

KAIMEI ELECTRONIC CORP.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of KAIMEI ELECTRONIC CORP. :

Opinion

We have audited the financial statements of KAIMEI ELECTRONIC CORP. ("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of 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.

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 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 of 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Please refer to Note 4(n) and Note 6(p) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

KAIMEI ELECTRONIC CORP. and its subsidiaries accounted for using equity method are primarily engaged in the manufacture and sale of capacitors and fans. As one of important items of the parent company only financial statements, the amount and changes in operating revenue may impact the parent company only financial statements as a whole. Therefore, testing of revenue recognition has been identified as one of the key audit matters in our audit of the financial report.

How the matter was addressed in our audit:

The principal auditing procedures for the above key audit matters included the testing of relevant controls related to the sales and payment collection cycles; checking and reconciling the sales system information and the general ledger; conducting a sampling of sales transactions in the periods before and after the balance sheet date and checking the relevant certificates to assess whether or not the timing and amount of the recognition of the sales were in accordance with pertinent accounting standards.

Other Matter

We did not audit the financial statements of some entities, which represented investment in accounted for using the equity method of the Company for the year ended December 31, 2022. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for some entities, is based solely on the report of another auditor. The investment in some entities accounted for using the equity method constituting 6.76% of total assets as of December 31, 2022, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting (13.64)% of total profit before tax for the year then ended.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with 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 and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these 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.

The engagement partners on the audit resulting in this independent auditors' report are Chien, Szu-Chuan and Wang, I-Wen.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2024

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
KAIMEI ELECTRONIC CORP.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 156,036	1	490,686	3	2100	Short-term borrowings (note 6(j))	\$ 1,028,000	10	5,266,000	33
1110	Current financial assets at fair value through profit or loss(note 6(b))	3,180	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	57	-
1136	Current financial assets at amortized cost (notes 6(d) and 8)	184,230	2	1,005,753	6	2170	Trade payables	354	-	341	-
1150	Notes receivable, net (notes 6(e) and 6(p))	1,725	-	3,409	-	2180	Trade payables to related parties (note 7)	604,077	5	710,716	4
1170	Trade receivables, net (notes 6(e) and 6(p))	205,955	2	249,219	2	2200	Other payables (note 6(k))	108,388	1	130,826	1
1180	Trade receivables due from related parties, net (notes 6(e), 6(p) and 7)	11,954	-	14,786	-	2220	Other payables to related parties (note 7)	146,616	1	624,033	4
1200	Other receivables (note 6(f))	10,520	-	4,520	-	2230	Current tax liabilities	26,211	-	17,820	-
1210	Other receivables due from related parties (notes 6(f) and 7)	1,882	-	6,321	-	2300	Other current liabilities (notes 6(p) and 7)	<u>122,720</u>	<u>1</u>	<u>135,009</u>	<u>1</u>
130X	Inventories (note 6(g))	5,316	-	9,149	-			<u>2,036,366</u>	<u>18</u>	<u>6,884,802</u>	<u>43</u>
1470	Other current assets	<u>317</u>	<u>-</u>	<u>5,610</u>	<u>-</u>	Non-current liabilities:					
		<u>581,115</u>	<u>5</u>	<u>1,789,453</u>	<u>11</u>	2570	Deferred tax liabilities (note 6(m))	260,593	2	297,687	2
Non-current assets:						2640	Net defined benefit liability, non-current (note 6(l))	-	-	248	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 8)	923,104	8	832,441	5	2670	Other non-current liabilities (note 7)	<u>82</u>	<u>-</u>	<u>325</u>	<u>-</u>
1535	Non-current financial assets at amortized cost (note 6(d))	615,803	5	-	-			<u>260,675</u>	<u>2</u>	<u>298,260</u>	<u>2</u>
1550	Investments accounted for using equity method (notes 6(h) and 8)	8,954,753	80	13,148,874	82			<u>2,297,041</u>	<u>20</u>	<u>7,183,062</u>	<u>45</u>
1600	Property, plant and equipment (note 6(i))	180,056	2	180,140	2	Total liabilities					
1840	Deferred tax assets (note 6(m))	10,536	-	55,638	-	Equity (note 6(n)):					
1975	Net defined benefit asset, non-current (note 6(l))	1,258	-	-	-	3110	Ordinary shares	1,086,753	10	1,086,753	7
1995	Other non-current assets, others (note 8)	<u>8,099</u>	<u>-</u>	<u>7,038</u>	<u>-</u>	3200	Capital surplus	4,732,931	42	4,732,748	29
		<u>10,693,609</u>	<u>95</u>	<u>14,224,131</u>	<u>89</u>	3300	Retained earnings	3,483,869	31	3,380,496	21
						3400	Other equities	<u>(325,870)</u>	<u>(3)</u>	<u>(369,475)</u>	<u>(2)</u>
								<u>8,977,683</u>	<u>80</u>	<u>8,830,522</u>	<u>55</u>
						Total equity					
Total assets		<u>\$ 11,274,724</u>	<u>100</u>	<u>16,013,584</u>	<u>100</u>	Total liabilities and equity		<u>\$ 11,274,724</u>	<u>100</u>	<u>16,013,584</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

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

KAIMEI ELECTRONIC CORP.**Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 1,019,646	100	1,319,956	100
5000	Operating costs (notes 6(g) and 7)	791,390	78	1,029,588	78
5900	Gross profits	228,256	22	290,368	22
6000	Operating expenses (notes 6(e), 6(i), 6(j), 6(q), 7 and 12):				
6100	Selling expenses	28,316	3	31,670	3
6200	Administrative expenses	78,111	8	135,548	11
6300	Research and development expenses	12,245	1	3,720	-
6450	Expected credit impairment loss (gain)	(7,172)	(1)	11,819	1
		111,500	11	182,757	15
6900	Net operating income	116,756	11	107,611	7
7000	Non-operating income and expenses (notes 6(h), 6(j), 6(k), 6(q), 6(r) and 7):				
7100	Interest income	118,231	12	21,357	2
7190	Other income	63,997	6	57,470	4
7020	Other gains and losses, net	52,489	5	20,310	2
7060	Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	97,938	10	519,199	39
7050	Finance costs	(55,093)	(5)	(56,470)	(4)
		277,562	28	561,866	43
7900	Profit from continuing operations before tax	394,318	39	669,477	50
7950	Less: Income tax expenses (note 6(m))	128,837	13	57,354	4
8200	Profit	265,481	26	612,123	46
8300	Other comprehensive income (notes 6(h), 6(l) and 6(m)):				
8310	Items that may not be reclassified to profit or loss:				
8311	Gains on remeasurements of defined benefit plans	1,038	-	273	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	90,663	9	(287,292)	(22)
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	192	-	10,653	1
8349	Less: Income tax related to items that may not be reclassified to profit or loss	208	-	55	-
		91,685	9	(276,421)	(21)
8360	Items that may be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(55,317)	(5)	435,576	33
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	(77,270)	(8)	165,563	13
8399	Less: Income tax related to items that may be reclassified to profit or loss	(85,412)	(8)	87,115	7
		(47,175)	(5)	514,024	39
8300	Other comprehensive income (after tax)	44,510	4	237,603	18
8500	Total comprehensive income	\$ 309,991	30	849,726	64
	Earnings per share (note 6(o)):				
9750	Basic earnings per share	\$ 2.44		4.97	
9850	Diluted earnings per share	\$ 2.44		4.94	

See accompanying notes to parent company only financial statements.

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

KAIMEI ELECTRONIC CORP.**Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Other equities			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equities	Total equity
Balance at January 1, 2022	\$ 1,358,442	4,730,981	362,657	170,343	2,495,657	3,028,657	(860,341)	266,111	(594,230)	8,523,850
Profit for the year ended December 31, 2022	-	-	-	-	612,123	612,123	-	-	-	612,123
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,848	12,848	514,024	(289,269)	224,755	237,603
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	624,971	624,971	514,024	(289,269)	224,755	849,726
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	107,205	-	(107,205)	-	-	-	-	-
Special reserve appropriated	-	-	-	423,887	(423,887)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(271,688)	(271,688)	-	-	-	(271,688)
Changes in equity of associates and joint ventures accounted for using equity method	-	277	-	-	-	-	-	-	-	277
Capital reduction	(271,689)	-	-	-	-	-	-	-	-	(271,689)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(1,444)	(1,444)	-	-	-	(1,444)
Disgorgement	-	1,490	-	-	-	-	-	-	-	1,490
Balance at December 31, 2022	1,086,753	4,732,748	469,862	594,230	2,316,404	3,380,496	(346,317)	(23,158)	(369,475)	8,830,522
Profit for the year ended December 31, 2023	-	-	-	-	265,481	265,481	-	-	-	265,481
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	905	905	(47,175)	90,780	43,605	44,510
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	266,386	266,386	(47,175)	90,780	43,605	309,991
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	62,352	-	(62,352)	-	-	-	-	-
Special reserve appropriated	-	-	-	(224,755)	224,755	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(163,013)	(163,013)	-	-	-	(163,013)
Changes in equity of associates and joint ventures accounted for using equity method	-	183	-	-	-	-	-	-	-	183
Balance at December 31, 2023	\$ 1,086,753	4,732,931	532,214	369,475	2,582,180	3,483,869	(393,492)	67,622	(325,870)	8,977,683

See accompanying notes to parent company only financial statements.

