

Aethertek Technology Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Aethertek Technology Co., Ltd.

Opinion

We have audited the accompanying financial statements of Aethertek Technology Co., Ltd., which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimated Impairment of Goodwill on Investments in Subsidiaries Accounted for Using the Equity Method

The carrying value of investments in subsidiaries accounted for using the equity method of Aethertek Technology Co., Ltd. included the goodwill related to the acquisition of Trantest Enterprise Limited (which was approved by the board of directors on March 29, 2022 to be sold to another subsidiary, Trantest Enterprise Ltd., which assumed all the rights and obligations of Trantest Enterprise Ltd. after its extinction on June 22, 2022) and Trantest Precision (China) Ltd. As of December 31, 2023, the amount of goodwill acquired by the Group through business combinations was \$106,546 thousand. According to IAS 36 “Impairment of Assets”, goodwill arising from the acquisition of a business is subject to an annual impairment test by comparing its carrying amount (including attributable goodwill) with its recoverable amount.

In determining the future cash flows from operations, management commissioned an external specialist to issue a goodwill impairment assessment report, which takes into account the projected sales growth rate and profit margin based on the future operating outlook, and calculates the weighted average cost of capital rate as the discount rate. Since these assumptions involved management's subjective judgment and estimates and may be subject to a high degree of uncertainty due to future market or economic conditions, they are considered as a key audit matter. For accounting policies and disclosures relating to goodwill, refer to Notes 5 and 9 to the financial statements and Notes 4-j, 5 and 13 to the consolidated financial statements.

Based on opinions of internal financial consulting specialist, we conducted our audits in accordance with the following procedures to evaluate the appropriateness of management's judgment and suitability of the external specialist, particularly with respect to the significant assumptions used by management.

Our primary audit procedures performed included the following:

1. We assessed the professional qualifications, competence, and the independence of the external specialist to confirm that there were no matters affecting their objectivity and limiting their scope of work, and that the methods complied with the requirements of International Accounting Standards.
2. We have sought to understand whether the management team considers factors such as recent operating results, historical trends, and industry outlook, among others, in the process and basis for estimating future revenue growth rates and profit margins.
3. The rationality of the weighted average cost of capital (WACC) has been examined, and the same evaluation model has been used for recalculation to determine whether there are significant differences.

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

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

In preparing the 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 members of the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 entities or business activities within the Company to express an opinion on the 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 statements 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 financial statements for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Ming-Chung Hsieh and I-Chen Lu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

AETHERTEK TECHNOLOGY CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 245,816	16	\$ 307,403	22
Trade receivables (Notes 7 and 17)	10,622	1	8,703	1
Trade receivables from related parties (Notes 7, 17 and 25)	43,295	3	108,159	8
Other receivables	1,189	-	44	-
Current tax assets (Note 19)	21,050	1	10,496	1
Inventories (Note 8)	16,269	1	8,687	-
Prepayments	5,486	-	4,393	-
Other current assets	1,000	-	957	-
Total current assets	344,727	22	448,842	32
NON-CURRENT ASSETS				
Investments accounted for using equity method (Note 9)	864,459	56	884,649	64
Property, plant and equipment (Note 10)	321,492	21	47,893	3
Right-of-use assets (Note 11)	189	-	754	-
Other intangible assets (Note 12)	7,360	1	7,169	1
Deferred tax assets (Note 19)	1,235	-	76	-
Prepayments for equipment	2,554	-	406	-
Refundable assets	2,087	-	3,939	-
Total non-current assets	1,199,376	78	944,886	68
TOTAL	\$ 1,544,103	100	\$ 1,393,728	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current	\$ 2,862	-	\$ 2,265	-
Trade payables	1,716	-	1,720	-
Trade payables from related parties (Note 25)	10,038	1	981	-
Other payables (Note 14)	44,082	3	48,601	4
Current tax liabilities	7,358	-	-	-
Lease liabilities - current (Note 11)	193	-	-	-
Long-term liabilities - current portion (Notes 13 and 26)	15,996	1	568	-
Other current liabilities	16	-	293	-
Total current liabilities	82,261	5	54,428	4
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 26)	173,340	12	-	-
Deferred tax liabilities (Note 19)	17,585	1	25,265	2
Lease liabilities - non-current (Note 11)	-	-	193	-
Total non-current liabilities	190,925	13	25,458	2
Total liabilities	273,186	18	79,886	6
EQUITY (Note 16)				
Ordinary shares	704,285	46	703,512	50
Capital surplus	165,576	11	162,225	12
Retained earnings				
Legal reserve	59,765	4	44,490	3
Special reserve	-	-	7,875	1
Unappropriated earning	318,345	20	369,570	26
Total retained earnings	378,110	24	421,935	30
Other equity	22,946	1	26,170	2
Total equity	1,270,917	82	1,313,842	94
TOTAL	\$ 1,544,103	100	\$ 1,393,728	100

