ventures accounted for using equity method		105,983	24	139,702	30
7000	Total non-operating income and expenses		265,196	60	201,051	43
7900	Profit before income tax		279,476	64	184,442	40
7950	Income tax expense	6(27)	(8,010)	(2)	(9,183)	(2)
8200	Profit for the year		\$ 271,466	62	\$ 175,259	38

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SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

				Year ended December 31			
				2023		2022	
Items		Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
8311	Gains on remeasurements of defined benefit plan		\$ -	-	\$ 1,593	1	
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)	114,227	26	(96,279)	(21)	
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		2,002	-	1,291	-	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	-	-	(321)	-	
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		116,229	26	(93,716)	(20)	
Components of other comprehensive income that will be reclassified to profit or loss							
8361	Exchange differences on translation of foreign operations		4,461	1	13,547	3	
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		586	-	1,128	-	
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	(940)	-	(2,471)	(1)	
8360	Other comprehensive income that will be reclassified to profit or loss		4,107	1	12,204	2	
8300	Other comprehensive income (loss)		\$ 120,336	27	(\$ 81,512)	(18)	
8500	Total comprehensive income		\$ 391,802	89	\$ 93,747	20	
Earnings per share (in dollars)							
9750	Basic earnings per share	6(28)	\$ 6.52		\$ 4.22		
9850	Diluted earnings per share		\$ 6.52		\$ 4.22		

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

SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Retained earnings				Other equity interest			
						Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
	Notes	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings			Treasury shares	Total equity
Year ended December 31, 2022									
Balance at January 1, 2022		\$ 416,088	\$ 43,311	\$ 221,101	\$ 492,946	(\$ 20,768)	\$ 272,860	(\$ 12,520)	\$ 1,413,018
Net income for the year		-	-	-	175,259	-	-	-	175,259
Other comprehensive income (loss)	6(19)	-	-	-	2,563	12,204	(96,279)	-	(81,512)
Total comprehensive income (loss)		-	-	-	177,822	12,204	(96,279)	-	93,747
Distribution of 2021 earnings	6(18)								
Legal reserve		-	-	19,444	(19,444)	-	-	-	-
Cash dividends		-	-	-	(128,987)	-	-	-	(128,987)
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	(14,388)	-	-	-	(14,388)
Share-based payments		-	880	-	-	-	-	12,520	13,400
Non-payment of expired cash dividends from previous year transferred to capital surplus		-	4	-	-	-	-	-	4
Balance at December 31, 2022		\$ 416,088	\$ 44,195	\$ 240,545	\$ 507,949	(\$ 8,564)	\$ 176,581	\$ -	\$ 1,376,794
Year ended December 31, 2023									
Balance at January 1, 2023		\$ 416,088	\$ 44,195	\$ 240,545	\$ 507,949	(\$ 8,564)	\$ 176,581	\$ -	\$ 1,376,794
Net income for the year		-	-	-	271,466	-	-	-	271,466
Other comprehensive income (loss)	6(19)	-	-	-	(562)	4,107	116,791	-	120,336
Total comprehensive income		-	-	-	270,904	4,107	116,791	-	391,802
Distribution of 2022 earnings	6(18)								
Legal reserve		-	-	16,343	(16,343)	-	-	-	-
Cash dividends		-	-	-	(116,505)	-	-	-	(116,505)
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	(5)	-	-	-	(5)
Non-payment of expired cash dividends from previous year transferred to capital surplus		-	(6)	-	-	-	-	-	(6)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	31,004	-	(31,004)	-	-
Balance at December 31, 2023		\$ 416,088	\$ 44,189	\$ 256,888	\$ 677,004	(\$ 4,457)	\$ 262,368	\$ -	\$ 1,652,080

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

SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 279,476	\$ 184,442
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on inventory valuation and physical inventory (gain on reversal of decline in market)	6(5)	(134)	661
Expected credit loss		129	54
Depreciation of property, plant and equipment	6(8)	6,406	7,048
Depreciation of right-of-use assets	6(9)	4,641	3,983
Amortization	6(26)	413	356
Interest income	6(21)	(847)	(267)
Interest expense	6(24)	11,690	7,022
Dividend income	6(22)	(26,529)	(63,375)
Gain on disposal of property, plant and equipment	6(23)	(524)	(413)
Net (gain) loss on financial assets at fair value through profit or loss	6(23)	(123,631)	20,601
Share of profit of associates and joint ventures accounted for using equity method		(105,983)	(139,702)
Share-based payments		-	919
Gain recognised in bargain purchase transaction	6(7)	(11,009)	-
Increase in life insurance surrender value		-	(12)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets — current		(6,506)	(630)
Notes receivable, net		5,028	(765)
Notes receivable — related parties		55	(93)
Accounts receivable		10,416	1,752
Accounts receivable — related parties		927	254
Other receivables		-	8
Inventories		(37,598)	(4,006)
Prepayments		(1,167)	(1,049)
Long-term notes and accounts receivable		(525)	-
Changes in operating liabilities			
Contract liabilities		(12,116)	(2,120)
Notes payable		16	305
Notes payable — related parties		(16)	1
Accounts payable		34,439	(4,065)
Accounts payable — related parties		(3,475)	51
Other payables		13,713	4,389
Other payables — related parties		264	-
Other liabilities — current		1,958	3,859
Net defined benefit liabilities		2,841	(341)
Other liabilities — non-current		(52)	(52)
Cash inflow generated from operations		42,300	18,815
Interest received		847	267
Dividends received		114,103	139,931
Income taxes paid		(2,228)	(8,223)
Interest paid		(11,554)	(6,772)
Net cash flows from operating activities		143,468	144,018

(Continued)

SANLIEN TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 16,253)	(\$ 73,029)
Proceeds from disposal of financial assets at fair value through profit or loss		49,752	77,904
Acquisition of financial assets at fair value through other comprehensive income		(20,000)	(12,000)
Acquisition of financial assets at amortized cost		7,725	(10,811)
Acquisition of property, plant and equipment	6(29)	(8,121)	(2,987)
Proceeds from disposal of property, plant and equipment		524	2,015
Acquisition of intangible assets		-	(84)
Increase in refundable deposits		(2,544)	(115)
Proceeds from capital reduction of investments accounted for using equity method		9,101	11,354
Acquisition of investments accounted for using equity method		(56,357)	-
Increase in prepayments for investments		(570)	-
Increase in other financial assets - non-current		1,134	-
Net cash flows used in investing activities		(35,609)	(7,753)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(30)	76,425	216,584
Decrease in short-term borrowings	6(30)	(95,454)	(186,975)
Increase in short-term notes and bills payable	6(30)	29,985	-
Increase in long-term borrowings	6(30)	-	80,000
Repayments of long-term borrowings	6(30)	(20,000)	-
Payments of lease liabilities	6(30)	(4,607)	(3,961)
Proceeds from sale of treasury shares		-	12,480
Cash dividends paid	6(30)	(116,505)	(128,987)
Non-payment of expired cash dividends from prior year		(6)	4
Acquisition of ownership interests in subsidiaries		-	(45,389)
Proceeds from disposal of ownership interests in subsidiaries		1,771	1,219
Decrease in guarantee deposits received		2,094	-
Net cash flows used in financing activities		(126,297)	(55,025)
Net (decrease) increase in cash and cash equivalents		(18,438)	81,240
Cash and cash equivalents at beginning of year		165,887	84,647
Cash and cash equivalents at end of year		\$ 147,449	\$ 165,887

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

SANLIEN TECHNOLOGY CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Sanlien Technology Corp. ("the Company") was established on February 20, 1967. The Company's stock has been approved for trading on the Taipei Exchange since May 3, 2001. The Company is primarily engaged in the design, manufacturing, sales and system syndication of factory automation machinery and environmental protection facilities; design, equipment manufacturing, installation, sales and system syndication of remote sensing, power monitoring, ocean monitoring, meteorological observation and navigation system; installation, sales and maintenance of semiconductor equipment of plant; installation and sales of civil engineering safety monitoring technology service and geotechnical engineering safety monitoring technology service, related sensor and metering instruments.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 15, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS[®]") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair

value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income (loss).

(4) Classification of current and non-current items

Some operating cycles of the Company's construction contracts are longer than one year, thus, the related assets and liabilities are divided into current and non-current based on its normal operating cycle.

For all other assets and liabilities, they are classified as current and non-current based on the following:

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than

twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.

- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost and contract assets at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories including merchandise, construction materials, raw materials, materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

- A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for using the equity method in these parent company only financial statements.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between subsidiaries and the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The excess of the acquisition cost over the Company's share in the net fair value of the associates' and joint ventures' identifiable assets and liabilities at the acquisition date is recognised as goodwill. Such goodwill is included in the carrying amount of the investment and is not amortised..
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate

in 'capital surplus' in proportion to its ownership.

- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	36 ~ 61 years
Machinery and equipment	2 ~ 11 years
Transportation equipment	6 years
Office equipment	3 ~ 20 years
Other equipment	3 ~ 10 years

(14) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full

termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises

expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest. The grant date is the date when the employee subscribes the shares.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. Sales of goods

Sales of goods arise from sales of automated machinery, monitoring equipment, electronic equipment and other products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales of services

Sales of services arise from the maintenance and repair services of monitoring equipment and electronic equipment and related technical services.

Revenue from providing services is recognised in the accounting period in which the service is rendered.

C. Revenue from system integration

Revenue from system integration arise from providing system integration services for industrial sensor, equipment, power monitoring, production of special-purpose sensor and calibration service of force sensor. The Company and customers entered into a system integration revenue contract, all committed equipment and integration service has separate price. However, the Company's revenue from system integration services primarily arise from providing significant services for equipment integration and related services, whereby the control right over the equipment is transferred to customers and net revenue is recognised when there are no subsequent obligations.

D. Construction revenue

The Company's construction contract primarily provides for the installation technique of high technology production machinery (instrument) and civil engineering or provides for professional technique service for safety monitoring on main building in the construction process of private enterprise to generate income.

In building process, the Company recognised revenue over time for building contracts which were controlled by customers. Because the input costs for building were directly related with the completion degree of performance obligation, the Company assesses the completion degree based on the proportion of actual input costs to the expected total costs. The Company progressively recognises contract assets during the construction process which is transferred to

accounts receivable at the time of billing. If the collected proceeds from construction exceeded the amount of revenue recognised, the difference is recognised as contract liabilities. The purpose of retention for construction contracts which is retained by customers is to ensure that the Company will complete all contractual obligations, and is recognised as contract assets until the construction is completed.