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

KAIMEI ELECTRONIC CORP.**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 394,318	669,477
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	6,026	5,772
Amortization expense	4,569	2,098
(Gain) loss on expected credit impairment loss	(7,172)	11,819
Net loss on financial assets or liabilities at fair value through profit or loss	25,387	21,750
Interest expense	55,093	56,470
Interest income	(118,231)	(21,357)
Dividend income	(35,323)	(23,549)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(97,938)	(519,199)
Loss (gain) on disposal of property, plant and equipment	6	(1,247)
Loss on disposal of investments accounted for using equity method	44,739	-
Total adjustments to reconcile loss	(122,844)	(467,443)
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(28,624)	(21,528)
Decrease in notes receivable	1,702	2,656
Decrease in trade receivables	50,418	72,083
Decrease in trade receivables due from related parties	2,832	16,367
Decrease in other receivables	78	11,730
Decrease in other receivables due from related parties	4,439	38,734
Decrease in inventories	3,833	808
Decrease (increase) in other current assets	5,293	(5,149)
Increase (decrease) in trade payables	13	(530)
(Decrease) increase in trade payables to related parties	(106,639)	178,395
(Decrease) increase in other payables	(18,387)	4,912
Decrease in other payables to related parties	(2,281)	(15,343)
(Decrease) increase in other current liabilities	(12,340)	12,395
Decrease in net defined benefit liability	(468)	(458)
Total changes in operating assets and liabilities	(100,131)	295,072
Cash inflow generated from operations	171,343	497,106
Interest received	112,153	17,299
Dividends received	93,627	98,589
Interest paid	(59,144)	(53,317)
Income taxes paid	(27,234)	(104,951)
Net cash flows from operating activities	290,745	454,726
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(4,600,944)	(2,191,692)
Proceeds from disposal of financial assets at amortized cost	4,806,664	1,967,899
Proceeds from capital reduction of investments accounted for using equity method	-	8,338
Acquisition of property, plant and equipment	(5,218)	(6,084)
Proceeds from disposal of property, plant and equipment	-	1,475
Acquisition of intangible assets	(6,360)	(2,207)
Dividends received	4,056,804	431,804
Net cash flows from investing activities	4,250,946	209,533
Cash flows used in financing activities:		
Decrease in short term borrowings	(4,238,000)	(31,000)
(Decrease) increase in other payables to related parties	(475,136)	163,016
Payment of lease liabilities	(192)	(192)
Cash dividends paid	(163,013)	(271,688)
Capital reduction payments to shareholders	-	(271,689)
Net cash flows used in financing activities	(4,876,341)	(411,553)
Net (decrease) increase in cash and cash equivalents	(334,650)	252,706
Cash and cash equivalents at beginning of period	490,686	237,980
Cash and cash equivalents at end of period	\$ 156,036	490,686

See accompanying notes to parent company only financial statements.

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

KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

KAIMEI ELECTRONIC CORP. (the “Company”), formerly known as TEAPO ELECTRONIC LTD. was established on September 11, 1978, by the approval of Ministry of Economic Affairs under the Company Law, the main business line is manufacture and sale of capacitors. The Company’s ordinary shares were publicly listed on the Taiwan Stock Exchange on August 29, 1998.

Merging with G-Luxon Electronics Corp. on October 31, 2005 (the reference date of the merger) was approved by the resolution of the shareholders' meeting, and the Company was the surviving company. In 2019, the shareholders' meeting resolved to approve the Company merged with the former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the reference date of the merger), and the Company was the surviving company. On October 28, 2019, the Company was renamed as KAIMEI ELECTRONIC CORP. subsequently, by the approval of Ministry of Economic Affairs.

(2) Approval date and procedures of the financial statements:

These parent company only financial statements were authorized for issuance by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

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

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

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

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis.

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

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- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income.

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

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- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity attributable to shareholders of the Company in the parent company only financial statements, are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) buildings and construction	5~55 years
2) Machinery and equipment	2~10 years
3) Office and other facilities	1~9 years

Buildings and construction constitute mainly building, mechanical and electrical power equipment and its related facilities. Each such part depreciates based on its useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of photocopying equipment that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|---------------------------------------|------------|
| 1) Computer software | 1~3 years |
| 2) Patent and other intangible assets | 3~10 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells capacitor. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transactions affects neither accounting nor taxable profit (losses) and does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (q) Business combination

Except for business combinations under common control, the Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(Continued)

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Notes to the Parent Company Only Financial Statements

For each business combination, the Company measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Company's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

The Company did not use the acquisition method to deal with the business combination under the organizational restructuring, but adopted the book value method and regarded as a combination from the beginning.

The Company disposed of subsidiaries is an organizational restructuring within the Company due to economic substance. The subsidiary is regarded as a derecognition from the beginning. In preparing the balance sheet and statements of changes in equity, the equity from acquisition record as "Equity attributable to the subsequent owner of business combination under common control"; In preparing the statements of comprehensive income, the profit or loss belong to former controlling shareholders record as "profit or loss, attributable to the subsequent owner of business combination under common control".

The Company acquired subsidiaries is an organizational restructuring within the Company due to economic substance, which recognized the carrying amounts of subsidiary originally held by the seller. The subsidiary is regarded as a combination from the beginning. In preparing the balance sheet and statements of changes in equity, the equity from acquisition record as "Equity attributable to former owner of business combination under common control"; In preparing the statements of comprehensive income, the profit or loss belong to former controlling shareholders record as "profit or loss, attributable to former owner of business combination under common control".

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

(Continued)

KAIMEI ELECTRONIC CORP.
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The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

(a) Judgment of whether the Company has substantive control over its investees

The Company was the largest shareholder of some of the investee companies during a specific period and obtained a directorship of the investee companies in May 2023. However, the Company has no control and significant influence over the abovementioned investee companies, therefore, the Company could not affect the relevant activities of the investee companies.

(b) Judgment regarding significant influence of investees

The Company holds less than 20% of the voting rights of Tong Hsing Electronic Industries, Ltd. (Tong Hsing). However, the Company has significant influence over Tong Hsing with two out of nine seats of directors in Tong Hsing, which was then recognized as investment accounted for using the equity method.

There are no critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the financial statements.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 3,525	4,697
Check and demand deposits	152,511	80,617
Time deposits	-	405,372
	\$ 156,036	490,686

Please refer to note 6(s) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial mandatorily assets measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 3,180	-

(Continued)

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	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ <u>-</u>	<u>57</u>

Derivative financial instruments are used to hedge certain foreign exchange risk in which the Company is exposed to arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss:

	<u>December 31, 2022</u>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity Date</u>
Forward exchange contracts:			
Forward exchange contracts sold	USD 24,000 / CNY 170,976	USD/CNY	2024.1

	<u>December 31, 2022</u>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity Date</u>
Forward exchange contracts:			
Forward exchange contracts sold	EUR 1,000 / USD 1,064	EUR/USD	2023.1

The market risk related to the financial instruments please refer to note 6(s).

As of December 31, 2023 and 2022, the financial assets were not pledged as collateral.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity investments at fair value through other comprehensive income - Non-current		
Domestic listed common shares		
Taiwan Chinsan Electronic Industrial Co., Ltd.	\$ <u>923,104</u>	<u>832,441</u>

- (i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes.
- (ii) Please refer to note 6(s) for credit risk and price risk.
- (iii) The financial assets at fair value through other comprehensive income of the Company had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(Continued)

KAIMEI ELECTRONIC CORP.
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(d) Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Restricted time deposits	\$ <u>184,230</u>	<u>1,005,753</u>
<u>Non-current</u>		
Foreign corporate bonds	\$ <u>615,803</u>	<u>-</u>

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

- (i) The Company held financial asset with the weighted average interest rates of 2.63%~7.336% and 2.48%~5.83% during the years ended December 31, 2023 and 2022, respectively
- (ii) For further credit risk information, please refers to note 6(s).
- (iii) As of December 31, 2023 and 2022, the financial assets measured at amortized costs of the Company had been pledged as collateral. Please refer to note 8.

(e) Notes and trade receivables (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable from operating activities	\$ 1,742	3,444
Trade receivables—measured as amortized cost	<u>219,600</u>	<u>274,789</u>
	221,342	278,233
Less: loss allowance	<u>(1,708)</u>	<u>(10,819)</u>
	<u>\$ 219,634</u>	<u>267,414</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable, net	\$ 1,725	3,409
Trade receivables, net	205,955	249,219
Trade receivables due from related parties, net	<u>11,954</u>	<u>14,786</u>
	<u>\$ 219,634</u>	<u>267,414</u>

- (i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

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Notes to the Parent Company Only Financial Statements

	December 31, 2023		
	Gross carrying amount (including related parties)	Weighted average expected credit loss rate	Loss allowance
Current	\$ 216,287	0.01%	19
1~30 days past due	2,758	0.00%	-
31~180 days past due	869	30.03%	261
More than 181 days past due	1,428	100.00%	1,428
	\$ 221,342		1,708

	December 31, 2022		
	Gross carrying amount (including related parties)	Weighted average expected credit loss rate	Loss allowance
Current	\$ 264,501	0.01%	35
1~30 days past due	2,702	0.00%	-
31~180 days past due	9,091	97.29%	8,845
More than 181 days past due	1,939	100.00%	1,939
	\$ 278,233		10,819

(ii) The movement in the allowance for notes and trade receivables was as follows:

	2023	2022
Balance at January 1	\$ 10,819	2,559
Impairment losses recognized	-	11,819
Impairment loss reversal	(7,172)	-
Amount written off	(1,939)	(3,559)
Balance at December 31	\$ 1,708	10,819

(iii) As of December 31, 2023 and 2022, the notes and trade receivables of the Company were not pledged as collateral.

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KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

(f) Other receivables (including related parties)

	December 31, 2023	December 31, 2022
Other receivables due from related parties	\$ 1,882	6,321
Interest receivable and others	10,520	4,520
	<u>\$ 12,402</u>	<u>10,841</u>
Other receivables	\$ 10,520	4,520
Other receivables due from related parties	1,882	6,321
	<u>\$ 12,402</u>	<u>10,841</u>

(g) Inventories

(i) The details of inventories were as follows:

	December 31, 2023	December 31, 2022
Finished goods and merchandise	\$ 3,808	4,627
Goods in transit	1,508	4,522
	<u>\$ 5,316</u>	<u>9,149</u>

(ii) For the years ended December 31, 2023 and 2022, the cost of goods sold amounted to \$791,390 and \$1,029,588, respectively.

(iii) The write-down of inventories to net realizable value for the year ended December 31, 2023 amounted to \$51. The factor leading to the net realizable value of inventories being lower than the cost had vanished due to the sale or scrap of obsolete inventories for the year ended December 31, 2022. Therefore, the decrease in recognized operating costs due to the reversal of allowance for loss amounted to \$126.

(iv) As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(h) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 7,347,621	11,537,000
Associates	1,607,132	1,611,874
	<u>\$ 8,954,753</u>	<u>13,148,874</u>

(Continued)

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Notes to the Parent Company Only Financial Statements

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

The Company liquidated its subsidiary, KAIMEI ELECTRONIC (HK) LTD. on January 25, 2023. As of December 31, 2023, the liquidation process of the subsidiary has been completed.