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

AETHERTEK TECHNOLOGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 17 and 25)	\$ 356,479	100	\$ 259,312	100
OPERATING COSTS (Notes 8 and 25)	<u>(79,645)</u>	<u>(22)</u>	<u>(60,331)</u>	<u>(23)</u>
GROSS PROFIT	<u>276,834</u>	<u>78</u>	<u>198,981</u>	<u>77</u>
OPERATING EXPENSES (Notes 18 and 25)				
Selling and marketing expenses	(45,458)	(13)	(32,788)	(13)
General and administrative expenses	(51,187)	(14)	(47,907)	(18)
Research and development expenses	<u>(128,544)</u>	<u>(36)</u>	<u>(140,338)</u>	<u>(54)</u>
Total operating expenses	<u>(225,189)</u>	<u>(63)</u>	<u>(221,033)</u>	<u>(85)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>51,645</u>	<u>15</u>	<u>(22,052)</u>	<u>(8)</u>
NON-OPERATING INCOME AND EXPENSES (Note 18)				
Interest income	3,912	1	799	-
Other income	96	-	51	-
Other gains and losses	(3,767)	(1)	57,571	22
Share of loss of subsidiaries	(25,596)	(7)	145,155	56
Finance costs	<u>(2,998)</u>	<u>(1)</u>	<u>(142)</u>	<u>-</u>
Total non-operating income and expenses	<u>(28,353)</u>	<u>(8)</u>	<u>203,434</u>	<u>78</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	23,292	7	181,382	70
INCOME TAX EXPENSE (Note 19)	<u>5,345</u>	<u>1</u>	<u>(28,633)</u>	<u>(11)</u>
NET PROFIT FOR THE YEAR	<u>28,637</u>	<u>8</u>	<u>152,749</u>	<u>59</u>

(Continued)

AETHERTEK TECHNOLOGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 16)	\$ (3,874)	(1)	\$ 46,969	18
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 16 and 19)	<u>775</u>	<u>-</u>	<u>(9,394)</u>	<u>(4)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(3,099)</u>	<u>(1)</u>	<u>37,575</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 25,538</u>	<u>7</u>	<u>\$ 190,324</u>	<u>73</u>
EARNINGS PER SHARE (Note 20)				
From continuing and discontinued operations				
Basic	<u>\$ 0.41</u>		<u>\$ 2.17</u>	
Diluted	<u>\$ 0.41</u>		<u>\$ 2.17</u>	