If the result of performance obligation cannot be reliably measured, construction revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2023, the carrying amount of unlisted stocks without active market was \$651,358.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 339	\$ 808
Demand deposits	110,527	111,669
Demand deposits with foreign currency	36,139	52,930
Checking accounts	444	480
	<u>\$ 147,449</u>	<u>\$ 165,887</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at the balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 97,293	\$ 127,979
Valuation adjustment	34,511	(7,380)
	<u>\$ 131,804</u>	<u>\$ 120,599</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Emerging stocks	\$ 2,318	\$ 2,318
Unlisted stocks	57,085	57,085
	59,403	59,403
Valuation adjustment	96,961	18,034
	<u>\$ 156,364</u>	<u>\$ 77,437</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>2023</u>	<u>2022</u>
Net gain (loss) on financial assets mandatorily measured at fair value through profit or loss	<u>\$ 123,631</u>	<u>(\$ 20,601)</u>
Dividends	<u>\$ 7,137</u>	<u>\$ 8,365</u>

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets at amortised cost- current		
Time deposits with maturity over three months	\$ 840	\$ 840
Deposits in reserve account	<u>18,243</u>	<u>25,968</u>
	<u>\$ 19,083</u>	<u>\$ 26,808</u>

- A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was its book value.
- B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 63,573	\$ 74,430
Less: Allowance for uncollectible accounts	<u>(643)</u>	<u>(968)</u>
	<u>\$ 62,930</u>	<u>\$ 73,462</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 65,864	\$ 9,832	\$ 76,872	\$ 14,915
Up to 30 days	83	-	323	-
31 to 90 days	551	-	668	-
91 to 180 days	319	-	63	-
Over 180 days	-	-	675	-
	<u>\$ 66,817</u>	<u>\$ 9,832</u>	<u>\$ 78,601</u>	<u>\$ 14,915</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$93,744.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was its book value.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Commodity and engineering material	\$ 112,966	(\$ 2,642)	\$ 110,324
Raw materials	8,391	(83)	8,308
Work in progress	100	-	100
Finished goods	8,177	(1)	8,176
	<u>\$ 129,634</u>	<u>(\$ 2,726)</u>	<u>\$ 126,908</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Commodity and engineering material	\$ 74,104	(\$ 2,711)	\$ 71,393
Raw materials	8,098	(554)	7,544
Work in progress	109	-	109
Finished goods	10,472	-	10,472
	<u>\$ 92,783</u>	<u>(\$ 3,265)</u>	<u>\$ 89,518</u>

The cost of inventories recognised as expense for the year:

	2023	2022
Cost of goods sold	\$ 223,928	\$ 269,896
Other operating costs	46,069	34,530
Loss on physical inventory	405	750
Loss (gain on reversal of) on decline in market value	(539)	(89)
	<u>\$ 269,863</u>	<u>\$ 305,087</u>

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 236,332	\$ 271,346
Valuation adjustment	259,804	176,581
	<u>\$ 496,136</u>	<u>\$ 447,927</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was its value as at December 31, 2023 and 2022.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 114,227	(\$ 96,279)
Dividend income recognised in profit or loss	<u>\$ 19,392</u>	<u>\$ 55,010</u>

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(7) Investments accounted for using equity method

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<u>Investees</u>	<u>Balance</u>	<u>Percentage ownership</u>	<u>Balance</u>	<u>Percentage ownership</u>
Subsidiaries:				
Kemitek Industrial Corp.	\$ 651,970	37.24	\$ 632,533	37.24
Santek Technology, Inc.	81,536	100.00	77,229	100.00
Gee Lien Resource Development Corp.	15,677	60.00	16,488	69.20
DFOST Corporation	7,650	51.00	3,614	51.00
RIFT HOLDINGS INC.	<u>22,295</u>	100.00	<u>-</u>	-
	<u>779,128</u>		<u>729,864</u>	
Associates:				
Siap+Micros Holding S.r.l.	135,896	49.00	118,524	49.00
Trisco Technology Corporation	<u>101,330</u>	22.53	<u>-</u>	-
	<u>237,226</u>		<u>118,524</u>	
	<u>\$ 1,016,354</u>		<u>\$ 848,388</u>	

A. Subsidiaries

For information relating to the Company's subsidiaries, refer to Note 4(3) of consolidated financial statements for the year ended December 31, 2023.

B. Associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
Siap+Micros Holding S.r.l.	Italy	49.0	49.0	Strategic investment	Equity method
Trisco Technology Corporation	Taiwan	22.53	-	Strategic investment	Equity method

(b) The summarised financial information of the associate that is material to the Company is as follows:

Balance Sheet

	Siap+Micros Holding S.r.l. (Expressed in thousands of Euro)	
	December 31, 2023	December 31, 2022
Current assets	\$ 10,702	\$ 10,298
Non-current assets	4,287	4,352
Current liabilities	(4,110)	(4,045)
Non-current liabilities	(1,829)	(2,290)
Total net assets	<u>\$ 9,050</u>	<u>\$ 8,315</u>

	Siap+Micros Holding S.r.l.	
	December 31, 2023	December 31, 2022
Share in associate's net assets	\$ 135,896	\$ 118,524
Carrying amount of the associate	<u>\$ 135,896</u>	<u>\$ 118,524</u>

Balance SheetTrisco Technology Corporation
(Expressed in thousands of NTD)

	December 31, 2023	December 31, 2022
Current assets	\$ 144,892	\$ -
Non-current assets	425,352	-
Current liabilities	(39,567)	-
Non-current liabilities	(80,920)	-
Total net assets	<u>\$ 449,757</u>	<u>\$ -</u>

Trisco Technology Corporation

	December 31, 2023	December 31, 2022
Share in associate's net assets	\$ 101,330	\$ -
Carrying amount of the associate	<u>\$ 101,330</u>	<u>\$ -</u>

Statement of comprehensive incomeSiap+Micros Holding S.r.l.
(Expressed in thousands of Euro)

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 11,929	\$ 10,962
Profit for the year from continuing operations	1,269	1,325
Other comprehensive (loss) income, net of tax (	34)	83
Total comprehensive income	<u>\$ 1,235</u>	<u>\$ 1,408</u>

Statement of comprehensive incomeTrisco Technology Corporation
(Expressed in thousands of NTD)

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	\$ 84,086	\$ -
Profit for the year from continuing operations	22,805	-
Other comprehensive income, net of tax	36,368	-
Total comprehensive income	<u>\$ 59,173</u>	<u>\$ -</u>

- C. Cash dividends from investments accounted for using the equity method for the years ended December 31, 2023 and 2022 amounted to \$87,573 and \$76,556, respectively.
- D. In 2023 and 2022, certain investments of the Company were accounted for based on the financial statements audited by other auditors. Information on share of profit (loss) recognised based on the Company's shareholding ratio is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Share of profit of associates and joint ventures accounted for using equity method	\$ <u>38,444</u>	\$ <u>47,954</u>
Investments accounted for using equity method - Gain (loss) on remeasurements of defined benefit plan	(\$ <u>562</u>)	\$ <u>1,291</u>
Investments accounted for using equity method - Exchange difference from translation of foreign operations	\$ <u>6,312</u>	\$ <u>2,565</u>
Investments accounted for using equity method - Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	\$ <u>2,564</u>	\$ <u>-</u>
	December 31, 2023	December 31, 2022
Investments accounted for using equity method	\$ <u>362,160</u>	\$ <u>221,742</u>

- E. The Company increased its investment in Trisco Technology Corporation for the amount of NT\$11,486 thousand on September 8, 2023, which resulted in gain recognized in bargain purchase transaction of NT\$11,009 thousand, the percentage of ownership increasing from 18.35% to 22.53%. Consequently, the investment, as a whole, was transferred from financial assets at fair value through other comprehensive income - non-current to investments accounted for using equity method.

(8) Property, plant and equipment

	2023							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Equipment under acceptance	Others	Total
At January 1								
Cost	\$ 92,868	\$ 100,499	\$ 10,369	\$ 1,680	\$ 12,312	\$ -	\$ 9,648	\$ 227,376
Accumulated depreciation and impairment	-	(33,855)	(2,911)	(1,652)	(6,666)	-	(6,292)	(51,376)
	<u>\$ 92,868</u>	<u>\$ 66,644</u>	<u>\$ 7,458</u>	<u>\$ 28</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 176,000</u>
Opening net book amount as at January 1	\$ 92,868	\$ 66,644	\$ 7,458	\$ 28	\$ 5,646	\$ -	\$ 3,356	\$ 176,000
Additions	-	-	-	-	-	4,102	234	4,336
Disposals - Cost	-	-	(600)	(1,680)	(1,366)	-	(2,872)	(6,518)
Disposals - Accumulated depreciation	-	-	600	1,680	1,366	-	2,872	6,518
Reclassifications	-	-	-	-	342	-	-	342
Depreciation charge	-	(2,490)	(1,599)	(28)	(1,568)	-	(721)	(6,406)
Closing net book amount as at December 31	<u>\$ 92,868</u>	<u>\$ 64,154</u>	<u>\$ 5,859</u>	<u>\$ -</u>	<u>\$ 4,420</u>	<u>\$ 4,102</u>	<u>\$ 2,869</u>	<u>\$ 174,272</u>
At December 31								
Cost	\$ 92,868	\$ 100,499	\$ 9,769	\$ -	\$ 11,288	\$ 4,102	\$ 7,010	\$ 225,536
Accumulated depreciation and impairment	-	(36,345)	(3,910)	-	(6,868)	-	(4,141)	(51,264)
	<u>\$ 92,868</u>	<u>\$ 64,154</u>	<u>\$ 5,859</u>	<u>\$ -</u>	<u>\$ 4,420</u>	<u>\$ 4,102</u>	<u>\$ 2,869</u>	<u>\$ 174,272</u>

	2022							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Equipment under acceptance	Others	Total
At January 1								
Cost	\$ 92,868	\$ 100,499	\$ 7,183	\$ 3,720	\$ 11,671	\$ 1,216	\$ 10,039	\$ 227,196
Accumulated depreciation and impairment	-	(31,366)	(2,049)	(2,481)	(5,601)	-	(7,624)	(49,121)
	<u>\$ 92,868</u>	<u>\$ 69,133</u>	<u>\$ 5,134</u>	<u>\$ 1,239</u>	<u>\$ 6,070</u>	<u>\$ 1,216</u>	<u>\$ 2,415</u>	<u>\$ 178,075</u>
Opening net book amount as at January 1	\$ 92,868	\$ 69,133	\$ 5,134	\$ 1,239	\$ 6,070	\$ 1,216	\$ 2,415	\$ 178,075
Additions	-	-	2,553	-	1,109	2,220	890	6,772
Disposals - Cost	-	-	(160)	(2,890)	(468)	-	(2,878)	(6,396)
Disposals - Accumulated depreciation	-	-	160	1,287	468	-	2,878	4,793
Reclassifications	-	-	793	850	-	(3,436)	1,597	(196)
Depreciation charge	-	(2,489)	(1,022)	(458)	(1,533)	-	(1,546)	(7,048)
Closing net book amount as at December 31	<u>\$ 92,868</u>	<u>\$ 66,644</u>	<u>\$ 7,458</u>	<u>\$ 28</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 176,000</u>
At December 31								
Cost	\$ 92,868	\$ 100,499	\$ 10,369	\$ 1,680	\$ 12,312	\$ -	\$ 9,648	\$ 227,376
Accumulated depreciation and impairment	-	(33,855)	(2,911)	(1,652)	(6,666)	-	(6,292)	(51,376)
	<u>\$ 92,868</u>	<u>\$ 66,644</u>	<u>\$ 7,458</u>	<u>\$ 28</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 176,000</u>

A. For the years ended December 31, 2023 and 2022, the Company had offices for its own use except for some offices which were leased to related parties under operating leases.