(ii) Associates

Associates which are material to the Company consisted of the followings:

Name of Associates	Nature of Relationship with the Company	Main operating location/ Registered	Proportion of shareholding and voting rights	
			December 31, 2023	December 31, 2022
Tong Hsing Electronic Industries, Ltd.	The major business is manufacture and sale of electronic products	Taiwan	4.67 %	4.67 %

The fair value of the shares of listed company based on the closing price was as follow:

	December 31, 2023	December 31, 2022
Tong Hsing Electronic Industries, Ltd.	<u>\$ 2,232,490</u>	<u>1,433,202</u>

The following financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

	December 31, 2023	December 31, 2022
<u>Tong Hsing Electronic Industries, Ltd.</u>		
Current assets	\$ 9,137,639	11,970,627
Non-current assets	24,524,791	22,292,110
Current liabilities	(3,485,037)	(4,011,187)
Non-current liabilities	<u>(5,735,938)</u>	<u>(5,727,552)</u>
Net assets	<u>\$ 24,441,455</u>	<u>24,523,998</u>
	2023	2022
Operating revenue	<u>\$ 11,584,909</u>	<u>14,071,591</u>
Profit from continuing operations	1,150,513	3,140,942
Other comprehensive income	<u>16,480</u>	<u>182,936</u>
Total comprehensive income	<u>\$ 1,166,993</u>	<u>3,323,878</u>

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Notes to the Parent Company Only Financial Statements

	2023	2022
Share of net assets of associates as of January 1	\$ 1,145,303	1,073,254
Comprehensive income attributable to the Company	53,436	155,236
Dividends paid to the Company	(58,304)	(75,040)
Proceeds from capital reduction of investments to the Company	-	(8,338)
Changes in equity of associates and joint ventures accounted for using equity method	<u>126</u>	<u>191</u>
Share of net assets of associates as of December 31	1,140,561	1,145,303
Add: goodwill	<u>466,571</u>	<u>466,571</u>
Carrying amounts of associates as of December 31	<u>\$ 1,607,132</u>	<u>1,611,874</u>

Changes in equity of associates and joint ventures accounted for using equity method were adjusted for the years ended December 31, 2023 and 2022, increasing capital surplus amounted to \$126 and \$191, respectively.

As of December 31, 2023 and 2022, the details of investments accounted for using equity method pledged as collateral, please refer to note 8.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Total
Cost:						
Balance on January 1, 2023	\$ 103,824	128,302	512	5,026	31,548	269,212
Additions	-	-	2,917	-	2,838	5,755
Disposal	-	-	-	-	(135)	(135)
Balance on December 31, 2023	<u>\$ 103,824</u>	<u>128,302</u>	<u>3,429</u>	<u>5,026</u>	<u>34,251</u>	<u>274,832</u>
Balance on January 1, 2022	\$ 103,824	128,302	2,613	9,596	28,398	272,733
Additions	-	-	512	-	3,500	4,012
Disposal	-	-	(2,613)	(4,570)	(350)	(7,533)
Balance on December 31, 2022	<u>\$ 103,824</u>	<u>128,302</u>	<u>512</u>	<u>5,026</u>	<u>31,548</u>	<u>269,212</u>
Depreciation and impairment loss:						
Balance on January 1, 2023	\$ -	57,577	1	4,565	26,929	89,072
Depreciation	-	2,319	493	292	2,729	5,833
Disposal	-	-	-	-	(129)	(129)
Balance on December 31, 2023	<u>\$ -</u>	<u>59,896</u>	<u>494</u>	<u>4,857</u>	<u>29,529</u>	<u>94,776</u>
Balance on January 1, 2022	\$ -	54,805	2,613	8,312	25,068	90,798
Depreciation	-	2,772	1	595	2,211	5,579
Impairment loss	-	-	(2,613)	(4,342)	(350)	(7,305)
Balance on December 31, 2022	<u>\$ -</u>	<u>57,577</u>	<u>1</u>	<u>4,565</u>	<u>26,929</u>	<u>89,072</u>

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	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Total
Carrying amounts:						
Balance on December 31, 2023	\$ 103,824	68,406	2,935	169	4,722	180,056
Balance on January 1, 2022	\$ 103,824	73,497	-	1,284	3,330	181,935
Balance on December 31, 2022	\$ 103,824	70,725	511	461	4,619	180,140

As of December 31, 2023 and 2022, the aforesaid property, plant and equipment were not pledged as collateral.

(j) Short term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 300,000	695,000
Secured bank loans	728,000	4,571,000
Total	\$ 1,028,000	5,266,000
Unused short-term credit lines	\$ 10,122,000	6,124,000
Range of interest rates	1.64%~1.68%	1.55%~1.96%

(k) Other payables

The details of other payables were as follows:

	December 31, 2023	December 31, 2022
Payables for remuneration due to employee, directors and supervisors	\$ 68,467	78,996
Payables for wages and bonus	21,103	30,567
Service fee payable and others	18,818	21,263
	\$ 108,388	130,826

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 11,364	12,200
Fair value of plan assets	(12,622)	(11,952)
Net defined benefit (assets) liabilities	\$ (1,258)	248

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The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$12,622 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligation

The movement in present value of the defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	\$ 12,200	11,577
Current service costs and interest costs	158	81
Remeasurement (gain) loss	(994)	542
Defined benefit obligation at December 31	<u><u>\$ 11,364</u></u>	<u><u>12,200</u></u>

3) Movements in fair value of defined benefit plan assets

The movement in fair value of defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ (11,952)	(10,598)
Expected return on plan assets	(155)	(74)
Remeasurements gain	(44)	(815)
Contribution paid by the employer	(471)	(465)
Fair value of plan assets at December 31	<u><u>\$ (12,622)</u></u>	<u><u>(11,952)</u></u>

(Continued)

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Net interest of net liabilities for defined benefit obligations	\$ <u>3</u>	<u>7</u>
Operating expenses	\$ <u>3</u>	<u>7</u>

5) Remeasurement values of net defined benefit liabilities recognized in other comprehensive income

The remeasurements in net defined benefit liabilities recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Cumulative amount at January 1	\$ (3,896)	(3,623)
Recognized in current period	(1,038)	(273)
Cumulative amount at December 31	\$ <u>(4,934)</u>	<u>(3,896)</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.20 %	1.30 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for the year ended 2023 is \$475.

The weighted average lifetime of the defined benefits plans is 8 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences of defined benefit obligations</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount rate	(211)	218
Future salary increase rate	187	(182)
December 31, 2022		
Discount rate	(260)	269
Future salary increase rate	236	(229)

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$2,525 and \$2,105 for the years ended December 31, 2023 and 2022, respectively.

(m) Income taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 36,623	19,476
Adjustment for prior periods	<u>(998)</u>	<u>12,854</u>
	<u>35,625</u>	<u>32,330</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>93,212</u>	<u>25,024</u>
Income tax expenses	<u><u>\$ 128,837</u></u>	<u><u>57,354</u></u>

(ii) The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 208</u>	<u>55</u>
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (85,412)</u></u>	<u><u>87,115</u></u>

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(iii) Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	2023	2022
Profit before income tax	\$ 394,318	669,477
Income tax using the Company's tax rate	78,864	140,149
Non-deductible expenses	388	3,077
Estimated tax effect of tax exemption on investment income, net	12,426	(54,793)
Change in unrecognized temporary differences	30	30
Change in unrecognized deferred tax asset of the carryforward of unused tax losses	6,909	(63,439)
Additional tax on undistributed earnings	31,218	19,476
Adjustment for prior periods	(998)	12,854
	<u><u>\$ 128,837</u></u>	<u><u>57,354</u></u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>321,597</u>	<u>321,597</u>
Unrecognized deferred tax liabilities	\$ <u>64,319</u>	<u>64,319</u>

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ <u>2,193</u>	<u>2,163</u>

The Company assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets.

(Continued)

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3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

		Defined benefit plan	The carryforward of unused tax losses	Others	Total
Deferred tax assets:					
Balance at January 1, 2023	\$	8,515	41,205	5,918	55,638
Recognized in profit or loss		(94)	(41,205)	(3,803)	(45,102)
Balance at December 31, 2023	\$	<u>8,421</u>	<u>-</u>	<u>2,115</u>	<u>10,536</u>
Balance at January 1, 2022	\$	8,607	58,863	593	68,063
Recognized in profit or loss		(92)	(17,658)	5,325	(12,425)
Balance at December 31, 2022	\$	<u>8,515</u>	<u>41,205</u>	<u>5,918</u>	<u>55,638</u>

		Actuarial gain or loss	Foreign investment benefits	Exchange differences on translation of foreign financial statements	Unrealized exchange gain and others	Total
Deferred tax liabilities:						
Balance at January 1, 2023	\$	455	210,117	87,115	-	297,687
Recognized in profit or loss		-	15,934	-	32,176	48,110
Recognized in other comprehensive income		208	-	(85,412)	-	(85,204)
Balance at December 31, 2023	\$	<u>663</u>	<u>226,051</u>	<u>1,703</u>	<u>32,176</u>	<u>260,593</u>
Balance at January 1, 2022	\$	400	196,678	-	840	197,918
Recognized in profit or loss		-	13,439	-	(840)	12,599
Recognized in other comprehensive income		55	-	87,115	-	87,170
Balance at December 31, 2022	\$	<u>455</u>	<u>210,117</u>	<u>87,115</u>	<u>-</u>	<u>297,687</u>

(v) The income tax returns of the Company for the years through 2021 were assessed by the tax authorities.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to \$5,700,000; divided into 570,000 thousand shares with par value of \$10 per share. As of December 31, 2023 and 2022, the Company has issued both \$108,675 thousand shares, all issued shares were paid up upon issuance.