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

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Others		Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unearned Share-based Employee Compensation	
BALANCE, JANUARY 1, 2022	70,284	\$ 702,840	\$ 157,852	\$ -	\$ -	\$ 444,895	\$ (7,875)	\$ -	\$ 1,297,712
Appropriation of 2021 earnings									
Legal reserve	-	-	-	44,490	-	(44,490)	-	-	-
Special reserve	-	-	-	-	7,875	(7,875)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(175,709)	-	-	(175,709)
Net profit for the year ended December 31, 2022	-	-	-	-	-	152,749	-	-	152,749
Other comprehensive income for the year ended December 31, 2022, net of income tax (Note 16)	-	-	-	-	-	-	37,575	-	37,575
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	152,749	37,575	-	190,324
Share-based payment arrangements (Note 21)	67	672	4,373	-	-	-	-	(3,530)	1,515
BALANCE, DECEMBER 31, 2022	70,351	703,512	162,225	44,490	7,875	369,570	29,700	(3,530)	1,313,842
Appropriation of 2022 earnings									
Legal reserve	-	-	-	15,275	-	(15,275)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(72,462)	-	-	(72,462)
Special reserve	-	-	-	-	(7,875)	7,875	-	-	-
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	28,637	-	-	28,637
Other comprehensive income for the year ended December 31, 2023, net of income tax (Note 16)	-	-	-	-	-	-	(3,099)	-	(3,099)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	28,637	(3,099)	-	25,538
Share-based payment arrangement (Note 21)	77	773	3,351	-	-	-	-	(125)	3,999
BALANCE, DECEMBER 31, 2023	70,428	\$ 704,285	\$ 165,576	\$ 59,765	\$ -	\$ 318,345	\$ 26,601	\$ (3,655)	\$ 1,270,917

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

AETHERTEK TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 23,292	\$ 181,382
Adjustments for:		
Depreciation expense	21,304	15,457
Amortization expense	3,470	3,325
Finance costs	2,998	142
Interest income	(3,912)	(799)
Share-based payment	3,999	1,515
Share of profit of subsidiaries	25,596	(145,155)
Loss on disposal of property, plant and equipment, net	31	-
Net foreign exchange loss	921	378
Gain on lease modification	(43)	-
Net changes in operating assets and liabilities		
Trade receivables	(1,919)	(2,890)
Trade receivables from related parties	64,864	122,116
Other receivables	(54)	(44)
Inventories	(8,503)	(6,397)
Prepayments	(1,093)	9,216
Other current assets	(43)	(785)
Contract liabilities	597	2,265
Trade payables	(4)	1,469
Trade payables from related parties	9,057	(308)
Other payables	(4,529)	(32,297)
Other current liabilities	(277)	275
Cash generated from operations	135,752	148,865
Interest received	2,821	799
Interest paid	(2,822)	(142)
Income tax paid	(5,915)	(72,629)
Net cash generated from operating activities	<u>129,836</u>	<u>76,893</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition of subsidiaries	(9,280)	-
Payment for property, plant and equipment	(288,566)	(25,141)
Disposal for property, plant and equipment	316	423
Payments for intangible assets	(3,661)	(5,817)
Increase in refundable deposits	-	(2,033)
Decrease in refundable deposits	1,852	-
Increase in prepayments for equipment	(2,148)	(882)
Net cash used in investing activities	<u>(301,487)</u>	<u>(33,450)</u>
		(Continued)

AETHERTEK TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ 200,000	\$ -
Repayments of long-term borrowings	(10,664)	-
Repayment of the principal portion of lease liabilities	(6,810)	(10,830)
Dividends paid to owners of the Company	(72,462)	(175,709)
Acquisition of subsidiaries	-	(175,145)
Disposal of equity interest in a subsidiary	<u>-</u>	<u>343,793</u>
Net cash used in financing activities	<u>110,064</u>	<u>(17,891)</u>
NET INCREASE (DECREASE) IN CASH	(61,587)	25,552
CASH, BEGINNING OF THE YEAR	<u>307,403</u>	<u>281,851</u>
CASH, END OF THE YEAR	<u><u>\$ 245,816</u></u>	<u><u>\$ 307,403</u></u>

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

(Concluded)

AETHERTEK TECHNOLOGY CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Aethertek Technology Co., Ltd. (the “Company”) was incorporated in Taipei City in September 1992. On April 14, 2021, it received approval from Ministry of Economic Affairs and had changed its name from “Service & Quality Group Co., Ltd.” to “Aethertek Technology Co., Ltd.” The Company involves in equipment manufacturing, product design, software service, etc.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since March 2004.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 6, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

These interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Except for financial instruments that are measured at fair values.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities are:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

f. Investments accounted for using equity method

Investments accounted for using the equity method are investments in associates.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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 differs 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. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall 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.