B. The Company has no interest capitalisation and impairment for the years ended December 31, 2023 and 2022.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

A. The Company's leased assets include office, corporate vehicles and the software of 3D design. The lease period was 1 to 5 years. Lessees had no bargain purchase option on aforementioned assets at the end of the lease period.

B. The movements of right-of-use assets of the Company during 2023 and 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book value</u>	<u>Book value</u>
Buildings and structures	\$ 672	\$ 1,344
Transportation equipment	7,963	7,937
Other equipment	460	-
	<u>\$ 9,095</u>	<u>\$ 9,281</u>

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 672	\$ 672
Transportation equipment	3,949	3,311
Other equipment	20	-
	<u>\$ 4,641</u>	<u>\$ 3,983</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$4,495 and \$7,382, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 153	\$ 136
Expense on short-term lease contracts	\$ 488	\$ 163
Expense on leases of low-value assets	\$ 219	\$ 219

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$5,467 and \$4,479, respectively.

(10) Leasing arrangements - lessor

A. The Company leased buildings and structures in operating leases. The lease period was 1 to 3 years, and there were no options to extend the lease period. All operating lease contracts were individually negotiated and the rent and related terms were adjusted according to the market during the lease renewal. Lessees had no bargain purchase option on these assets at the end of

the lease period.

B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of \$801 and \$551, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease receivables under the operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 780
2024	352	77
After 2025	-	-
	<u>\$ 352</u>	<u>\$ 857</u>

(11) Short-term borrowings and short-term notes and bills payable

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 150,000	1.96%~2.19%	None
Secured borrowings	<u>156,425</u>	1.90%~2.02%	Deposits in reserve account
	<u>\$ 306,425</u>		
Short-term notes and bills payable	<u>\$ 29,985</u>	1.50%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 90,000	1.71%~1.94%	None
Secured borrowings	<u>235,454</u>	1.65%~1.99%	Deposits in reserve account
	<u>\$ 325,454</u>		

A. As of December 31, 2023 and 2022, the amounts of undrawn short-term borrowing facilities were \$227,567 and \$130,318, respectively.

B. As of December 31, 2023, the amount of undrawn short-term notes and bills payable facilities was \$20,000.

C. Refer to Note 8 for the details of collateral for the abovementioned borrowing.

(12) Other payables

	December 31, 2023	December 31, 2022
Accrued salaries and bonuses	\$ 72,614	\$ 55,616
Payable on equipment	-	3,785
Others	11,076	13,745
	<u>\$ 83,690</u>	<u>\$ 73,146</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2023	December 31, 2022
Secured borrowings	Borrowing period is from November 10, 2021 to November 21, 2025; borrowing maturity to payment; interest is payable monthly	\$ 60,000	\$ 60,000
Secured borrowings	Borrowing period is from October 21, 2020 to October 6, 2024; borrowing maturity to payment; interest is payable monthly	90,000	90,000
Secured borrowings	Borrowing period is from February 15, 2022 to February 15, 2024; borrowing maturity to payment; interest is payable monthly	50,000	70,000
		200,000	220,000
	Less: Current portion	(140,000)	-
		<u>\$ 60,000</u>	<u>\$ 220,000</u>
Interest rate range		<u>1.78% ~ 2.34%</u>	<u>1.28% ~ 2.06%</u>

A. As of December 31, 2023 and 2022, the amounts of undrawn long-term borrowing facilities were \$70,000 and \$50,000, respectively.

B. Refer to Note 8 for the details of collateral for the abovementioned long-term borrowing.

(14) Pensions

A. Defined benefit plan

- (a) All formal employees were included in the Company's pension plan. Under the pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months

prior to retirement. An additional 20% on top of the amount shall be given to workers forced to retire due to insanity or physical disability incurred from the execution of their duties.

- (b) Directors who were on the job and managers who were commissioned according to Company Act and were approved by the Board of Directors were included in the Company's pension plan for the Company's directors and managers. Under the pension plan, directors and general manager who had serviced for over 3 years and are older than 55, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. An additional 20% on top of the amount shall be given to workers forced to retire or terminate due to insanity or physical disability incurred from the execution of their duties.
- (c) The Company's domestic entities have defined benefit plans for qualified employees, in accordance with the Labor Standards Act. The Company shall provide for pension at a fixed distribution rate of total monthly salary payments and had the Business Entity Supervisory Committee of Labor Retirement Reserve managed the pension which shall be deposited in the designated account of the Company in the Bank of Taiwan under the name of the committee. Before the end of each year, employers shall assess the balance in the designated labor pension reserve funds account. If the amount is inadequate to pay pensions for workers retiring in the same year, the employer is required to make up the difference in one appropriation before the end of March in the following year. The designated accounts were commissioned to be managed by the Bureau of Labor Funds, and the Company had no rights to influence the investment management strategy. In December 2021, the Company has applied for the settlement of the retirement benefits of qualified employees under the defined benefit plan with the Department of Labor, Taipei City Government. The Company has fully settled the retirement benefits of qualified employees in August 2022.
- (d) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 3,280	\$ 2,731
Fair value of plan assets	-	(2,292)
Net defined benefit liability	<u>\$ 3,280</u>	<u>\$ 439</u>

(e) Movements in net defined benefit liabilities are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 2,731	(\$ 2,292)	\$ 439
Current service cost	466	-	466
Settlement profit or loss	83	2,292	2,375
At December 31	<u>\$ 3,280</u>	<u>\$ -</u>	<u>\$ 3,280</u>
	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 35,843	(\$ 33,471)	\$ 2,372
Current service cost	285	-	285
Interest expense (income)	196	(181)	15
Past service cost	(330)	-	(330)
	<u>35,994</u>	<u>(33,652)</u>	<u>2,342</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,257)	(2,257)
Change in financial assumptions	(506)	-	(506)
Experience adjustments	<u>1,170</u>	<u>-</u>	<u>1,170</u>
	<u>664</u>	<u>(2,257)</u>	<u>(1,593)</u>
Pension fund contribution	-	(310)	(310)
Paid pension	(33,927)	<u>33,927</u>	<u>-</u>
At December 31	<u>\$ 2,731</u>	<u>(\$ 2,292)</u>	<u>\$ 439</u>

(f) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall

make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(g) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2022
Discount rate	1.25%
Future salary increases	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 186)	\$ 200	\$ 870	(\$ 663)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

B. Defined contribution plan

The Company has established a defined contribution plan managed by the government under the Labor Pension Act. The Company contributes 6% of the employees' monthly salaries and wages to the individual designated account of the Bureau of Labor Insurance as pensions.

C. The Company recognised pension cost:

	Year ended December 31, 2023	Year ended December 31, 2022
Net retirement cost recognised according to Actuaries' Report on pensions	\$ 466	(\$ 30)
Recognised according to Labor Pension Act of R.O.C.	3,424	3,187
	<u>\$ 3,890</u>	<u>\$ 3,157</u>

For the years ended December 31, 2023 and 2022, the amounts of directors' remuneration recognised in pension cost were \$466 and \$126, respectively.

(15) Share-based payment

A. The Company's share-based payment arrangements were as follows:

On March 25, 2020, the Board of Directors of the Company resolved to repurchase shares to be transferred to the Company's employees totaling 660 thousand shares during the period from March 26, 2020 to May 25, 2020. The actual number of shares repurchased was 595 thousand shares, and the capital reduction was conducted in 2020 with a capital reduction ratio of 6%. For shares under this repurchase, the Company will set grant date and transfer price based on the changes of share price and volume before transferring to employees. The Company expected to transfer shares to employees in one or many times within two years starting from the repurchase date. 1 thousand common shares can be purchased for 1 unit. The number of shares that an employee can acquire was calculated based on the standards, such as employee's seniority, position, job and special contributions to the Company. After transferring those shares to employees and registering a transfer of shares, unless stated otherwise, other rights and obligations of those shares are the same as original shares.

Vesting conditions: Regular employees who were employed before the subscription effective date or who have special contribution to the Company as recommended by management at or above the vice general manager level.

As of December 31, 2022, all employees' share options were exercised, 1 thousand common shares can be purchased for 1 unit, the number of shares that an employee can acquire were calculated based on the standards, such as employee's seniority, position, job and special contributions to the Company. After the transfer of shares to employees and the registration of the change has been completed, other rights and obligations are the same as the original shares.

B. Details of the share-based payment arrangements are as follows:

	2022	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	306	40.87
Options exercised	(306)	40.87
Options outstanding at December 31	-	
Options exercisable at December 31	-	

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model or other. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	February, 2022	\$ 44.00	\$ 40.87	16% (Note)	February 7, 2022 to February 18, 2022	5.91%	0.755%	\$ 3.00

Note: The expected price volatility was based on the historical volatility of share price in the past 5 years.