(Continued)

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Reconciliation of shares outstanding for 2023 and 2022 was as follows:

(in thousands of shares)	Ordinary shares	
	2023	2022
Balance on January 1	108,675	135,844
Capital reduction	-	(27,169)
Balance on December 31	108,675	108,675

In order to enhance shareholders' equity and profitability per share, on June 8, 2022, the shareholders' meeting resolved a cash capital reduction, which refunded the share capital of \$271,689, and canceled 27,169 thousand shares. This resolution was approved by the competent authorities on July 13, 2022, the effective date of the cash capital reduction was July 14, 2022, and the registration of alteration was completed on August 4, 2022.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 4,002,693	4,002,693
Donation from shareholders	423	423
Changes in equity of associates and joint ventures accounted for using equity method	421,904	421,721
Changes in ownership interests in subsidiaries	203,995	203,995
Employee share options	696	696
Treasury share transactions	89,593	89,593
Others	13,627	13,627
	\$ 4,732,931	4,732,748

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the articles of association of the company before the revision on June 8, 2022, if the company has a net profit for the current period after the annual settlement, it should pay for any losses first, and if there is any surplus, the balance should be distributed according to the following items:

(Continued)

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Set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply. The special surplus reserve shall be withdrawn or reversed according to appropriate laws and regulations. If there is any surplus, together with any undistributed surplus in previous years, the board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution. The company's dividend distribution policy shall take shareholders' interests into consideration, and take into account the company's current and future domestic and international industry competition environment, investment environment, and capital needs, and authorize the board of directors to properly formulate distribution ratios for cash and stock dividends. Every year, the board of directors should draft a distribution plan according to the law, makes a resolution according to legal procedures, and submit it to the shareholders' meeting for decision.

According to the provisions of the articles of association of the company revised by the resolution of the shareholders meeting on June 8, 2022, if the company has a current net profit after the annual settlement, it should first make up for any losses. If there is still a surplus, the balance should be distributed according to the following instructions:

Set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply. The special surplus reserve shall be withdrawn or reversed according to appropriate laws and regulations. If there is any surplus, together with any undistributed surplus in previous years, the board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution. However, when a proposal for the distribution of dividends or bonuses in the form of cash in whole or in part is to be made, it shall be distributed by the board of directors with the presence of more than two-thirds of the directors and a resolution with more than half of the directors who attended and reported at the shareholders' meeting.

The Company's dividend distribution policy shall take shareholders' interests into consideration, and take into account the company's current and future domestic and international industry competition environment, investment environment, and capital needs, and authorize the board of directors to properly formulate distribution ratios for cash and stock dividends. The board of directors should also draw up a distribution plan and establish a resolution according to legal requirements.

In the absence of a loss, the Company may, by a resolution of the board of directors attended by more than two-thirds of the directors and approved by more than one-half of the directors who attended, distribute a sum of all or part of the statutory surplus reserve and the capital reserve required under Paragraph 1, Article 241 of the Companies Act in cash in proportion to the existing shares of the shareholders and report this at the shareholders' meeting.

The Company may distribute earnings or make up losses after the end of every half of each accounting year. When the Company distributes the earnings for the first half of the fiscal year in accordance with the provisions of the preceding paragraph, it shall first estimate and retain the amount of tax payable, compensation of losses, employee compensation and provision for surplus reserve. However, this restriction does not apply when the legal reserve amounts to the paid-in capital.

(Continued)

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Proposals for the distribution of surplus or the appropriation of deficit shall be submitted to the board of directors for approval, after a review of the operating position and cash flow together with the business report and financial statements by the Audit Committee. If the distribution of surplus is to be made by way of new shares, the board of directors shall, in accordance with the provisions of Article 240 of the Companies Act, submit it to the shareholders' meeting for resolution.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The balance of special reserve amounted to \$369,475 and \$594,230 as of December 31, 2023 and 2022, respectively.

3) Earnings distribution

Earnings distribution for 2022 and 2021 was decided by the resolution adopted, at the meeting of the Board of Directors and the general meeting of shareholders held on March 17, 2023 and June 8, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.5	<u>163,013</u>	2.0	<u>271,688</u>

On March 12, 2024, the Company's board of directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.8	<u>86,940</u>

(Continued)

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(o) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>265,481</u>	<u>612,123</u>
Weighted average number of ordinary shares at 31 December (in thousands of shares)	<u>108,675</u>	<u>123,116</u>
	\$ <u>2.44</u>	<u>4.97</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted is the same as basic)	\$ <u>265,481</u>	<u>612,123</u>
Weighted average number of ordinary shares (basic) at December 31 (in thousands of shares)	108,675	123,116
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	<u>264</u>	<u>877</u>
Weighted average number of ordinary shares (diluted) at December 31 (in thousands of shares)	<u>108,939</u>	<u>123,993</u>
	\$ <u>2.44</u>	<u>4.94</u>

(p) Revenue from contracts with customers

(i) Details of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Hong Kong and China	\$ 453,990	557,953
Taiwan and other Asia Pacific regions	238,953	361,376
Europe	263,631	294,779
Americas	59,064	105,848
Others	<u>4,008</u>	<u>-</u>
	\$ <u>1,019,646</u>	<u>1,319,956</u>
Major products:		
Capacitor	\$ 739,174	948,674
Fan	268,811	363,425
Others	<u>11,661</u>	<u>7,857</u>
	\$ <u>1,019,646</u>	<u>1,319,956</u>

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(ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes and trade receivables (including related parties)	\$ 221,342	278,233	372,898
Less: loss allowance	<u>(1,708)</u>	<u>(10,819)</u>	<u>(2,559)</u>
	<u>\$ 219,634</u>	<u>267,414</u>	<u>370,339</u>
Contract liabilities (classified under other current liabilities)	<u>\$ 1,794</u>	<u>14,219</u>	<u>2,013</u>

For details on trade receivables and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$14,219 and \$2,013, respectively.

(q) Employee, directors' and supervisors' remuneration

After the directors were re-elected at the shareholders' meeting on June 8, 2022, the Audit Committee established by independent directors replaced the duties of the supervisors, and the Company's articles of incorporation were revised.

In accordance with the unrevised articles of incorporation before June 8, 2022, the Company should contribute no less than 0.2% of the profit as employee remuneration and less than 4% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The board of directors will determine the method of remuneration and remuneration of the employees.

In accordance with the revised articles of incorporation which were approved by the resolution of the shareholders' meeting after June 8, 2022, the Company should contribute no less than 0.2% of the profit as employee remuneration and less than 4% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The board of directors will determine the method of remuneration and remuneration of the employees.

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For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$9,816 and \$44,632, and directors' and supervisors' remuneration amounting to \$16,839 and \$29,755, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as the percentage decided by the management of the Company. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. If the board of directors approve to distribute employee compensation in the form of stock, the number of the share of the employee compensation is based on the closing price of the day before the board of director's meeting.

The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2023 and 2022. Please refer to the Public Information Observatory for further information.

(r) Non-operating income and expenses

(i) Other income

	<u>2023</u>	<u>2022</u>
Dividends income	\$ 35,323	23,549
Directors' remuneration	24,134	22,093
Others	<u>4,540</u>	<u>11,828</u>
	<u><u>\$ 63,997</u></u>	<u><u>57,470</u></u>

(ii) Other gains and losses

	<u>2023</u>	<u>2022</u>
(Loss) gain on disposal of property, plant and equipment	(6)	1,247
Losses on disposals of investments	\$ (44,739)	-
Foreign exchange gain	122,842	40,199
Loss on financial assets at fair value through profit or loss	(25,387)	(21,750)
Others	<u>(221)</u>	<u>614</u>
	<u><u>\$ 52,489</u></u>	<u><u>20,310</u></u>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. As at reporting date, the Company's exposure to credit risk and the maximum exposure were mainly from:

(Continued)

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- a) The carrying amount of financial assets and contract assets recognized in the balance sheet; and
 - b) The maximum amount that the Company may pay if it provides financial guarantees, regardless of the likelihood of occurrence.
- 2) Concentration of credit risk

As sales are made to customers worldwide, the Company's exposure to credit risk concentration is expected to be low. The Company continuously assesses the financial condition of its customers. If it is necessary, the Company will ask for guarantees or warranties. The Company still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

- 3) Credit risk exposure of notes and trade receivables

For credit risk exposure and impairment of credit of notes and trade receivables, please refer to note 6(e). For details of other receivables and impairment of credit, please refer to note 6(f).

Other financial assets at amortized cost include other receivables and time deposits.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(f) for the Company determines whether credit risk is to be low risk).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
December 31, 2023					
Non derivative financial liabilities					
Interest free liabilities	\$ 859,435	(859,435)	(859,435)	-	-
Lease liabilities	276	(279)	(197)	(82)	-
Fixed rate instruments	<u>1,028,000</u>	<u>(1,029,539)</u>	<u>(1,029,539)</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,887,711</u>	<u>(1,889,253)</u>	<u>(1,889,171)</u>	<u>(82)</u>	<u>-</u>
December 31, 2022					
Non derivative financial liabilities					
Interest free liabilities	\$ 1,465,916	(1,465,916)	(1,465,916)	-	-
Lease liabilities	468	(476)	(148)	(197)	(131)
Fixed rate instruments	<u>5,266,000</u>	<u>(5,276,381)</u>	<u>(5,276,381)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,732,384</u>	<u>(6,742,773)</u>	<u>(6,742,445)</u>	<u>(197)</u>	<u>(131)</u>

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The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	36,222	USD/NTD =30.705	1,112,209	54,716	USD/NTD =30.71	1,680,328
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD		24,344	USD/NTD =30.705	747,471	42,319	USD/NTD =30.71	1,299,616

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and trade receivables (including related parties), other receivables, notes and trade payables (including related parties), other payables and borrowings that are denominated in foreign currency.

A strengthening (weakening) of 5% of the USD against the NTD as of December 31, 2023 and 2022 would have increased (decreased) the net profit before tax as follows. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2022.

	December 31, 2023	December 31, 2022
USD(against to NTD)		
Strengthening 5%	\$ 18,237	19,036
Weakening 5%	(18,237)	(19,036)

3) Foreign exchange gain and loss on monetary items

For the years ended December 31, 2023 and 2022, if the exchange profit and loss of the company's monetary items converted into functional currency, foreign exchange gain (including realized and unrealized portions) amounted to \$122,842 and \$40,199, respectively.