When a consolidated entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognized in the Company's consolidated financial statements only to the extent of interests in the associate that are not owned by the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use asset, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units/the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial assets

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable). The Company always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

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

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are classified as at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of automation equipment products. Since the customer has the right to set the price and use of the goods when the automation equipment products arrive at the customer's designated place and the customer accepts them, and bears the risk of loss on the goods, the Company recognizes the income and accounts receivable at that point in time.

2) Revenue from the rendering of services

Rendering of services income comes from providing project business services such as research, design and customization services for automation equipment.

The project business service relies on the input of technical personnel. The Company calculates the degree of completion of the performance obligation according to the input method and recognizes the relevant income. The customer pays at the time agreed in the contract, so the Company recognizes the contract assets when providing services, and transfers the amount agreed in the contract to accounts receivable at the agreed time.

l. Leases

For a contract that contains a lease component and non-lease component, the Company may elect to account for the lease and non-lease components as a single lease component.

The Company as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Employee benefits

Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered service entitling them to the contributions

n. Share-based payment arrangements

Restricted shares for employees

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Critical Accounting Judgements

None.

Key Sources of Estimation Uncertainty

Impairment of goodwill included in the investments in subsidiaries

Determining whether the goodwill included in the investments in subsidiaries is impaired requires an estimation of the value in use of the cash-generating units which are expected to benefit from the synergies of the related combination and to which the goodwill has been allocated since the acquisition date. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 211	\$ 216
Demand deposits	92,080	307,187
Cash equivalent (investments with original maturities of 3 months or less)	<u>153,525</u>	<u>-</u>
	<u>\$ 245,816</u>	<u>\$ 307,403</u>

7. TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 10,622	\$ 8,703
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 10,622</u>	<u>\$ 8,703</u>
<u>Trade receivable from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 43,295	\$ 108,159
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 43,295</u>	<u>\$ 108,159</u>

Trade Receivables

The Company's average credit period of sales of goods is 30 to 150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1-60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%	0%	0%	0%	100%	-
Gross carrying amount	\$ 51,143	\$ 1,535	\$ 571	\$ 668	\$ -	\$ 53,917
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 51,143</u>	<u>\$ 1,535</u>	<u>\$ 571</u>	<u>\$ 668</u>	<u>\$ -</u>	<u>\$ 53,917</u>

December 31, 2022

	Not Past Due	1-60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
The expected credit loss rate	0%	0%	0%	0%	100%	-
Gross carrying amount	\$ 116,443	\$ 419	\$ -	\$ -	\$ -	\$ 116,862
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 116,443</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,862</u>

8. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 2,393	\$ 2,423
Semi-finished products	650	103
Finished goods	<u>13,226</u>	<u>6,161</u>
	<u>\$ 16,269</u>	<u>\$ 8,687</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 78,724	\$ 59,953
Write-downs of inventories	<u>921</u>	<u>378</u>
	<u>\$ 79,645</u>	<u>\$ 60,331</u>

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2023	2022
Trantest Enterprise Limited	\$ 856,169	\$ 884,649
Trantest Enterprise (India) Private Limited	<u>8,290</u>	<u>-</u>
	<u>\$ 864,459</u>	<u>\$ 884,649</u>
	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Trantest Enterprise Limited	100%	100%
Trantest Enterprise (India) Private Limited	99%	-

The Company established Aethertek Holding Ltd. in Hong Kong on March 15, 2021. The Group invested US\$5,965 thousand (equivalent to NT\$175,145 thousand) in April 2022. The Company pursuant to the resolution of the Board of Director established the Group's subsidiary Trantest Enterprise Ltd invested US\$798 thousands to Topone Automatic Co., Ltd. on September 2023 and owned 100% of the total equity.