D. The compensation costs recognised for the year ended December 31, 2022 amounted to \$919.

(16) Share capital

A. As of December 31, 2023, the Company has authorised capital in the amount of \$1,050,000, consisting of 105,000 thousand shares (including convertible corporate bonds of 30,000 thousand shares, corporate bonds with warrant of 20,000 thousand shares and warrant certificates of 4,000 thousand shares) with a par value of \$10. All proceeds from shares issued have been collected. The number of the Company's ordinary shares outstanding are as follows:

	2023 (in thousands)	2022 (in thousands)
At January 1	41,608.82	41,302.52
Employee stock options exercised	-	306.30
At December 31	41,608.82	41,608.82

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Reason for share reacquisition	Number of shares as of January 1, 2022 (in thousands)	Increase	Transfer	Decrease	Number of shares as of December 31, 2022 (in thousands)
To be reissued to employees	306	-	(306)	-	-

- (b) On March 25, 2020, the Board of Directors of the Company approved to repurchase common shares in the number of 660 thousand shares to be transferred to employees according to Securities and Exchange Act Article 28-2 and ‘Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies’ published by the authority, during the period from March 26, 2020 to May 25, 2020, at a repurchase price ranging from \$28 to \$50. The Company repurchased common shares totaling 595 thousand shares. For the year ended December 31, 2020, the Company decreased cash capital at a ratio of 6%. On September 7, 2021 and March 3, 2022, the Company transferred 253 thousand shares and 306 thousand shares to employees, respectively, and the differences between the transfer price and repurchase price were \$349 and \$880, respectively, which were recognised as capital surplus - treasury shares. As of December 31, 2022, the Company had no treasury stocks.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company’s credit rating and the stockholders’ equity should be retired within six months of acquisition.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. On June 26, 2019, the shareholders of the Company approved to amend the Company's Articles of Incorporation. Under the amended Articles of Incorporation, the Company shall distribute earnings every half fiscal year and authorised the Board of Directors to resolve the distribution of dividends and bonus in cash which shall be reported to the shareholders.

In accordance with the earnings distribution policies in the Company's amended Articles of Incorporation, the current earnings in every half fiscal year, if any, shall first be used to pay all taxes and offset prior years' accumulated deficit, retaining estimated employees' compensation and directors' remuneration and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. In addition, special reserve is set aside or reversed in accordance with regulations. The appropriation of the remainder along with the unappropriated earnings adjustments in prior half fiscal year, shall be proposed by the Board of Directors and approved by the shareholders if the dividends will be distributed in the form of shares. If the dividends will be distributed in cash, the appropriation shall be resolved by the Board of Directors.

The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount is equal to the paid-in capital. In addition, special reserve is set aside or reversed in accordance with regulations, the appropriation of the remainder along with the unappropriated earnings adjustments in prior half fiscal year, shall be proposed by the Board of Directors. The Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses or legal reserve and capital reserve, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash by the resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriations of 2022 and 2021 earnings had been approved by the shareholders during their meeting on May 24, 2023 and June 23, 2022, respectively. Details are summarised below:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 16,343	\$ -	\$ 19,444	\$ -
Cash dividends	116,505	2.8	128,987	3.1
		<u>\$ 2.8</u>		<u>\$ 3.1</u>

E. The appropriations of 2023 earnings had been approved by the Board of Directors during its meeting on March 15, 2024. Details are summarised below:

	<u>Year ended December 31, 2023</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 30,190	\$ -
Stock dividends	20,804	0.5
Cash dividends	108,183	2.6
		<u>\$ 3.1</u>

As of March 15, 2024, the appropriations of 2023 earnings have not been resolved at the shareholders' meeting.

(19) Other equity items

	<u>2023</u>		
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Total</u>
At January 1	(\$ 8,564)	\$ 176,581	\$ 168,017
Currency translation differences:			
- The Company	4,461	-	4,461
- Associates	586	-	586
- Tax	(940)	-	(940)
Valuation			
- Group	-	116,791	116,791
- Valuation adjustments transferred to retained earnings	-	(31,004)	(31,004)
At December 31	<u>(\$ 4,457)</u>	<u>\$ 262,368</u>	<u>\$ 257,911</u>

	2022		
	Unrealised gains		
	Currency translation	(losses) on valuation	Total
At January 1	(\$ 20,768)	\$ 272,860	\$ 252,092
Currency translation differences:			
- The Company	13,547	-	13,547
- Associates	1,128	-	1,128
- Tax	(2,471)	-	(2,471)
Valuation	-	(96,279)	(96,279)
At December 31	(\$ 8,564)	\$ 176,581	\$ 168,017

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

2023	Automatic monitoring		
	segment	Other segments	Total
Revenue from external customer contracts	\$ 435,366	\$ 5,465	\$ 440,831
Timing of revenue recognition			
At a point in time	\$ 409,629	\$ 5,465	\$ 415,094
Over time	25,737	-	25,737
	\$ 435,366	\$ 5,465	\$ 440,831

2022	Automatic monitoring		
	segment	Other segments	Total
Revenue from external customer contracts	\$ 457,492	\$ 5,959	\$ 463,451
Timing of revenue recognition			
At a point in time	\$ 441,121	\$ 5,959	\$ 447,080
Over time	16,371	-	16,371
	\$ 457,492	\$ 5,959	\$ 463,451

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets:			
Construction	\$ 10,440	\$ 3,934	\$ 3,304
Loss: Allowance	(21)	(8)	(1)
Total	<u>\$ 10,419</u>	<u>\$ 3,926</u>	<u>\$ 3,303</u>
Contract liabilities:			
Construction	\$ 5,049	\$ 4,658	\$ 2,999
System integration	6,422	17,875	19,144
Sales of goods	877	1,930	4,440
Total	<u>\$ 12,348</u>	<u>\$ 24,463</u>	<u>\$ 26,583</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Construction	\$ 3,349	\$ 2,215
System integration	17,027	13,866
Sales of goods	1,790	748
	<u>\$ 22,166</u>	<u>\$ 16,829</u>

C. Uncompleted contracts

The transaction price is allocated to unsatisfied performance obligations under the contract, and the expected recognition timing were as follows. The amounts disclosed do not include variable consideration.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Construction contracts		
Executory in 1 year	\$ 26,618	\$ 14,597
Executory in 1 to 3 years	10,140	14,967
Executory over 3 years	18,252	30,004
	<u>\$ 55,010</u>	<u>\$ 59,568</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
System integration contracts		
Executory in 1 year	\$ 6,422	\$ 12,483
Executory in 1 to 3 years	-	5,392
Executory over 3 years	-	-
	<u>\$ 6,422</u>	<u>\$ 17,875</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales contracts		
Executory in 1 year	\$ 877	\$ 1,930
Executory in 1 to 3 years	-	-
Executory over 3 years	-	-
	<u>\$ 877</u>	<u>\$ 1,930</u>

(21) Interest income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Interest income from bank deposits	\$ 821	\$ 257
Other interest income	26	10
	<u>\$ 847</u>	<u>\$ 267</u>

(22) Other income

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Rent income	\$ 801	\$ 551
Dividend income	26,529	63,375
Gain recognized in bargain purchase transaction	11,009	-
Other income, others	6,810	23,317
	<u>\$ 45,149</u>	<u>\$ 87,243</u>

(23) Other gains and losses

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Gains (losses) on financial assets at fair value through profit or loss	\$ 123,631	(\$ 20,601)
Foreign exchange gains	777	1,107
Gains on disposals of property, plant and equipment	524	413
Other gains and losses	(25)	(58)
	<u>\$ 124,907</u>	<u>(\$ 19,139)</u>

(24) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	\$ 11,537	\$ 6,886
Interest expense on lease liability	153	136
	<u>\$ 11,690</u>	<u>\$ 7,022</u>

(25) Employee benefit expense

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 25,616	\$ 75,305	\$ 100,921
Directors' remuneration	-	18,041	18,041
Labour and health insurance fees	2,184	5,102	7,286
Pension costs	1,294	2,130	3,424
Other personnel expenses	902	4,494	5,396
	<u>\$ 29,996</u>	<u>\$ 105,072</u>	<u>\$ 135,068</u>

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 22,393	\$ 70,006	\$ 92,399
Directors' remuneration	-	10,907	10,907
Labour and health insurance fees	1,992	4,943	6,935
Pension costs	1,217	1,814	3,031
Other personnel expenses	864	3,587	4,451
	<u>\$ 26,466</u>	<u>\$ 91,257</u>	<u>\$ 117,723</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. However, when the Company has accumulated deficit, no employees' compensation and directors' remuneration shall be distributed.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$12,020 and \$7,933, respectively; while directors' remuneration was accrued at \$9,015 and \$5,950, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 4% and 3%, respectively, of distributable profit for the year ended December 31, 2023.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Expenses by nature

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 29,996	\$ 105,072	\$ 135,068
Depreciation charges	2,387	8,660	11,047
Amortisation charges	-	413	413
	<u>\$ 32,383</u>	<u>\$ 114,145</u>	<u>\$ 146,528</u>

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expense	\$ 26,466	\$ 91,257	\$ 117,723
Depreciation charges	2,262	8,769	11,031
Amortisation charges	-	356	356
	<u>\$ 28,728</u>	<u>\$ 100,382</u>	<u>\$ 129,110</u>

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 5,195	\$ 1,861
Tax on undistributed surplus earnings	2,249	2,301
Prior year income tax (overestimation) underestimation	(429)	(223)
Total current tax	<u>7,015</u>	<u>3,939</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>995</u>	<u>5,244</u>
Income tax expense	<u>\$ 8,010</u>	<u>\$ 9,183</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Currency translation differences	\$ 940	\$ 2,471
Remeasurement of defined benefit obligation	-	321
	<u>\$ 940</u>	<u>\$ 2,792</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 55,895	\$ 36,888
Tax exempt income by tax regulation	(49,705)	(30,746)
Prior year income tax (overestimation) underestimation	(429)	(223)
Effect from Alternative Minimum Tax	-	964
Tax on undistributed earnings	2,249	2,301
Others	-	(1)
Income tax expense	<u>\$ 8,010</u>	<u>\$ 9,183</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Unrealised expenses	\$ 7,708	\$ 1,259	\$ -	\$ 8,967
Remeasurement of defined benefit plan	880	-	-	880
Cumulative translation adjustments	291	-	(291)	-
Others	1,055	(137)	-	918
	<u>9,934</u>	<u>1,122</u>	<u>(291)</u>	<u>10,765</u>
- Deferred tax liabilities:				
Investment income	(18,008)	(2,217)	-	(20,225)
Unrealised pension contributions	(834)	93	-	(741)
Unrealized exchange gain	(7)	7	-	-
Cumulative translation adjustments	-	-	(649)	(649)
	<u>(18,849)</u>	<u>(2,117)</u>	<u>(649)</u>	<u>(21,615)</u>
	<u>(\$ 8,915)</u>	<u>(\$ 995)</u>	<u>(\$ 940)</u>	<u>(\$ 10,850)</u>
	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
- Deferred tax assets:				
Unrealised expenses	\$ 7,146	\$ 562	\$ -	\$ 7,708
Remeasurement of defined benefit plan	1,201	-	(321)	880
Cumulative translation adjustments	2,762	-	(2,471)	291
Others	1,135	(80)	-	1,055
	<u>12,244</u>	<u>482</u>	<u>(2,792)</u>	<u>9,934</u>
- Deferred tax liabilities:				
Investment income	(12,330)	(5,678)	-	(18,008)
Unrealised pension contributions	(766)	(68)	-	(834)
Unrealized exchange gain	(29)	22	-	(7)
	<u>(13,125)</u>	<u>(5,724)</u>	<u>-</u>	<u>(18,849)</u>
	<u>(\$ 881)</u>	<u>(\$ 5,242)</u>	<u>(\$ 2,792)</u>	<u>(\$ 8,915)</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(28) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

B. Diluted earnings per share

Diluted earnings per share is calculated as the profit attributable to ordinary equity holders of the parent company, based on the effect from dilutive potential ordinary shares, divided by the weighted-average number of current outstanding ordinary shares.