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(iv) Interest rate analysis

The Company's exposure to interest rate risk arising from financial assets and liabilities were as follows:

	Book value	
	December 31, 2023	December 31, 2022
Variable rate instruments:		
Financial assets	\$ 152,511	80,617
Financial liabilities	-	-
	\$ 152,511	80,617

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Company's net income before tax would have increased / decreased by \$381 and \$202 for 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing and demand deposits at variable rates.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	2023		2022	
	Other comprehensive income before tax	Profit or loss before tax	Other comprehensive income before tax	Profit or loss before tax
5% increase	\$ 46,155	-	41,622	-
5% decrease	\$ (46,155)	-	(41,622)	-

(Continued)

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(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

	December 31, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ <u>3,180</u>	-	3,180	-	3,180
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	<u>923,104</u>	923,104	-	-	923,104
Financial assets measured at amortized cost					
Cash and cash equivalents	156,036	-	-	-	-
Notes and trade receivables	219,634	-	-	-	-
Restricted time deposits	184,230	-	-	-	-
Foreign corporate bonds	615,803	-	-	-	-
Other receivables	12,402	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	<u>4</u>	-	-	-	-
	<u>\$ 2,114,393</u>				
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,028,000	-	-	-	-
Trade payables	604,431	-	-	-	-
Other payables	255,004	-	-	-	-
Lease liabilities (classified under other current liabilities)	<u>276</u>	-	-	-	-
	<u>\$ 1,887,711</u>				

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	December 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ <u>832,441</u>	832,441	-	-	832,441
Financial assets measured at amortized cost					
Cash and cash equivalents	490,686	-	-	-	-
Notes and trade receivables	267,414	-	-	-	-
Restricted time deposits	1,005,753	-	-	-	-
Other receivables	10,841	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	<u>4</u>	-	-	-	-
	<u>\$ 2,607,139</u>				
Financial liabilities at fair value through other comprehensive income					
Derivative financial liabilities	\$ <u>57</u>	-	57	-	57
Financial liabilities at amortized cost					
Short-term borrowings	\$ 5,266,000	-	-	-	-
Trade payables	711,057	-	-	-	-
Other payables	754,859	-	-	-	-
Lease liabilities (classified under other current and non-current liabilities)	<u>468</u>	-	-	-	-
	<u>\$ 6,732,384</u>				

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

The Company's management considered that the disclosed carrying amounts of financial assets and liabilities measured at amortized cost approximated their fair values.

3) Valuation techniques for financial instruments measured at fair value

- a) Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies and corporate bonds, the fair value is based on the market quoted price.
- b) When a stock is not listed and there is no open offer in the active market, the fair value is estimated using the net worth per share method, the P/E method and the stock price ratio method.

(Continued)

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- c) The fair value of derivative instruments and structured deposit is based on quoted prices. When a public offer is not available, an evaluation approach is used to estimate that the estimates and assumptions used are based on the quoted information of financial institutions or on a binomial tree pricing model that is widely accepted by market users.
 - d) The fair value of other financial assets and financial liabilities other than the above is determined in accordance with the generally accepted pricing model based on discounted cash flows analysis.
- 4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2023 and 2022.

(t) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying parent company only financial statements.

(ii) Structure of risk management

The Company's financial risk management policies are established to identify and analyze the financial risks faced by the Company, to assess the impact of financial risk and implement policies related to mitigating financial risk. Financial risk management policies are reviewed regularly to reflect changes in market conditions and the Company's operations. The Company, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. Internal auditors assist in the role of supervisory. Internal auditor undertakes both regular and ad hoc reviews of financial risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

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1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the finance department.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. Refer to note 13(a)(ii) for information about endorsements or guarantees provided by the Company as of December 31, 2023.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's unused credit line please refer to note 6(j).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the functional currencies of the Company, primarily the USD.

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to cash flow.

3) Other market price risk

The Company resulted in an exposure to equity prices due to open funds and stock investments of listed companies whose fair value is measured through open quotations.

(u) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management uses the appropriate total liability/equity ratio to determine the optimal capital for the merger. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt to equity ratio from time to time. The Company's liability to equity ratio at the end of each reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,297,041	7,183,062
Total equity	8,977,683	8,830,522
Debt-to-equity ratio	26 %	81 %

The decrease in debt-to-equity ratio for the year ended December 31, 2023, was mainly due to a reduction in borrowings as the cash was sufficient in the current period.

(v) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flow	Non-cash changes Increase	December 31, 2023
Short-term borrowings	\$ 5,266,000	(4,238,000)	-	1,028,000
Lease liabilities	468	(192)	-	276
Other payables to related parties	494,005	(475,136)	-	18,869
Total liabilities from financing activities	<u>\$ 5,760,473</u>	<u>(4,713,328)</u>	<u>-</u>	<u>1,047,145</u>

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

	January 1, 2022	Cash flow	Non-cash changes Increase	December 31, 2022
Short-term borrowings	\$ 5,297,000	(31,000)	-	5,266,000
Lease liabilities	82	(192)	578	468
Other payables to related parties	330,989	163,016	-	494,005
Total liabilities from financing activities	<u>\$ 5,628,071</u>	<u>131,824</u>	<u>578</u>	<u>5,760,473</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are subsidiaries and related parties that have had transactions with the Company during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
Yageo Corporation	The entity with significant influence over the Company
Ko-E Electronics Trade Co., Ltd.	The subsidiary of the entity with significant influence over the Company
Ko-E Component Co., Ltd.	The subsidiary of the entity with significant influence over the Company
Ko-E (H.K.) Limited	The subsidiary of the entity with significant influence over the Company
TEAPO HOLDING BERMUDA LIMITED	Subsidiary
Teapo Electronic (HK) Ltd.	Subsidiary
KAIMEI ELECTRONIC (HK) LTD.	Subsidiary (note 2)
FORMOSA PROSONIC ELECTRONICS SDN. BHD.	Subsidiary
JAMICON INTERNATIONAL LIMITED	Subsidiary
Ralec Electronic Corporation	Subsidiary
MYW Investment Limited	Subsidiary
Teapo Electronics (DongGuan) CO., LTD.	Subsidiary
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Subsidiary
DONGGUAN JAMICON ELECTRONIC CO., LTD.	Subsidiary
Ralec Technology (HK) Limited	Subsidiary
ASJ HOLDINGS PTE.LTD.	Subsidiary
Ralec Technology (KUNSHAN) Co., Ltd	Subsidiary
Ralec Trading (KUNSHAN) Co., Ltd	Subsidiary
Hunan Ralec Electronics Technology Co., Ltd	Subsidiary
ASJ PTE LTD	Subsidiary

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
ASJ (Hong Kong) Limited	Subsidiary (note 3)
ASJ Components (M) Sdn. Bhd.	Subsidiary
Bothhand Enterprise Inc.	The subsidiary of the entity with significant influence over the Company (note 1)
E-HENG TECHNOLOGY CO., LTD.	The subsidiary of the entity with significant influence over the Company (note 1)
Hsin Bung International Co., Ltd.	Substantial related party
Yageo Professional Competition Development Association	Substantial related party
Yageo Foundation	Substantial related party
Tong Hsing Electronic Industries, Ltd.(Tong Hsing)	Associates

Note1: The company was originally a substantial related party and became the subsidiary of the entity with significant influence over the Company on January 5, 2022.

Note2: KAIMEI ELECTRONIC (HK) LTD. was liquidated in January 2023. As of December 31, 2023, the liquidation process of the company has been completed.

Note3: The liquidation process of ASJ (Hong Kong) Limited has been completed in July 2023.

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Company to related parties were as follows:

	<u>2023</u>	<u>2022</u>
The entities with significant influence over the Company \$	-	31,147
The subsidiaries of the entity with significant influence over the Company	37,585	47,355
Subsidiaries	<u>50</u>	<u>184</u>
	<u>\$ 37,635</u>	<u>78,686</u>

The price of goods the Company sold to the related parties was determined by negotiation between both parties and the terms of the receipt were processed on a monthly basis, without any significant difference from the third-party customers.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary - JAMICON INTERNATIONAL LIMITED	\$ 780,480	1,026,810
Other subsidiaries	<u>5,384</u>	<u>2,822</u>
	<u>\$ 785,864</u>	<u>1,029,632</u>

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

The Company purchases goods from the related parties, if necessary, for its business operation, and there are no other transactions with non-related parties to compare. The payment term given to related parties is 90 days, and adjustments depend on demand for funds when necessary.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Trade receivables	The entities with significant influence over the Company	\$ -	4,996
"	The subsidiaries of the entity with significant influence over the Company	11,954	9,648
"	Subsidiaries	-	142
Other receivables	Subsidiary - Teapo Electronic (HK) Ltd.	-	1,421
"	Subsidiary - JAMICON INTERNATIONAL LIMITED	1,850	455
"	Subsidiary - Ralec Electronic Corporation	-	2,739
"	Other subsidiaries	20	393
"	The subsidiaries of the entity with significant influence over the Company - Bothhand Enterprise Inc.	-	1,299
"	Other subsidiaries of the entity with significant influence over the Company	12	14
		<u>\$ 13,836</u>	<u>21,107</u>

Amounts receivable from related parties were uncollateralized. Other receivable from related parties including advances received by the Company from related parties.

(iv) Payment to related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Trade payables	Subsidiary - JAMICON INTERNATIONAL LIMITED	\$ 601,419	709,032
"	Other subsidiaries	2,658	1,684
Other payables	Subsidiary - Teapo Electronic (HK) Ltd.	-	130,017
"	Other subsidiaries	-	11
		<u>\$ 604,077</u>	<u>840,744</u>

The other payable represents payment collection and freight payable of related parties.

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

(v) Borrowing from related parties

The Company's borrowing from related parties and interest payables were as follows:

	December 31, 2023	December 31, 2022
Subsidiary - KAIMEI ELECTRONIC (HK) LTD.	\$ -	442,193
Subsidiary - Teapo Electronic (HK) Ltd.	127,747	-
Other subsidiaries	<u>18,869</u>	<u>51,812</u>
	<u>\$ 146,616</u>	<u>494,005</u>

The Company borrowed from MYW Investment Limited with annual interest rates of 1.08%~1.68%. The borrowings of other subsidiaries are no interest and unsecured. As of December 31, 2023 and 2022, the interest expense amounted to \$331 and \$281, respectively.

(vi) Leases

Account	Relationship	December 31, 2023	December 31, 2022
Lease liabilities (classified under other current and non-current liabilities)	The entities with significant influence over the Company	<u>\$ 276</u>	<u>468</u>
		2023	2022
<u>Interest expenses</u>			
The entities with significant influence over the Company		<u>\$ 6</u>	<u>5</u>
<u>Lease paid</u>			
The entities with significant influence over the Company		<u>\$ 198</u>	<u>197</u>

For the lease agreement between the Company and the related parties, the method of determining and paying the rent is the same as that of a general lease.