In order to meet the needs of the overall operation and development, the board of directors resolved on the adjustment of the Group's structure on March 29, 2022, selling Trantest Enterprise Limited, which was originally held by Aethertek Technology Co., Ltd. to Trantest Enterprise Ltd. The transaction amount was US\$12,267 thousand (equivalent to NT\$343,793 thousand). In addition, the liquidation was approved by the board of directors in 2022, and the liquidation procedures were completed on June 22, 2022. After the extinction of Trantest Enterprise Limited, Trantest Enterprise Limited shall assume all the rights and obligations of Trantest Enterprise Limited. Refer to Note 9 of the Group's 2023 consolidated financial report.

The Company established Trantest Enterprise (India) Private Limited in India on June 1, 2023, with a share proportion of 99%. The Company invested US\$291 thousand in 2023.

The amounts of share of net income or loss and other comprehensive income of subsidiaries under equity method were accounted for based on audited financial statements.

Estimated Impairment of Goodwill for Investments in Subsidiaries

The book value of the Company's investment subsidiaries, including goodwill related to the subsidiaries Trantest Enterprise Limited (which was dissolved after a simple merger with another subsidiary, Trantest Enterprise Limited, and the previously acquired goodwill was transferred to Trantest Enterprise Limited in June 22, 2022), and Trantest Precision (China) Ltd.

When assessing the impairment, the Company distinguishes the minimum identifiable asset from cash inflow. The Company and its subsidiaries are recognized as a cash generating unit.

On December 31, 2023 and 2022, the management assessed the recoverable amount by value in use of asset's cash-generating unit, and considered financial budget in the future as reference of cash flows. The key assumptions which affected an assessment of the Group's recoverable amount and the methods to determine assumed key values are described as follows:

a. Growth rate of operating revenues

The estimation of future operating revenue is based on the actual sales in the past year, the growth rate of operating revenues, the Company's future operating strategies, and future market development conditions.

b. Expected gross profit margin

The estimation of expected gross profit margin is based on the average gross profit margin achieved in the past years, the Company's future operations strategy, and future market development.

c. Discount rates

Based on the discounted weighted average capital cost rate (WACC), the discount rate used in the calculation is as follows:

	December 31	
	2023	2022
Cash generating unit	14.00%	11.94%

The Corporation evaluated cash generating unit in 2023 and 2022, its recoverable amount was still higher than the related carrying amount, and thus no impairment loss was recognized.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Leasehold Improvements	Office Equipment	Unfinished Projects and Equipment Awaiting Inspection	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ -	\$ -	\$ 15,565	\$ 24,125	\$ 16,085	\$ -	\$ 55,775
Additions	225,756	31,766	28,967	540	1,339	32	288,400
Disposals	-	-	(324)	-	(107)	-	(431)
Balance at December 31, 2023	<u>\$ 225,756</u>	<u>\$ 31,766</u>	<u>\$ 44,208</u>	<u>\$ 24,665</u>	<u>\$ 17,317</u>	<u>\$ 32</u>	<u>\$ 343,744</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ -	\$ 1,822	\$ 3,630	\$ 2,430	\$ -	\$ 7,882
Depreciation expense	-	582	6,185	4,094	3,593	-	14,454
Disposals	-	-	(22)	-	(62)	-	(84)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 7,985</u>	<u>\$ 7,724</u>	<u>\$ 5,961</u>	<u>\$ -</u>	<u>\$ 22,252</u>
Carrying amount at December 31, 2023	<u>\$ 225,756</u>	<u>\$ 31,184</u>	<u>\$ 36,223</u>	<u>\$ 16,941</u>	<u>\$ 11,356</u>	<u>\$ 32</u>	<u>\$ 321,492</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ -	\$ -	\$ 1,399	\$ 2,448	\$ 5,304	\$ -	\$ 9,151
Additions	-	-	14,166	-	10,887	-	25,053
Reclassification	-	-	-	21,677	370	-	22,047
Disposals	-	-	-	-	(476)	-	(476)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,565</u>	<u>\$ 24,125</u>	<u>\$ 16,085</u>	<u>\$ -</u>	<u>\$ 55,775</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ -	\$ 131	\$ 65	\$ 437	\$ -	\$ 633
Depreciation expense	-	-	1,691	3,565	2,046	-	7,302
Disposals	-	-	-	-	(53)	-	(53)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,822</u>	<u>\$ 3,630</u>	<u>\$ 2,430</u>	<u>\$ -</u>	<u>\$ 7,882</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,743</u>	<u>\$ 20,495</u>	<u>\$ 13,655</u>	<u>\$ -</u>	<u>\$ 47,893</u>