	Year ended December 31, 2023		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 271,466	41,609	\$ 6.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 271,466	41,609	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 271,466	41,609	\$ 6.52

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 175,259	41,538	\$ 4.22
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 175,259	41,538	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 175,259	41,538	\$ 4.22

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 4,336	\$ 6,772
Add: Opening balance of payable on equipment	3,785	-
Less: Ending balance of payable on equipment	-	(3,785)
Cash paid during the year	\$ 8,121	\$ 2,987

(30) Changes in liabilities from financing activities

	2023					
		Short-term	Long-term			Liabilities from
	Short-term	notes	borrowings	Lease	Dividends	financing
	<u>borrowings</u>	<u>and bills</u>	<u>(including</u>	<u>liability</u>	<u>payable</u>	<u>activities</u>
		<u>payables</u>	<u>current</u>			
			<u>portion)</u>			
At January 1	\$ 325,454	\$ -	\$ 220,000	\$ 9,368	\$ -	\$ 554,822
Changes in cash flow from financing activities	(19,029)	29,985	(20,000)	(4,607)	(116,505)	(130,156)
Interest paid	-	-	-	(153)	-	(153)
Increase in lease liability for the year	-	-	-	4,015	-	4,015
Interest expense from amortisation	-	-	-	153	-	153
Declared cash dividends	-	-	-	-	116,505	116,505
Other non-cash fluctuations	-	-	-	(41)	-	(41)
At December 31	<u>\$ 306,425</u>	<u>\$ 29,985</u>	<u>\$ 200,000</u>	<u>\$ 8,735</u>	<u>\$ -</u>	<u>\$ 545,145</u>

	2022					
		Short-term	Long-term			Liabilities from
	Short-term	notes	borrowings	Lease	Dividends	financing
	<u>borrowings</u>	<u>and bills</u>	<u>(including</u>	<u>liability</u>	<u>payable</u>	<u>activities</u>
		<u>payables</u>	<u>current</u>			
			<u>portion)</u>			
At January 1	\$ 295,845	\$ 140,000	\$ 5,946	\$ -	\$ -	\$ 441,791
Changes in cash flow from financing activities	29,609	80,000	(3,961)	(128,987)	(23,339)	
Interest paid	-	-	(136)	-	(136)	
Increase in lease liability for the year	-	-	7,383	-	7,383	
Interest expense from amortisation	-	-	136	-	136	
Declared cash dividends	-	-	-	128,987	128,987	
At December 31	<u>\$ 325,454</u>	<u>\$ 220,000</u>	<u>\$ 9,368</u>	<u>\$ -</u>	<u>\$ 554,822</u>	

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Kemitek Industrial Corp.	Subsidiary
Santek Technology, Inc.	Subsidiary
Gee Lien Resource Development Corp.	Subsidiary
DFOST Corporation	Subsidiary
RIFT HOLDINGS INC.	Subsidiary
RIFT SYSTEMS INC.	Subsidiary
Siap+Micros Holding S.r.l.	Associate
Siap+Micros S.p.a.	Associate
Trisco Technology Corporation (Notes1)	Associate
Trisco Technology Corporation (Shenzhen)	Associate
Sanlien Education Foundation	Related party in substance
Meteorological Application & Development Foundation	Related party in substance
Sino-Geotechnics Research and Development Foundation	Related party in substance
Taiwan Climate Services Partnership	Related party in substance
Chinese Taipei Ski Association	Related party in substance
PUJEN Land Development Co., Ltd.	Related party in substance
Rui Hua Investment Co., Ltd.	Related party in substance
Lucent Source., Ltd.	Related party in substance
China Metal Products Co., Ltd.	Related party in substance
The Hotel National Company Limited	Related party in substance
Xiao Bu Dian Company Limited	Related party in substance
Asia World Engineering & Construction Corp.	Related party in substance
Yan Lien Technology Corp.	Related party in substance
P-Waver Inc.	Related party in substance
Wu Chi-Wei	Related party in substance
Ta-Chun Lin	The Company's key management
Lin Ting-Fung (Note2)	The Company's key management
Lin Chia-Ching	The Company's key management
Zhu Min,Gao	The Company's key management

Note1: The Company increased its investment in Trisco Technology Corporation, therefore, it became an associate starting from September 2023.

Note2: Mr. Lin Ting-Fung has retired effective December 31, 2022, but remained as part of the key management of the Company's subsidiary.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Subsidiaries	\$ 28,051	\$ 27,343
Associates	-	1,410
Related party in substance	11,394	5,317
	<u>\$ 39,445</u>	<u>\$ 34,070</u>

The Company's transaction amounts and conditions with related parties were in agreement with third parties.

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
Related party in substance	\$ 5,662	\$ 33,014
Associates	5,348	1,039
Subsidiaries	1,960	572
	<u>\$ 12,970</u>	<u>\$ 34,625</u>

The Company's transaction amounts and conditions with related parties were in agreement with third parties.

C. Notes receivable from related parties:

	December 31, 2023	December 31, 2022
Notes receivable:		
Related party in substance	<u>\$ 38</u>	<u>\$ 93</u>

D. Accounts receivable from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiaries	\$ 2,588	\$ 3,828
Associates	-	-
Related party in substance	656	343
	<u>\$ 3,244</u>	<u>\$ 4,171</u>

E. Prepayments to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments		
Subsidiaries	\$ -	\$ 16
Related party in substance	-	207
	<u>\$ -</u>	<u>\$ 223</u>

F. Notes payable to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable:		
Subsidiaries	\$ -	\$ 16

G. Accounts payable to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Related party in substance	\$ -	\$ 6,922
Associates	3,430	-
Subsidiaries	205	188
	<u>\$ 3,635</u>	<u>\$ 7,110</u>

H. Other payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables:		
Related party in substance	\$ 162	\$ 13
Associates	115	-
	<u>\$ 277</u>	<u>\$ 13</u>

I. Contract liabilities to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities		
Related party in substance	\$ 2,475	\$ 414

J. Property transactions:

(a) Acquisition of financial assets:

		No. of shares		Year ended December 31, 2023
	Accounts	(in thousands)	Objects	Consideration
Subsidiary	Investments accounted for using equity method (Issue of shares)	1,530	DFOST Corporation	
				\$ 15,300
				<u>\$ 15,300</u>
		No. of shares		Year ended December 31, 2022
	Accounts	(in thousands)	Objects	Consideration
Related party in substance	Financial assets at fair value through other comprehensive income	1,000	P-Waver Inc.	\$ 12,000
"	Investments accounted for using equity method	216	Kemitek Industrial Corp.	8,621
				<u>\$ 20,621</u>

(b) Disposal of financial assets:

		No. of shares		Year ended December 31, 2023
	Accounts	(in thousands)	Objects	Proceeds
Related party in substance	Investments accounted for using equity method	35	Gee Lien Resource Development	\$ 674
		No. of shares		Year ended December 31, 2022
	Accounts	(in thousands)	Objects	Proceeds
Related party in substance	Investments accounted for using equity method	35	Gee Lien Resource Development	\$ 626

(c) Disposal of property, plant and equipment:

	Year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal
Related party in substance	\$ 720	\$ -

K. Lease transactions - lessee

Rent expense

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	\$ 15	\$ 44
Related party in substance	220	-
	<u>\$ 235</u>	<u>\$ 44</u>

L. Leasing arrangements - lessor

(a) The Company leased buildings and structures in operating leases, with a lease period of 1 to 3 years. The amount of lease is determined based on the local rental level and used area, and is paid by the lessee on a monthly basis.

(b) Rent income:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	\$ 660	\$ 425
Related party in substance	30	103
	<u>\$ 690</u>	<u>\$ 528</u>

M. Others

(a) Others

Relationship with the Group	Account	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiaries	Expenses for labour dispatch	\$ 2,555	\$ 2,464
"	Other income	4,718	4,372
"	Other operating expenses	801	1,016
Related party in substance	Other operating expenses	1,494	859
"	Other income	4	-

In order to assist Sanlien Education Foundation in promoting each project and the development of science popularization education, the Company, for the year ended December 31, 2023, their grants amounted to \$1,700.

N. Endorsements and guarantees provided to related parties:

Refer to Note 9 for details of endorsements and guarantees provided to related parties.

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits (Note)	\$ 10,792	\$ 13,366
Post-employment benefits	598	383
Share-based payment transaction	-	133
	<u>\$ 11,390</u>	<u>\$ 13,882</u>

Note: The related expenses and depreciation pertaining to the official cars used by the main management were included in key management compensation.

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Land	\$ 47,279	\$ 47,279	Long-term borrowings
Buildings and structures - net	14,026	14,588	"
Time deposits	840	840	Pledged as collateral for tariff
Deposits in reserve account	18,243	25,968	Short-term borrowings
	<u>\$ 80,388</u>	<u>\$ 88,675</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 2022, the amounts of refundable deposit notes issued by the Company for undertaking each construction and bank financing facilities were \$112,551 and \$112,701, respectively.

B. As of December 31, 2023 and 2022, the Company had guarantee notes issued by financial institutions for customs duty in the amount of \$5,000 and \$10,000, respectively.

C. As of December 31, 2023 and 2022, the Company had repaid the prepayment for undertaking

construction which were guaranteed by banks in the amount of \$5,009 and \$4,229, respectively.