(vii) Other current liabilities

	December 31, 2023	December 31, 2022
Subsidiary - FORMOSA PROSONIC ELECTRONICS SDN.BHD	<u>\$ 119,805</u>	<u>119,805</u>

The other current liabilities represent the advance receipts of shares capital remitted from the related party.

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

(viii) Operating expenses

	2023	2022
Subsidiary	\$ 328	-
Substantial related parties	5,500	4,000
	<u>\$ 5,828</u>	<u>4,000</u>

(ix) Other income

	2023	2022
Subsidiary - Ralec Electronic Corporation	\$ 1,716	4,440
Other subsidiaries	3,442	7
Associates - Tong Hsing	24,134	16,120
The subsidiary of the entity with significant influence over the Company - Bothhand Enterprise Inc.	-	3,533
Other subsidiaries of the entity with significant influence over the Company	55	27
	<u>\$ 29,347</u>	<u>24,127</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 42,329	44,478
Post-employment benefits	666	598
	<u>\$ 42,995</u>	<u>45,076</u>

Remuneration of directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Account	Pledged to secure	December 31, 2023	December 31, 2022
Restricted time deposits (classified under	Bank loan		
current financial assets at amortized cost)		\$ 184,230	1,005,753
Financial assets at fair value through other	Bank loan		
comprehensive income		629,356	567,544
Investments accounted for using equity	Bank loan		
method		1,607,132	1,237,760
Guarantee deposits paid (classified under	Encumberment		
other non-current assets)	deposits	4	4
		<u>\$ 2,420,722</u>	<u>2,811,061</u>

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item						
Employee benefits						
Salary	-	42,832	42,832	-	86,893	86,893
Labor and health insurance	-	4,831	4,831	-	4,496	4,496
Pension	-	2,528	2,528	-	2,112	2,112
Remuneration of directors	-	16,839	16,839	-	24,603	24,603
Others	-	2,741	2,741	-	2,981	2,981
Depreciation	-	6,026	6,026	-	5,772	5,772
Amortization	-	4,569	4,569	-	2,098	2,098

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

Additional information on the number of employees and employee benefit expenses for the years ended December 31, 2023 and 2022 were as follow:

	2023	2022
Number of employees	55	51
Number of directors who were not employees	4	5
The average employee benefit	\$ 1,038	2,097
The average salaries and wages	\$ 840	1,889
Percentage change in average salary	(55.53)%	31.09 %
Compensation to the supervisors	\$ -	5,152

The Company's compensation policy (for directors, executives, and employees) is as follows:

- (i) The remuneration of the directors (included independent directors) is determined based on their engagement and performance provided for the management of the Company. The compensation is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.
- (ii) The compensation paid to the executive officers is evaluated and adjusted based on industry practice as well as their title, level, education, experiences, professional skills, job responsibility, and performance.
- (iii) Employee salary: Following the Company's starting salary and raise regulation, the Company also considers factors such as seniority and performance appraisal.
- (iv) Executive officers' and employees' bonus: The issuance of performance bonus is evaluated based on performance appraisal. The year-end bonus and employee compensation issued depending on the Company's operating condition as well as annual review of each employee.

(13) Other disclosures:

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note/s
													Item	Value			
1	TEAPO HOLDING BERMUDA LIMITED	KAIMEI ELECTRONIC CORP.	Other receivables	Yes	9,728	8,290	8,290	0	2	-	Working capital	-	None	-	1,999,481	1,999,481	Note 3
1	TEAPO HOLDING BERMUDA LIMITED	Teapo Electronic (HK) Ltd.	Other receivables	Yes	69,973	69,973	69,973	0	2	-	Working capital	-	None	-	1,999,481	1,999,481	Note 3
2	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP.	Other receivables	Yes	460,650	-	-	0	2	-	Working capital	-	None	-	-	-	Note 4

(Continued)

KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note/s
													Item	Value			
3	MYW Investment Limited	KAIMEI ELECTRONIC CORP.	Other receivables	Yes	42,400	10,500	10,500	1.68%	2	-	Working capital	-	None	-	74,175	296,698	Note 6
4	Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP.	Other receivables	Yes	127,747	127,747	127,747	0	2	-	Working capital	-	None	-	75,300	75,300	Note 11
5	Ralec Electronic Corporation	ASJ Components (M) Sdn. Bhd.	Other receivables	Yes	304,863	107,468	107,468	1.66%	2	-	Working capital	-	None	-	400,765	1,603,060	Note 9
6	Ralec Technology (HK) Limited	Ralec Electronic Corporation	Other receivables	Yes	4,831	4,620	4,620	0	2	-	Working capital	-	None	-	4,707,387	4,707,387	Note 5
7	ASJ HOLDINGS PTE. LTD.	ASJ Components (M) Sdn. Bhd.	Other receivables	Yes	85,597	81,949	70,248	0	2	-	Working capital	-	None	-	426,934	426,934	Note 7
8	ASJ PTE LTD	ASJ Components (M) Sdn. Bhd.	Other receivables	Yes	301,544	285,561	285,561	0-3.2%	2	-	Working capital	-	None	-	479,496	479,496	Note 8
9	Hunan Ralec Electronics Technology Co., Ltd.	Ralec Technology (KUNSHAN) CO., LTD.	Other receivables	Yes	319,945	313,071	313,071	0	2	-	Working capital	-	None	-	330,877	330,877	Note 10

Note 1: The numbers denote the following:

1. "0" represents the Company
2. Subsidiaries are numbered starting from "1" .

Note 2: Purpose of fund financing for the borrower:

1. For those companies with business transaction with the Company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 3: The capital of TEAPO HOLDING BERMUDA LIMITED is lent to a foreign company in which the parent company directly or indirectly holds 100% of the voting shares, the separately lending amount and maximum limit shall not exceed 100% of the net value of TEAPO HOLDING BERMUDA LIMITED.

Note 4: The capital of KAIMEI ELECTRONIC (HK) LTD. is lent to a foreign company in which the parent company directly or indirectly holds 100% of the voting shares, the limit on total loans to others shall not exceed 100% of its net value. Limit on loans to a single party with short term financing shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.'s net value.

Note 5: The limit on loans to a single party shall not exceed 100% of the net value of Ralec Technology (HK) Limited., limit on total loans to others shall not exceed 100% of the net value of Ralec Technology (HK) Limited.

Note 6: The limit on loans to a single party shall not exceed 10% of the net value of MYW Investment Limited., limit on total loans to others shall not exceed 40% of the net value of MYW Investment Limited.

Note 7: The limit on loans to a single party shall not exceed 40% of the net value of ASJ HOLDINGS PTE. LTD., limit on total loans to others shall not exceed 40% of the net value of ASJ HOLDINGS PTE. LTD.

Note 8: Limit on loans to a single party shall not exceed 100% of the net value of ASJ PTE LTD., limit on total loans to others shall not exceed 100% of the net value of ASJ PTE LTD.

Note 9: The limit on loans to a single party shall not exceed 10% of the net value of Ralec Electronic Corporation, limit on total loans to others shall not exceed 40% of the net value of Ralec Electronic Corporation.

Note 10: The limit on total loans to others shall not exceed 100% of the net equity value of the latest financial statements of Hunan Ralec Electronics Technology Co., Ltd., limit on loans to a single party shall not exceed 100% of the net equity value of the latest financial statements of Hunan Ralec Electronics Technology Co., Ltd.

Note 11: The limit on loans to a single party shall not exceed sixty times of the net value of Teapo Electronic (HK) Ltd. limit on total loans to others shall not exceed sixty times of the net value of Teapo Electronic (HK) Ltd.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
1	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP.	3	-	5,100,000	-	-	-	- %	-	N	Y	N
2	MYW Investment Limited	KAIMEI ELECTRONIC CORP.	3	2,966,984	1,000,000	1,000,000	628,000	696,113	134.82 %	2,966,984	N	Y	N
3	Ralec Electronic Corporation	ASJ Components (M) Sdn. Bhd.	2	4,007,649	63,751	60,263	-	-	1.50 %	4,007,649	N	N	N

Note 1: The numbers denote the following:

1. 0 is issuer.
2. Subsidiaries are sequentially numbered from 1 by company.

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KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

Note 2: The relationship between the endorser/guarantor and the guaranteed party:

1. The companies with which it has business relations.
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
4. The parent company which holds, directly or indirectly through a subsidiary, more than 90% of its outstanding common shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by each capital contributing shareholder in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for preconstruction homes pursuant to the Consumer Protection Act for each other.

Note 3: The calculation of the limitation on endorsements and the amount thereof:

1. The limit of the endorsement guarantee for the parent company shall not exceed 400% of the net value of MYW Investment Limited.
2. The limit of the endorsement guarantee for the parent company shall not exceed 150% of the net value of KAIMEI ELECTRONIC (HK) LTD.
3. The limit of the endorsement guarantee for a single party shall not exceed 100% of the net equity value of Ralec Electronic Corporation., limit of the total endorsement guarantee for others shall not exceed 100% of the net equity value of Ralec Electronic Corporation..