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	50 years
Equipment	3-6 years
Leasehold improvements	5 years
Office equipment	2-5 years

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

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Buildings	<u>\$ 189</u>	<u>\$ 754</u>

The changes of right-of-use assets are as follows:

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 12,570</u>	<u>\$ 1,131</u>
Depreciation charge for right-of-use assets		
Building	<u>\$ 6,850</u>	<u>\$ 8,155</u>

In addition to the additions and depreciation expenses above, the Company has no major subleases and impairments of the right-of-use assets for the year ended December 31, 2022 and 2023.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 193</u>	<u>\$ 568</u>
Non-current	<u>\$ -</u>	<u>\$ 193</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.65%	2.65%

c. Material lease-in activities and terms

The Company leases certain land and building for the use of office, plant and dormitories with lease terms of 2 year. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 791</u>	<u>\$ 1,162</u>
Expenses relating to low-value asset leases	<u>\$ 44</u>	<u>\$ 63</u>
Total cash outflow for leases	<u>\$ (7,782)</u>	<u>\$ (12,196)</u>

The Company's leases of certain building and office equipment qualify as short-term and low-value leases. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. OTHER INTANGIBLE ASSETS

Computer Software

Cost

Balance at January 1, 2023	\$ 12,230
Additions	3,661
Disposals	<u>-</u>
Balance at December 31, 2023	<u>\$ 15,891</u>

Accumulated amortization

Balance at January 1, 2023	\$ 5,061
Amortization expenses	3,470
Disposals	<u>-</u>
Balance at December 31, 2023	<u>\$ 8,531</u>
Carrying amount at December 31, 2023	<u>\$ 7,360</u>

Cost

Balance at January 1, 2022	\$ 6,413
Additions	<u>5,817</u>
Balance at December 31, 2022	<u>\$ 12,230</u>

Accumulated amortization

Balance at January 1, 2022	\$ 1,736
Amortization expenses	<u>3,325</u>
Balance at December 31, 2022	<u>\$ 5,061</u>
Carrying amount at December 31, 2022	<u>\$ 7,169</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2 to 5 years
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13. BORROWINGS

Long-term Borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 26)</u>		
Bank loans	\$ 155,000	\$ -
<u>Unsecured borrowings</u>		
Bank loans	34,336	-
	189,336	-
Less: Current portion	(15,996)	-
Long-term borrowings	<u>\$ 173,340</u>	<u>\$ -</u>

During the year 2023, the Company acquired new bank borrowing facilities in the amounts of \$200,000 thousand, the bank loan secured by the Company's proprietary land and buildings (refer to Note 26), with a interest rate of 1.9137% to 2.0937%. Loan will be due on April 5, 2028, and repayable in the next 5 years, respectively. Subject to the terms set forth in the loan agreement, the Company's debt service coverage ratios must be 100% annually or semi-annually. The purpose of these bank borrowing facilities was for the acquisition of land, plant and equipment.

14. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries or bonuses	\$ 35,438	\$ 36,404
Payables for compensation of employees	235	1,832
Payables for professional fees	2,200	2,037
Payables for purchases of equipment	96	175
Others	<u>6,113</u>	<u>8,153</u>
	<u>\$ 44,082</u>	<u>\$ 48,601</u>

15. RETIREMENT BENEFIT PLANS

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

16. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>70,428</u>	<u>70,351</u>
Shares issued and fully paid	<u>\$ 704,285</u>	<u>\$ 703,512</u>

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 157,852	\$ 157,852
<u>May not be used for any purpose (2)</u>		
Employee restricted shares	<u>7,724</u>	<u>4,373</u>
	<u>\$ 165,576</u>	<u>\$ 162,225</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) It may not be used for any purpose that capital surplus generated from employee restricted shares.

c. Retained earnings and dividend policy

The content of the earnings distribution policy in accordance with the articles of incorporation of the Company is as follows:

- 1) The Company's profit in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 18-g.
- 2) The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests.