- D. As of December 31, 2023 and 2022, the subsidiary, Gee Lien Resource Development Corp., provided guarantee for the Company to undertake constructions in the amount of \$50,000 for both years. As of December 31, 2023 and 2022, the Company has used \$20,632 and \$22,023, respectively.
- E. As of December 31, 2023 and 2022, the Company's outstanding letters of credit but not yet drawn amounted to \$16,000 and \$10,000, respectively.
- F. As of December 31, 2023 and 2022, the Company provided guarantee for the subsidiary, Gee Lien Resource Development Corp., to undertake constructions, amounting to \$40,000 for both years. As of December 31, 2023 and 2022, the subsidiary, Gee Lien Resource Development Corp. has used \$21,408 and \$17,327, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On March 15, 2024, the Board of Directors approved the appropriations of 2023 earnings. Details of resolution by the Board of Directors are provided in Note 6(18).

12. Others

(1) Capital management

The Company's goal of capital management was to secure the Company's going concern and to maintain a healthy capital basis in order to keep the confidence of investor, debtor and market and to support the development of future operations. Capital included the Company's share capital, capital surplus, retained earnings and non-controlling interests. The Board of Directors controlled and managed the return on capital and dividends standard of common share simultaneously. For the year ended December 31, 2023, the Company's capital management was the same as usual and did not change.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through profit or loss on initial recognition	<u>\$ 288,168</u>	<u>\$ 198,036</u>
Financial assets at fair value through other comprehensive income		
Qualifying equity instruments	<u>\$ 496,136</u>	<u>\$ 447,927</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 147,449	\$ 165,887
Financial assets at amortised cost	19,083	26,808
Notes receivable	9,832	14,915
Accounts receivable	66,174	77,633
Other financial assets	-	1,134
Guarantee deposits paid	7,591	5,047
Long-term notes and accounts receivable	525	-
	<u>\$ 250,654</u>	<u>\$ 291,424</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 306,425	\$ 325,454
Short-term notes and bills payable	29,985	-
Notes payable	347	346
Accounts payable	65,073	34,109
Other accounts payable	83,967	73,159
Long-term borrowings (including current portion)	200,000	220,000
	<u>\$ 685,797</u>	<u>\$ 653,068</u>
Lease liability	<u>\$ 8,735</u>	<u>\$ 9,368</u>

B. Financial risk management policies

The Company had adopted overall risk management and control system to identify all risks including market risk, credit risk, liquidity risks and cash flow risks in order for the management to control and evaluate these risks effectively. The Company's objectives on market risk management are to achieve the optimal risk position, maintain an optimal level of liquidity and centralise risk management operations, with consideration of the economic environment,

competitive status and market value risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company's sales and purchases are primarily denominated in NTD, JPY and USD. The fair value of financial assets and liabilities which were denominated in foreign currency changed according to the fluctuations in market exchange rates. As the Company offsets these market risks by matching the foreign currency assets and liabilities positions and their payment periods, it does not expect significant market risk due to exchange rate.
- ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
Foreign currency			
	amount	Exchange	Book value
	(In thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 596	\$ 30.66	\$ 18,276
JPY:NTD	63,250	0.215	13,611
EUR:NTD	199	33.78	6,721
CHF:NTD	125	36.36	4,541
<u>Investments accounted for using equity method</u>			
EUR:NTD	\$ 3,999	33.98	\$ 13,896
HKD:NTD	20,936	3.895	81,536
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 22	30.76	\$ 673
JPY:NTD	27,198	0.219	5,962
EUR:NTD	5	34.18	183
CHF:NTD	53	36.61	1,929
RMB:NTD	29	4.352	126

	December 31, 2022		
	Foreign currency		
	amount	Exchange	Book value
	(In thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,515	\$ 30.66	\$ 46,460
JPY:NTD	16,207	0.230	3,734
EUR:NTD	190	32.52	6,168
CHF:NTD	4	33.08	138
SGD:NTD	1	22.79	12
<u>Investments accounted for using equity method</u>			
EUR:NTD	\$ 3,622	32.72	\$ 118,524
HKD:NTD	19,764	3.908	77,229
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 54	30.76	\$ 1,672
JPY:NTD	12,671	0.234	2,970
EUR:NTD	169	32.92	5,557
CHF:NTD	7	33.33	299

- iii. The Company is primarily affected by the exchange rate fluctuation of JPY and USD. Foreign exchange risk between JPY, USD and NTD arose primarily from gains or losses on foreign currency exchange from translating JPY and USD denominated cash, cash equivalents, accounts receivable and other receivables, accounts payable and other payables. When the Company's functional currency, NTD, fluctuated 1% against JPY and USD, the sensitivity analysis were as follows:

	December 31, 2023	December 31, 2022
Effect on profit after tax and equity	\$ 202	\$ 364

When the Company's foreign currency assets position is higher than foreign currency liabilities, a positive number above indicates an increase in net profit and equity associated with New Taiwan dollars decreasing 1% against the relevant currency. For a 1% increase in New Taiwan dollars against the relevant currency, the amount of impact on net profit and equity would be the same but negative.

(b) Credit risk

- i. The Company's policy is to trade only with counterparties with rating of investment level, and if necessary, the Company requires for sufficient collaterals to reduce the financial loss risk from past due accounts. The Company assesses credit rating of major customers by using public financial information and historical transaction records. The Company continuously monitors its credit exposure and the credit rating of counterparties, and allocates the total transaction amount to different customers with qualified credit rating. In addition, the Company manages credit exposures through proper review and approval to the credit facility of counterparties by key management annually.
- ii. In order to reduce credit risk, the Company's management appointed an exclusive group to be in charge of the decision of credit facilities, approval of credit and other monitoring procedures to ensure adequate action is taken on the collection of the past due accounts receivable. In addition, on the balance sheet date, the Company will review the recoverable amount of each accounts receivable to ensure the unrecoverable accounts receivable had been properly provisioned impairment loss. Based on the above information, the management believes the credit risk of the Company has significantly decreased.
- iii. The expected credit losses on accounts receivable are estimated by using the lifetime expected losses. The lifetime expected losses are calculated based on the provision matrix, taking into consideration that past default experience of the customer, an analysis of the customer's current financial position, industrial economic situation, GDP forecast and the future conditions of the industry in which the customers operate.
- iv. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix is not further distinguished according to the Company's different customer base and the expected credit losses were calculated from the past due date of accounts receivable.
- v. The Company has internal credit risk management, without consideration of the collaterals held, default has occurred under the following conditions:
 - (i) Internal or external information indicates that it is impossible for the creditors to repay its obligations.
 - (ii) Past due over 181 days, except when there was a reasonable explanation and supporting documentation that the delay shall not be considered a default.
- vi. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments are past due in accordance with the contract terms, counterparties have serious financial difficulties and the Company cannot reasonably estimate the recoverable amount, there has been a significant increase in credit risk on that instrument since initial recognition.

- vii. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, when counterparties are processing the liquidation, the Company will directly write off related accounts receivable. However, the Company will continue executing the recourse procedures to secure their rights, and the recovered amount arising from the recourse procedures will be recognised in profit or loss.

viii. The Company's provision matrix of accounts receivable and contract assets is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Overdue receivables	Total
<u>At December 31, 2023</u>							
Expected credit loss rate	0.20%	11.00%	47%~81%	72%~86%	-	-	
Book value	\$ 76,303	\$ 83	\$ 551	\$ 319	\$ -	\$ -	\$ 77,256
Allowance	(150)	(9)	(274)	(230)	-	-	(663)
Amortised cost	<u>\$ 76,153</u>	<u>\$ 74</u>	<u>\$ 277</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,593</u>
<u>At December 31, 2022</u>							
Expected credit loss rate	0.20%	6.50%	11.2%~71.5%	73%~80%	-	100%	
Book value	\$ 80,806	\$ 323	\$ 668	\$ 63	\$ -	\$ 675	\$ 82,535
Allowance	(159)	(21)	(74)	(47)	-	(675)	(976)
Amortised cost	<u>\$ 80,647</u>	<u>\$ 302</u>	<u>\$ 594</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,559</u>

- ix. As of December 31, 2023 and 2022, the expected credit loss rates of contract assets were 0.2% and 0.2%, respectively.

- x. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2023	
	Accounts receivable	Contract assets
At January 1	\$ 968	\$ 8
Provision for impairment	116	13
Write-offs during the years	(441)	-
At December 31	<u>\$ 643</u>	<u>\$ 21</u>

	2022	
	Accounts receivable	Contract assets
At January 1	\$ 921	\$ 1
Provision for impairment	47	7
At December 31	<u>\$ 968</u>	<u>\$ 8</u>

(c) Liquidity risk

- i. For the Company's financial assets and liabilities that will mature in one year, the working capital of the Company is sufficient, therefore there is no liquidity risk from the inability to raise capital for fulfilling contractual obligations.
- ii. The Company invested surplus cash in interest bearing time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As for the held monetary market fund, refer to Note 6 for details of financial assets. The Company expects to timely generate cash flows to manage liquidity risk.
- iii. Refer to Notes 6(11) and 6(13) for details of undrawn borrowing facility of the Company.
- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<u>December 31, 2023</u>				
<u>Non-derivative financial liabilities</u>				
Long-term borrowings (including current portion)	\$ 140,000	\$ 60,000	\$ -	\$ 200,000
Lease liability	\$ 4,140	\$ 4,846	\$ -	\$ 8,986
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
<u>December 31, 2022</u>				
<u>Non-derivative financial liabilities</u>				
Long-term borrowings (including current portion)	\$ -	\$ 220,000	\$ -	\$ 220,000
Lease liability	\$ 4,196	\$ 5,391	\$ -	\$ 9,587

Except as stated above, the Company's non-derivative financial liabilities are due within the following year.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

- B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 132,946	\$ -	\$ -	\$ 132,946
Unlisted stocks	-	-	155,222	155,222
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	496,136	496,136
	<u>\$ 132,946</u>	<u>\$ -</u>	<u>\$ 651,358</u>	<u>\$ 784,304</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 121,614	\$ -	\$ -	\$ 121,614
Unlisted stocks	-	-	76,422	76,422
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	-	447,927	447,927
	<u>\$ 121,614</u>	<u>\$ -</u>	<u>\$ 524,349</u>	<u>\$ 645,963</u>

- C. The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

- | | | |
|---------------------|---------------|--|
| | Listed shares | |
| Market quoted price | Closing price | |
- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. The valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and periodically valued any other necessary adjustments to the fair value.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

(a) Financial asset at fair value through other comprehensive income- Equity instrument

	2023	2022
At January 1	\$ 447,927	\$ 532,206
Increase during the year	20,000	12,000
Decrease during the year	(86,018)	-
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	114,227	(96,279)
At December 31	\$ 496,136	\$ 447,927

(b) Financial asset at fair value through profit or loss - Equity instrument

	2023	2022
At January 1	\$ 76,422	\$ 81,399
Recorded as unrealised (losses) gains	79,942	(4,977)
At December 31	\$ 156,364	\$ 76,422

- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 617,518</u>	Market comparable companies	Price-Book Ratio	4.27~40.91	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to book ratio multiple	1.42~2.82	
			Discount for lack of marketability	20%~50%	
Unlisted shares	<u>\$ 33,840</u>	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	10%	
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	<u>\$ 498,729</u>	Market comparable companies	Price-Book Ratio	3.37~40.95	The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to book ratio multiple	0.92~2.33	
			Discount for lack of marketability	20%~50%	
Unlisted shares	<u>\$ 25,620</u>	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Discount for lack of marketability	10%	

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Note 5.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

Not applicable.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			Relationship with the endorser/ guarantor (Note 2)											
0	Sanlien Technology Corp.	Gee Lien Resource Development Corp.	(2)	\$ 330,416	\$ 40,000	\$ 40,000	\$ 21,408	\$ -	2.42	\$ 495,624	Y	N	N	-
1	Gee Lien Resource Development Corp.	Sanlien Technology Corp.	(3)	50,000	50,000	50,000	20,632	-	220.09	50,000	N	Y	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: 1. Under the company's regulation "Endorsement guarantee method", the ceiling on the total amount of endorsements/ guarantees provided should not exceed 30% of equity, and the limit on endorsements/ guarantees provided for a single party should not exceed 20% of equity.