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars / Per share)

Name of holder	Category and name of security	Name of security	Relationship with company	Account title	Ending balance				Note
					Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
KAIMEI ELECTRONIC CORP.	Stock	AGV PRODUCTS CORP	None	Current financial assets at fair value through profit or loss	13	-	-	-	
KAIMEI ELECTRONIC CORP.	Stock	EVER FORTUNE INDUSTRIAL CO., LTD.	None	Current financial assets at fair value through profit or loss	643	-	-	-	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other financial instruments	Fubon Huayi structural deposit	None	Current financial assets at fair value through profit or loss	-	149,783	-	149,783	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other financial instruments	Esunbank structural deposit	None	Current financial assets at fair value through profit or loss	-	21,663	-	21,663	
Teapo Electronics (Dong Guan) CO., LTD.	Other financial instruments	Fubon Huayi structural deposit	None	Current financial assets at fair value through profit or loss	-	171,051	-	171,051	
Ralec Technology (KUNSHAN) Co., Ltd	Other financial instruments	Fubon Huayi structured financial products have a monthly profit-Fubon Huayi structural deposit	None	Current financial assets at fair value through profit or loss	-	40,057	-	40,057	
Ralec Technology (KUNSHAN) Co., Ltd	Other financial instruments	Fubon Hua Yi Structured Wealth Management Product - Monthly Benefit	None	Current financial assets at fair value through profit or loss	-	130,658	-	130,658	
Hunan Ralec Electronics technology Co., Ltd	Other financial instruments	Current financial assets at fair value through profit or loss	None	Current financial assets at fair value through profit or loss	-	2,437	-	2,437	
Hunan Ralec Electronics technology Co., Ltd	Other financial instruments	Fubon Huayi structured financial products have a monthly profit-Fubon Huayi structural deposit	None	Current financial assets at fair value through profit or loss	-	15,162	-	15,162	
Ralec Trading (KUNSHAN) Co., Ltd	Other financial instruments	Fubon Hua Yi Structured Wealth Management Product - Monthly Benefit	None	Current financial assets at fair value through profit or loss	-	87,059	-	87,059	
Subtotal						617,870		617,870	

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KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

Name of holder	Category and name of security	Name of security	Relationship with company	Account title	Ending balance				Note
					Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
KAIMEI ELECTRONIC CORP	Stock	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	None	Non-current financial assets at fair value through other comprehensive income	23,548,546	923,104	18.19 %	923,104	Note1
MYW Investment Limited	Stock	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	None	Non-current financial assets at fair value through other comprehensive income	70,000	2,743	0.05 %	2,743	Note1
Subtotal						925,847		925,847	
KAIMEI ELECTRONIC CORP	Corporate bonds	U.S. Dollar Bonds issued by Bank of America	None	Non-current financial assets measured at amortized cost	-	153,244	-	150,866	Note2
KAIMEI ELECTRONIC CORP	Corporate bonds	J.P. Morgan Chase Bank USD Bonds (EX94)	None	Non-current financial assets measured at amortized cost	-	62,680	-	62,041	Note2
KAIMEI ELECTRONIC CORP	Corporate bonds	J.P. Morgan Chase Bank USD Bonds (EM30)	None	Non-current financial assets measured at amortized cost	-	89,097	-	87,350	Note2
KAIMEI ELECTRONIC CORP	Corporate bonds	HSBC Holdings USD Bonds	None	Non-current financial assets measured at amortized cost	-	157,996	-	158,776	Note2
KAIMEI ELECTRONIC CORP	Corporate bonds	Mitsubishi Financial Group USD Bonds	None	Non-current financial assets measured at amortized cost	-	152,786	-	152,598	Note2
Subtotal						615,803		611,631	

Note1: Listed securities are based on the closing price as of December 31, 2023.

Note2: Includes foreign current exchange gains and losses.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payable)	
KAIMEI ELECTRONIC CORP.	JAMICON INTERNATIONAL LIMITED	Subsidiaries	Purchase	780,480	99.08 %	Net 90 days	Same as regular vendors	Depending on the demand on funding	Trade payables (601,419)	(99.50)%	
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP.	Parent	Sale	(780,480)	(99.97)%	Net 90 days	Same as regular customers	Depending on the demand on funding	Trade receivables 601,419	100.00%	
JAMICON INTERNATIONAL LIMITED	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Purchase	719,619	94.25 %	Net 90 days	Same as regular vendors	Depending on the demand on funding	Trade payables (518,049)	(92.24)%	
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Sale	(719,619)	(32.75)%	Net 90 days	Same as regular customers	Depending on the demand on funding	Trade receivables 518,049	48.45%	
Teapo Electronics (DongGuan) CO., LTD.	Ko-E (ShenZhen) Corporation	The entity with significance influence over the Group	Sale	(378,500)	(17.23)%	Net 90 days	Same as regular customers	Depending on the demand on funding	Trade receivables 124,979	11.69%	
Ralec Electronic Corporation	ABCO ELECTRONICS CO., Ltd	Substantial related party	Sale	(290,624)	(18.07)%	Net 90 days	Same as regular customers	Same as regular customers	Trade receivables 85,789	25.15%	
Ralec Electronic Corporation	Ralec Technology (KUNSHAN) Co., Ltd	The same ultimate parent	Sale	(640,073)	(39.80)%	Net 75 days	Negotiated price	Same as regular customers	Trade receivables 85,411	25.04%	
Ralec Technology (KUNSHAN) Co., Ltd	Ralec Electronic Corporation	The same ultimate parent	Purchase	657,345	42.35 %	Net 75 days	Negotiated price	Same as regular vendors	Trade payables (85,411)	(15.17)%	
Ralec Technology (KUNSHAN) Co., Ltd	Ralec Electronic Corporation	The same ultimate parent	Sale	(614,582)	(37.43)%	Net 75 days	Negotiated price	Same as regular customers	Trade receivables 245,576	33.43%	
Ralec Electronic Corporation	Ralec Technology (KUNSHAN) Co., Ltd	The same ultimate parent	Purchase	614,582	76.42 %	Net 75 days	Negotiated price	Same as regular vendors	Trade payables (245,576)	(86.54)%	
ASJ Components (M) Sdn. Bhd.	Ralec Technology (KUNSHAN) Co., Ltd	The same ultimate parent	Sale	(695,733)	(69.37)%	Net 30 days	Negotiated price	Same as regular customers	Trade receivables 69,410	53.28%	
Ralec Technology (KUNSHAN) Co., Ltd	ASJ Components (M) Sdn. Bhd.	The same ultimate parent	Purchase	695,733	44.82 %	Net 30 days	Negotiated price	Same as regular vendors	Trade payable (69,410)	(12.33)%	

(Continued)

KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts	Note
					Amount	Action taken			
Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP.	Parent	Other receivables 127,747	Note 2	-		69,829	-	
Teapo Electronics (DongGuan) CO. LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Trade receivables 518,049	1.24	-		8,363	-	
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP.	Parent	Trade receivables 601,419	1.19	-		8,218	-	
Teapo Electronics (DongGuan) CO. LTD.	Ko-E (ShenZhen) Corporation	The entity with significant influence over the Group	Trade receivables 124,979	3.63	-		75,114	-	
Ralec Electronic Corporation	ASJ Components (M) Sdn. Bhd.	The same ultimate parent	Other receivables 107,831	Note 2	-		-	-	
Ralec Technology (KUNSHAN) Co., Ltd	Ralec Electronic Corporation	The same ultimate parent	Trade receivables 245,576	2.58	-		49,172	-	
Ralec Technology (HK) Limited	Ralec Technology (KUNSHAN) Co., Ltd	The same ultimate parent	Other receivables 138,464	Note 4	-		-	-	
Hunan Ralec Electronics Technology Co., Ltd	Ralec Technology (KUNSHAN) Co., Ltd	The same ultimate parent	Other receivables 313,071	Note 2	-		-	-	
ASJ Pte. Limited	ASJ Components (M) Sdn. Bhd.	The same ultimate parent	Other receivables 298,212	Note 2	-		-	-	

Note 1: Other receivables arising on behalf of payment are not applicable.

Note 2: Other receivables arising on loans are not applicable.

Note 3: Amounts collected as of March 5, 2024.

Note 4: Dividend receivables are not applicable.

(ix) Trading in derivative instruments: Note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
KAIMEI ELECTRONIC CORP.	TEAPO HOLDING BERMUDA LIMITED	Bermuda	Foreign business reinvestment	843,498	843,498	24,542,484	100.00 %	1,999,481	154,769	154,769	Subsidiary
KAIMEI ELECTRONIC CORP.	Teapo Electronic (HK) Ltd.	Hong Kong	Import and export of electronic products	40	40	10,000	100.00 %	1,255	(1,040)	(1,040)	Subsidiary
KAIMEI ELECTRONIC CORP.	KAIMEI ELECTRONIC (HK) LTD.	Hong Kong	Import and sale of aluminum electrolytic capacitors and fans	-	3,916,585	-	- %	-	2,733	2,733	Subsidiary (note 1)
KAIMEI ELECTRONIC CORP.	FORMOSA PROSONIC ELECTRONIC S SDN. BHD.	Malaysia	Manufacture and sale of aluminum electrolytic capacitors	114,229	114,229	13,245,440	100.00 %	103,059	-	-	Subsidiary

(Continued)

KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
KAIMEI ELECTRONIC CORP.	JAMICON INTERNATIONAL LIMITED	Hong Kong	Import and sale of aluminum electrolytic capacitors	218,851	218,851	90,000,000	100.00 %	494,431	38,927	38,927	Subsidiary
KAIMEI ELECTRONIC CORP.	MYW Investment Limited	Taiwan	Reinvestment business	487,919	487,919	-	100.00 %	741,746	24,968	24,968	Subsidiary
KAIMEI ELECTRONIC CORP.	Ralec Electronic Corporation	Taiwan	Manufacture and sale of resistors, electronic parts, electronic materials and machine equipment	3,743,606	3,743,606	82,666,764	100.00 %	4,007,649	(175,949)	(175,949)	Subsidiary
KAIMEI ELECTRONIC CORP.	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	1,051,457	1,051,457	9,754,774	4.67 %	1,607,132	1,150,513	53,530	Associate under equity method
MYW Investment Limited	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	484,871	484,871	4,419,767	2.11 %	727,726	1,150,513	24,253	Associate under equity method
Ralec Electronic Corporation	Ralec Technology (HK) Limited	Hong Kong	Foreign business reinvestment	1,222,736	1,222,736	10,000	100.00 %	4,708,128	(220,426)	(214,590)	Subsidiary
Ralec Electronic Corporation	ASJ HOLDINGS PTE. LTD.	Singapore	Foreign business reinvestment	423,187	423,187	272,846,146	100.00 %	1,072,653	9,126	(12,809)	Subsidiary
ASJ HOLDINGS PTE. LTD.	ASJ Pte. Limited	Singapore	Sales of resistor	148,484	148,484	2,000,000	100.00 %	479,496	4,297	4,297	Subsidiary
ASJ HOLDINGS PTE. LTD.	ASJ (Hong Kong) Limited	Hong Kong	Warehousing, logistics and distribution	-	5	-	- %	-	(1,511)	(1,511)	Subsidiary (note 2)
ASJ HOLDINGS PTE. LTD.	ASJ Components (M) Sdn. Bhd.	Malaysia	Manufacture and sale of resistor and sale of electronic component	90,308	90,308	8,000,000	100.00 %	519,193	7,604	7,604	Subsidiary

Note 1: The share capital of KAIMEI ELECTRONIC (HK) LTD. has been fully repatriated and the company was liquidated in January 2023. As of December 31, 2023, the liquidation process of the company has been completed.