Ceiling on total amount of endorsements/ guarantees provided :1,652,080* 30%= 495,624 °

Limit on endorsements/ guarantees provided for a single party : 1,652,080* 20%= 330,416 °

2. Gee Lien Resource Development Corp. only provided the transactions of endorsement for Sanlien Technology Corp. The total amount of transactions of endorsement and the limit of endorsement for is 500% of its paid in capital.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Sanlien Technology Corp.	China Metal Products Co., Ltd., common stock	The chairman of the issuer is the immediate family of the chairman of the Company	Financial assets at fair value through profit or loss - current	2,570,637	\$ 107,838	0.68	\$ 107,838	-
"	Chang Hwa Commercial Bank, Ltd., common shares	-	"	60,000	1,074	-	1,074	-
"	Sinopac Financial Holdings Company Limited, common shares	-	"	1,120,673	22,077	0.01	22,077	-
"	Holy Stone Enterprise Co., Ltd., common shares	-	"	8,400	815	0.01	815	-
Sanlien Technology Corp.	Miramar Hospitality Co., Ltd., common shares	-	Financial assets at fair value through profit or loss - non-current	122,000	1,142	0.33	1,142	-
"	Asia World Engineering & Construction Co., common shares	The Company is the director of the issuer	"	9,202,096	152,479	13.13	152,479	-
"	Yan Lien Technology Corp., common shares	-	"	90,000	2,743	18.00	2,743	-
"	Kintech Technology Co., Ltd., common shares	-	"	432,000	-	0.25	-	-
Sanlien Technology Corp.	Pujen Land Development Co., Ltd., common shares	The chairman of the issuer is the immediate family of the chairman of the Company	Measured at fair value through other comprehensive income - non-current	17,786,456	358,397	6.34	358,397	-
"	Pacific Cycles Inc., common shares	The Company is the director of the issuer	"	1,227,600	69,519	5.46	69,519	-
"	Innofund Ii Ltd., common shares	The Company is the director of the issuer	"	3,000,000	33,840	10.00	33,840	-
"	P-Waver Inc., common shares	The Company is the director of the issuer	"	2,000,000	17,520	13.09	17,520	-
"	Masada Technology Co., Ltd., common shares	-	"	2,000,000	16,860	5.95	16,860	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Kemitek Industrial Corp.	Tama Chemicals Co., Ltd.	An investee accounted for under the equity method	Purchases	\$ 1,472,013	59.61	30~120 days	Same as other transactions	Comparable with other vendors	\$ 615,972	60.74	-

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 3)	
0	Sanlien Technology Corp.	Santek Technology, Inc.	(1)	Operating income	\$ 19,933	Same as general customers 0.54
0	Sanlien Technology Corp.	Gee Lien Resource Development Corp.	(1)	Operating income	4,961	Same as general customers 0.13
0	Sanlien Technology Corp.	Kemitek Industrial Corp.	(1)	Operating income	3,158	Same as general customers 0.09
0	Sanlien Technology Corp.	Kemitek Industrial Corp.	(1)	Other income	3,208	Same as general customers 0.09
0	Sanlien Technology Corp.	Santek Technology, Inc.	(1)	Other expense	2,555	Same as general customers 0.07

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The transaction amount or the balance of the creditor's rights and debts is more than \$2,500.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for	recognised by the Company	
				December 31, 2023	December 31, 2022				the year ended	for the year ended	
									December 31, 2023	December 31, 2023	
Sanlien Technology Corp.	Kemitek Industrial Corp.	Taiwan	Manufacturing and sales of semiconductor-related chemicals	\$ 276,923	\$ 276,923	25,490,748	37.24	\$ 651,970	\$ 255,436	\$ 95,542	Subsidiary
"	Santek Technology, Inc.	Hong Kong	Sales of electronic and electrical products	22,321	22,321	5,520,420	100.00	81,536	4,416	4,295	Subsidiary
"	Gee Lien Resource Development Corp.	Taiwan	Earth science and technology engineering contractor	12,635	14,572	600,000	60.00	15,677	6,413	4,079	Subsidiary
"	DFOST Corporation	Taiwan	Development and sales of optical fiber sensor monitors	25,500	10,200	2,550,000	51.00	7,650	(22,086)	(11,264)	Subsidiary
"	RIFT HOLDINGS INC	U.S.A.	Overseas holding company	29,571	-	950,000	100.00	22,295	(6,259)	(6,953)	Subsidiary
RIFT HOLDINGS INC	RIFT SYSTEMS INC	U.S.A.	Sales of equipment (sensors), electrical materials	27,257	-	900,000	90.00	21,530	(6,869)	(6,182)	Subsidiary
Sanlien Technology Corp.	Siap+Micros Holding S.r.l	Italy	Overseas holding company	86,950	86,950	-	49.00	135,896	42,672	20,909	-
Siap+Micros Holding S.r.l	Siap+Micros S.p.a	Italy	Manufacturing, trading and providing related technical services of astronomical, walrus and meteorological monitoring instruments	177,448	177,448	1,302,083	100.00	304,697	43,503	-	-
Santek Technology, Inc.	Billion Corporation	Samoa	Overseas holding company	7,155	7,155	199,963	35.10	10,926	(3,025)	-	-
"	Agnos Chemicals Pte.Ltd.	Singapore	Specialty chemicals manufacturing and trading	12,058	12,058	625,000	6.25	20,591	80,275	-	-
Kemitek Industrial Corp.	Agnos Chemicals Pte.Ltd.	Singapore	Specialty chemicals manufacturing and trading	48,583	48,583	2,500,000	25.00	82,048	80,275	-	-
Sanlien Technology Corp.	Trisco Technology Corporation	Taiwan	Manufacturing, processing and trading of electronic component	57,400	-	3,640,295	22.53	101,330	22,805	(626)	-

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2 (2) B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Timlien Trading (Shanghai) Co., Ltd.	Wholesale, import and export of electronic products, electronic components, sensors, instruments, electromechanical equipment and accessories, geotechnical construction safety equipment and materials, commission agency (except auction), and provision of related supporting services.	\$ 6,141	1	\$ 6,753	\$ -	\$ -	\$ 6,753	(\$ 135)	100.00	(\$ 135)	\$ 4,319	\$ -	Note 3
Zhuhai Tritex Electronic Co., Ltd.	Manufacturing and sales of auto meter, sensor, tube and alcohol solubility tester.	12,251	1	7,155	-	-	7,155	(3,034)	35.10	(1,064)	9,494	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Sanlien Technology Corp.	\$ 16,449	\$ 16,449	\$ 1,646,663										

Note 1: Investment methods:

(1) Through investing in an existing company in the third area, Santek Technology, Inc., which then invested in the investee in Mainland China.

Note 2: In the ‘Investment income (loss) recognised by the company for the year ended December 31, 2023’ column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements were audited and attested by R.O.C. parent company’s CPA.

C.Others.

Note 3: It has been written off during the preparation of the consolidated financial statements.

SANLIEN TECHNOLOGY CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Multiple Investment Corp.	3,230,779	7.76
Rui Hua Investment Co., Ltd.	2,694,264	6.47
Lucent Source, Ltd.	2,449,464	5.88
Chanitex Co., Ltd.	2,088,000	5.01

SANLIEN TECHNOLOGY CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand and revolving funds	Cash on hand and revolving funds	\$ 339
Checking accounts		444
Demand deposits		110,527
Demand deposits with foreign currency		
	(USD 435 thousand, exchange rate: 30.66)	13,347
	(JPY 53,585 thousand, exchange rate: 0.215)	11,531
	(CHF 124 thousand, exchange rate: 36.36)	4,541
	(EUR 199 thousand, exchange rate: 33.78)	6,720
		<u>\$ 147,449</u>

SANLIEN TECHNOLOGY CORP.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Name of Financial Instrument	Description	Shares	Face Value (in dollars)	Total Amount	Cost	Fair Value	
						Unit Price (in dollars)	Total Amount
Common shares	China Metal Products Co., Ltd.	2,570,637	\$ 10	\$ 107,838	\$ 77,157	\$ 41.95	\$ 107,838
Common shares	Chang Hwa Commercial Bank, Ltd.	60,000	10	1,074	1,077	17.90	1,074
Common shares	Sinopac Financial Holdings Company Limited	1,120,673	10	22,077	18,187	19.70	22,077
Common shares	Holy Stone Enterprise Co., Ltd.	8,400	10	815	873	97.00	815
				<u>\$ 131,804</u>	<u>\$ 97,294</u>		<u>\$ 131,804</u>

SANLIEN TECHNOLOGY CORP.
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Name of Financial Instrument	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance		Pledged as collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	
Miramar Hospitality Co., Ltd. Common Shares	122,000	\$ 1,015	-	\$ 127	-	\$ -	122,000	\$ 1,142	None
Asia World Engineering & Construction Co. Common Shares	8,560,090	74,387	642,006	78,092	-	-	9,202,096	152,479	None
Yan Lien Technology Corp. Common Shares	90,000	2,035	-	708	-	-	90,000	2,743	None
Kintech Technology Co., Ltd. Common Shares	432,000	-	-	-	-	-	432,000	-	None
		<u>\$ 77,437</u>		<u>\$ 78,927</u>		<u>\$ -</u>		<u>\$ 156,364</u>	

Note 1 : Additions for the year are stock dividends distributed by the investees and increases in financial assets arising from fair value measurement.