Note 2: The liquidation process of ASJ (Hong Kong) Limited has been completed in July 2023.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 7)	Book value	Accumulated remittance of earnings in current period (Note 6)	Note
					Outflow	Inflow							
Teapo Electronics (DongGuan) CO., LTD.	Manufacture and sale of capacitors	594,706	(1)	594,706 (USD18,500)	-	-	594,706 (USD18,500)	155,459	100.00%	155,459	1,919,978	-	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	462,990	(1)	446,416 (USD15,000)	-	-	446,416 (USD15,000)	22,215	100.00%	22,215	457,780	-	
JAMICON ELECTRONIC (SHENZHEN) LTD.	Manufacture and sale of electrolytic capacitors and motor fans	-	(1)	-	-	-	-	-	-%	-	-	-	Note 6

(Continued)

KAIMEI ELECTRONIC CORP.

Notes to the Parent Company Only Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 7)	Book value	Accumulated remittance of earnings in current period (Note 6)	Note
					Outflow	Inflow							
DONGGUAN JAMICON ELECTRONIC CO., LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	2,331	(2)	-	-	-	-	1,333	100.00%	1,333	4,623	-	
Ralec Technology (KUNSHAN) Co., Ltd	Manufacture and sales of chip resistors, capacitors and inductors	1,136,085 (USD37,000)	(1)	1,237,796 (USD37,000)	-	-	1,237,796 (USD37,000)	(220,266)	100.00%	(220,266)	3,981,980	-	
Ralec Trading (KUNSHAN) Co., Ltd	Sale of resistors, capacitors and inductors	30,705 (USD1,000)	(1)	-	-	-	-	(634)	100.00%	(634)	251,369	-	
Hunan Ralec Electronics Technology Co., Ltd	Manufacture and sales of chip resistors, capacitors and inductors	424,046 (CNY98,000)	(1)	-	-	-	-	518	100.00%	518	330,877	-	

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 4 and 6)	Upper Limit on Investment (Note 3)
2,164,703 (USD70,500)	3,490,078 (USD95,345 and CNY130,000)	5,386,610

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: Invest company in mainland China through the investment on company located at the third.

Note3: Investment limit of the Company to the mainland (60% of net equity)\$8,977,683 X 60% = 5,386,610.

Note4: US\$1 = 30.705 and CNY\$1=4.327 at the reporting date.

Note5: The amount accumulated from the initial investment to the current period.

Note6: The authorized investment amount included the USD\$1,117 investment in BujiBantian Kaimei Motor Factory, USD\$594,230 in JAMICON ELECTRONIC TECHNOLOGY (SHANGHAI) CO., LTD., USD\$200 in JAMICON ELECTRONIC (SHANGHAI) CO., LTD., USD\$582,189 in JAMICON (SHENZHEN) LTD., USD\$1,188 in SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD., USD\$2,806 in JINMICON ELECTRONIC (SHENZHEN) CO.,LTD., amounting to USD\$7,725. None of the credit limits have been cancelled.

Note7: The investment income (loss) recognized is base on the financial statement audited by CPA of the investee company.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China are disclosed in “Information on significant transactions” and “Business relationships and significant intercompany transactions”.

(Continued)

KAIMEI ELECTRONIC CORP.
Notes to the Parent Company Only Financial Statements

(d) Major shareholders:

(Unit: share)

Shareholder's Name	Shareholding	Shares	Percentage
Yageo Corporation		6,499,905	5.98 %

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Company's delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider's shares that exceeded 10% of the Company's total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider's shares.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended 2023.

KAIMEI ELECTRONIC CORP.**Statement of cash and cash equivalents****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash on hand and petty cash		\$ <u>3,525</u>
Demand deposits	NTD	18,975
	Foreign currency (USD 3,771 dollars, CNY 3,633 dollars, and others)	<u>133,536</u>
		<u>152,511</u>
		\$ <u>156,036</u>

Note: The exchange rate: USD\$1= NTD\$30.705; CNY\$1=NTD\$4.327.

Statement of trade receivables

Client Name	Amount
Trade receivable:	
Company D	\$ 33,707
Company A	23,729
Company F	12,004
Others (note 3)	<u>138,205</u>
Subtotal	207,645
Less: loss allowance	<u>(1,690)</u>
	\$ <u>205,955</u>

Note: 1. All trade receivables arose from operating activities.

2. Trade receivable above is not including trade receivables from related parties. Please refer to note 7 for the details of trade receivables from related parties.

3. The balances not exceeding 5% of the total amount are not presented separately.

KAIMEI ELECTRONIC 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)

Name of investee	Beginning balance		Increase		Decrease		Ending balance		Accumulated impairments loss	Collaterals or Pledged Assets	Note
	Shares/Unit	Fair value	Shares/Unit	Amount	Shares/ Unit	Amount	Shares/Unit	Fair value			
Taiwan Chinsan	23,548,546	\$ <u>832,441</u>	-	<u>90,663</u>	-	<u>-</u>	23,548,546	<u>923,104</u>	<u>-</u>	Pledged	Note 1
Electronic Industrial Co., Ltd.										16,055,000 shares	

Note 1: The increased was due to the unrealized gain on financial assets adjusted at the fair value of \$90,663.

**Statement of financial assets measured at amortized
cost - current**

Please refer to note 6(d).

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)

Name of investee	Beginning balance		Increase (decrease)		Share of Profit (Loss) of Investee	Other comprehensive income (loss)	Ending balance			Fair value/ total net amount	Collaterals or Pledged Assets	Note
	Shares	Amount	Shares	Amount			Shares	Percentage	Amount			
TEAPO HOLDING BERMUDA LIMITED	24,542,484	\$ 1,880,076	-	-	154,769	(35,364)	24,542,484	100 %	1,999,481	1,999,481	None	-
Teapo Electronic (HK) Ltd.	10,000	2,287	-	-	(1,040)	8	10,000	100 %	1,255	1,255	None	-
MYW Investment Limited	-	777,603	-	(60,940)	24,968	115	-	100 %	741,746	741,746	None	Note 1
KAIMEI ELECTRONIC (HK) LTD.	25,000,000	4,004,466	(25,000,000)	(4,000,610)	2,733	(6,589)	-	- %	-	-	None	Note 2
FORMOSA PROSONIC ELECTRONIC SDN. BHD.	13,245,440	107,689	-	-	-	(4,630)	13,245,440	100 %	103,059	103,059	None	-
JAMICON INTERNATIONAL LIMITED	90,000,000	464,246	-	-	38,927	(8,742)	90,000,000	100 %	494,431	494,431	None	-
Ralec Electronic Corporation	82,666,764	4,300,633	-	(39,936)	(175,949)	(77,099)	82,666,764	100 %	4,007,649	4,007,649	None	Note 3
Tong Hsing Electronic Industries, Ltd.	7,503,673	1,611,874	2,251,101	(58,178)	53,530	(94)	9,754,774	4.67 %	1,607,132	1,536,377	9,754,774 shares pledged	Notes 4 and 5
		<u>\$ 13,148,874</u>		<u>(4,159,664)</u>	<u>97,938</u>	<u>(132,395)</u>			<u>8,954,753</u>	<u>8,883,998</u>		

Note 1: The net decrease of \$60,940 during the period, represents a decrease of \$60,997 in cash dividends received during the period and an increase of \$57 in equity of associates and joint ventures accounted for using equity method.

Note 2: The net decrease of \$4,000,610 during the period, represents the liquidation offset of \$44,739 and decrease of \$3,955,871 in cash dividends received during the period.

Note 3: The net decrease of \$39,936 during the period represents a decrease of \$39,936 in cash dividends received during the period.

Note 4: The net decrease of \$58,178 during the period represents the decrease of \$58,304 in cash dividends received and an increase of \$126 in changes in associates and joint ventures recognized under the equity method, and an increase of 2,251,101 in this period is due to the increase in stock dividends received in the period.

Note 5: The market price is based on the percentage of shareholding at the closing price of the Taiwan Stock Exchange at the end of December 2023.

KAIMEI ELECTRONIC CORP.

Statement of changes in property, plant and equipment

For the year ended December 31, 2023

Please refer to note 6(i).

Statement of short-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Type of loan</u>	<u>Bank</u>	<u>Ending balance</u>	<u>Term of contract</u>	<u>Range of interest rates</u>	<u>Loan commitment</u>		<u>Collaterals or Pledged Assets</u>
Credit loans	DBS bank	\$ 150,000	2023.10.02~2024.01.02	Note	TWD	300,000	None
Credit loans	DBS bank	150,000	2023.12.28~2024.03.28	Note	TWD	300,000	None
Secured bank loans	Bank of Communications Co., Ltd.	100,000	2023.12.29~2024.01.29	Note	TWD	1,000,000	Restricted time deposits
Secured bank loans	CTBC Bank	628,000	2023.12.29~2024.01.26	Note	TWD	1,200,000	Financial assets at fair value through other comprehensive income and investments accounted for using equity method
		<u>\$ 1,028,000</u>					

Note: Interest rate ranges from 1.64% to 1.68%.

KAIMEI ELECTRONIC CORP.**Statement of trade payables****December 31, 2023**

Please refer to note 7(b)(iv).

Statement of operating revenue**For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Quantity (thousand units)	Amount
Capacitor	441,759	\$ 739,174
Fan	4,041	268,811
Others	38,279	<u>11,661</u>
Total		<u><u>\$ 1,019,646</u></u>

KAIMEI ELECTRONIC CORP.**Statement of operating costs****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Inventories, beginning of the year	\$ 10,185
Purchases	787,558
Less: Inventories, end of the year	6,404
Cost of goods sold	791,339
Inventories obsolescence loss	51
Operating costs	<u><u>\$ 791,390</u></u>

Statement of operating expense

Item	Selling expense	Administrative expenses	Research and development expenses
Employee benefits	\$ 16,744	44,549	8,478
Depreciation and amortization	122	8,146	2,327
Commission fee	3,280	-	-
Maintenance fee	-	6,444	-
Donations	-	5,500	-
Import fee	1,472	-	-
Advisory fee	2,615	-	-
Others (note)	4,083	13,472	1,440
	<u><u>\$ 28,316</u></u>	<u><u>78,111</u></u>	<u><u>12,245</u></u>

Note: The amounts not exceeding 5% of total operating expenses are not presented separately.

Statement of non-operating income and loss

Please refer to note 6(r).