Note 2 : Decreases for the year are decreases in financial assets arising from fair value measurement.

SANLIEN TECHNOLOGY CORP.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance		Accumulated Impairment	Pledged as collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value		
Pujen Land Development Co., Ltd. Common Shares	17,786,456	\$ 280,848	-	\$ 77,549	-	\$ -	17,786,456	\$ 358,397	Not applicable	None
Trisco Technology Corporation Common Shares	3,874,694	47,388	-	38,630	3,874,694	(86,018)	-	-	Not applicable	None
Pacific Cycles Inc. Common Shares	1,227,600	81,991	-	-	-	(12,472)	1,227,600	69,519	Not applicable	None
Innofund Ii Ltd. Common Shares	3,000,000	25,620	-	8,220	-	-	3,000,000	33,840	Not applicable	None
P-Waver Inc. Common Shares	2,000,000	12,080	-	5,440	-	-	2,000,000	17,520	Not applicable	None
Masada Technology Co., Ltd. Common shares	-	-	2,000,000	20,000	-	(3,140)	2,000,000	16,860	Not applicable	None
		<u>\$ 447,927</u>		<u>\$ 149,839</u>		<u>(\$ 101,630)</u>		<u>\$ 496,136</u>		

Note 1 : Additions for the year are increases in investment amount and increases in financial assets arising from fair value measurement.

Note 2 : Decreases for the year are decreases in financial assets arising from fair value measurement and increases the percentage of ownership. Consequently, that, as a whole, was transferred to investments accounted for using equity method.

SANLIEN TECHNOLOGY CORP.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Name	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance			Market Value or Net Assets		Valuation basis	Pledged as collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount		
Kemitek Industrial Corp.	25,490,748	\$ 632,533	-	\$ 95,909	-	(\$ 76,472)	25,490,748	37.24%	\$ 651,970	-	\$ 637,044	Equity method	None
Santek Technology, Inc.	5,520,420	77,229	-	4,307	-	-	5,520,420	100.00%	81,536	-	82,258	Equity method	None
Gee Lien Resource Development Corp	692,000	16,488	-	4,079	92,000	(4,890)	600,000	60.00%	15,677	-	13,631	Equity method	None
DFOST Corporation	1,020,000	3,614	1,530,000	15,300	-	(11,264)	2,550,000	51.00%	7,650	-	7,650	Equity method	None
RIFT HOLDINGS INC.	-	-	950,000	29,571	-	(7,276)	950,000	100.00%	22,295	-	22,990	Equity method	None
Siap+Micros Holdings S.r.l	-	118,524	-	25,921	-	(8,549)	-	49.00%	135,896	-	150,682	Equity method	None
Trisco Technology Corporation	-	-	4,550,369	111,078	910,074	(9,748)	3,640,295	22.53%	101,330		101,330	Equity method	None
		<u>\$ 848,388</u>		<u>\$ 286,165</u>		<u>(\$ 118,199)</u>			<u>\$ 1,016,354</u>		<u>\$ 1,015,585</u>		

Note 1 : Additions for the year include additional investments for the year, share of profit or loss and other comprehensive income of the Company's investments accounted for using the equity method.

Note 2 : Decreases for the year include disposals of subsidiaries, cash dividends received from the investees, share of loss, other comprehensive income of investments accounted for using the equity method and the reduction of capital.

SANLIEN TECHNOLOGY CORP.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

<u>Nature</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest Rate</u>	<u>Credit Line</u>	<u>Pledged as collateral</u>
Unsecured borrowings	Taiwan Business Bank Co., Ltd.	\$ 90,000	112/10/11~113/10/11	1.96%	\$ 120,000	
Unsecured borrowings	Mizuho Bank, Ltd.	-	111/12/31~112/12/31	0.00%	90,000	
Unsecured borrowings	Mega International Commercial Bank	60,000	112/6/26~113/6/25	2.19%	60,000	
Secured borrowings	Hua Nan Commercial Bank, Ltd.	30,000	112/5/15~113/6/15	1.96%	70,000	Deposits in reserve account
Secured borrowings	Chang Hwa Commercial Bank, Ltd.	-	112/5/31~113/5/31	0.00%	60,000	Deposits in reserve account
Secured borrowings	Mega International Commercial Bank	46,425	112/11/1~113/10/31	2.00%~2.02%	80,000	Deposits in reserve account
Secured borrowings	Taiwan Cooperative Bank	80,000	112/6/12~113/6/12	1.90%	80,000	Deposits in reserve account
		<u>\$ 306,425</u>			<u>\$ 560,000</u>	

SANLIEN TECHNOLOGY CORP.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

<u>Creditor</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral or pledge</u>
Far Eastern International Bank	\$ 50,000	Credit period started from December 14, 2011 with a revolving credit facility, and will be renegotiated on a regular basis.	2.28%	Land and buildings
First Commercial Bank	60,000	Credit period started from August 15, 2014 with a revolving credit facility, and will be renegotiated on a regular basis.	2.09%	Land and buildings
Bank of Taiwan	<u>90,000</u>	Credit period started from July 29, 2014 with a revolving credit facility, and will be renegotiated on a regular basis.	2.20%~2.25%	Land and buildings
	200,000			
Less: Long-term borrowings due within one year	(<u>140,000</u>)			
	<u>\$ 60,000</u>			

SANLIEN TECHNOLOGY CORP.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Amount
Sales revenue	\$ 313,624
Less: Sales returns	(326)
Sales discounts and allowances	(150)
Net sales revenue	313,148
Revenue from system integration	83,959
Other operating revenue	43,724
	<u>\$ 440,831</u>

SANLIEN TECHNOLOGY CORP.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount
Cost of goods sold from manufacturing	
Raw materials	
Beginning raw materials	\$ 8,098
Add: Raw materials purchased for the year	5,905
Transferred for processing	241
Less: Raw materials requested for its own use	(110)
Raw materials available for use for the year	14,134
Less: Scrapped raw materials	(7)
Raw materials at the end of year	(8,391)
Add: Remanufacturing of finished goods	963
Raw materials used	6,699
Direct labor	2,475
Manufacturing expense	5,768
Manufacturing cost	14,942
Add: Beginning work in progress	109
Less: Ending work in progress	(100)
Cost of finished goods	14,951
Add: Beginning finished goods	10,473
Less: Reclassified to other operating costs – construction and system integration costs	(1,147)
Transferred for its own use and remanufacture	(997)
Scrapped finished goods	(399)
Ending finished goods	(8,177)
Cost of goods sold from manufacturing	14,704
Cost of goods sold from purchases	
Beginning inventory	74,104
Net purchases for the year	257,154
Add: Cost for reassembling goods	4,275
Less: Reclassified to other operating costs – construction and system integration costs	(25,252)
Transferred for its own use	(12,752)
Ending inventory	(112,967)
Cost of goods sold from purchases	184,562
Total cost of goods sold	199,266
Cost of construction	15,370
Cost of system integration	52,756
Maintenance costs	2,105
Loss on physical inventory	500
(Reversal of) loss on decline in market value	(134)
Total operating cost	\$ 269,863

SANLIEN TECHNOLOGY CORP.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Selling expenses	General and administrative expenses	Research and development expenses
Salaries and Wages	\$ 37,178	\$ 49,580	\$ 8,629
Depreciation and Amortization	3,597	5,225	251
Insurance	1,945	3,042	627
Others	18,766	23,580	4,190
	<u>\$ 61,486</u>	<u>\$ 81,427</u>	<u>\$ 13,697</u>

SANLIEN TECHNOLOGY CORP.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND
AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	25,616	75,305	100,921	22,393	70,006	92,399
Directors' remuneration	-	18,041	18,041	-	10,907	10,907
Labour and health insurance fees	2,184	5,102	7,286	1,992	4,943	6,935
Pension costs	1,294	2,130	3,424	1,217	1,814	3,031
Other personnel expenses	902	4,494	5,396	864	3,587	4,451
Depreciation	2,387	8,660	11,047	2,262	8,769	11,031
Amortisation	-	413	413	-	356	356

Note:

1. As at December 31, 2023 and 2022, the Company had 92 and 90 employees, respectively, including 7 and 5 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) Average employee benefit expense in current year was \$1,377 thousand.
Average employee benefit expense in previous year was \$1,257 thousand.
 - (2) Average employees salaries in current year was \$1,187 thousand.
Average employees salaries in previous year was \$1,087 thousand.
 - (3) Adjustments of average employees salaries was 9.2%.
 - (4) The Company has set up the audit committee and thus has no supervisors.
 - (5) The Company's compensation policy is as follows:
 - (a) Directors: The directors' compensation package includes directors' salaries, remuneration and transportation allowances. In accordance with the Articles of Incorporation, no higher than 5% of distributable profit of the current year shall be distributed as directors' remuneration. In addition, the compensation committee of the Company will periodically assess and determine the directors' salaries and remuneration by reference to their contribution to operating performance, and present the report thereof to the Board of Directors for approval.
 - (b) Supervisor: The Company has set up the audit committee and thus has no supervisors.
 - (c) Managers: The managers' compensation package includes salaries, bonuses and employees' compensation. The compensation committee of the Company determines the managers' compensation according to the extent of their participation and value of contributions to the Company in the past years, positions, seniority, education and work experience and potential contributions to the Company, and by reference to the general pay levels in the same industry. The performance appraisals and reasonableness of compensation will be reviewed and approved by the compensation committee and the Board of Directors, and the compensation system will be adjusted according to the actual operational conditions and the relevant laws in order to achieve sustainable operations and balance risk management.
 - (d) Employees: The employees' compensation is established in accordance with the laws. Salaries are determined based on equal pay for work of equal value and by reference to market salaries, the Company's operating conditions and organisational structures, and will be adjusted in due course according to market salary dynamics, changes in the overall economy and industrial climate and governmental laws and regulations. Employees' salaries include monthly salaries (monthly salaries include base salaries, meal allowances, additional managerial pay and additional professional pay), year-end performance bonuses, special performance bonuses, various benefits and allowances, compensation from earnings distribution, etc. The Company's employees will have their performance evaluated twice a year, and the performance appraisal results will be used as a factor to be considered in employee bonuses, transfer, promotion and other personnel management. The information on adjustments of employee salaries will be disclosed in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.