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

The appropriation of earnings for 2021 and 2022, which had been proposed by the shareholders' meetings on June 22, 2022 and May 31, 2023, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 15,275</u>	<u>\$ 44,490</u>
Special reserve	<u>\$ (7,875)</u>	<u>\$ 7,875</u>
Cash dividends	<u>\$ 72,462</u>	<u>\$175,709</u>
Dividends per share (NT\$)	<u>\$ 1.03</u>	<u>\$ 2.5</u>

The appropriation of earnings for 2023 had been proposed by the Corporation's board of directors on March 6, 2024. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 25,773	\$0.3659
Legal reserve	2,864	-

The above appropriation for cash dividends will be resolved in the shareholders' regular meeting on May 21, 2024.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 29,700	\$ (7,875)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,874)	46,969
Income tax that may be reclassified subsequently to profit or loss	<u>775</u>	<u>(9,394)</u>
Balance at December 31	<u>\$ 26,601</u>	<u>\$ 29,700</u>

2) Unearned share-based employee compensation

The Company resolved at the shareholders' meeting to issue 800 thousand shares of new employee restricted stocks at no consideration on May 31, 2023 and June 22, 2022. In 2023 and 2022, the board of directors had resolved to issue 77 and 67 thousand shares of new employee restricted stock, respectively. Please refer to Note 21 for relevant information.

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (3,530)	\$ -
Issuance of shares	(4,124)	(5,045)
Share-based payment expenses recognized	<u>3,999</u>	<u>1,515</u>
Balance at December 31	<u>\$ (3,655)</u>	<u>\$ (3,530)</u>

17. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Revenue from the rendering of services	\$ 263,626	\$ 188,302
Revenue from the sale of goods	<u>92,853</u>	<u>71,010</u>
	<u>\$ 356,479</u>	<u>\$ 259,312</u>

	<u>For the Year Ended December 31</u>		January 1,
	2023	2022	2022
<u>Contract balances</u>			
Trade receivables	<u>\$ 10,622</u>	<u>\$ 8,703</u>	<u>\$ 5,813</u>
Trade receivables from related parties (Note 25)	<u>\$ 43,295</u>	<u>\$ 108,159</u>	<u>\$ 230,275</u>

18. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest income		
Bank deposits	\$ 3,896	\$ 785
Others	<u>16</u>	<u>14</u>
	<u>\$ 3,912</u>	<u>\$ 799</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Others	<u>\$ 96</u>	<u>\$ 51</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains (losses)	\$ (3,779)	\$ 57,560
Loss on disposal of property, plant and equipment	(31)	-
Gain on lease modification	43	-
Others	<u>-</u>	<u>11</u>
	<u>\$ (3,767)</u>	<u>\$ 57,571</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 137	\$ 141
Interest on bank loans	2,860	-
Other	<u>1</u>	<u>1</u>
	<u>\$ 2,998</u>	<u>\$ 142</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating cost	\$ -	\$ -
Operating expenses	<u>21,304</u>	<u>15,457</u>
	<u>\$ 21,304</u>	<u>\$ 15,457</u>
An analysis of amortization by function		
Operating cost	\$ -	\$ -
Operating expenses	<u>3,470</u>	<u>3,325</u>
	<u>\$ 3,470</u>	<u>\$ 3,325</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits		
Salary	\$ 138,563	\$ 131,722
Labor and health insurance	8,732	8,796
Post-employment benefits		
Defined contribution plans	5,405	4,841
Other employee benefits	<u>3,153</u>	<u>2,813</u>
Total employee benefits expense	<u>\$ 155,853</u>	<u>\$ 148,172</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2023	2022
An analysis of employee benefits expense by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>155,853</u>	<u>148,172</u>
	<u>\$ 155,853</u>	<u>\$ 148,172</u>
		(Concluded)

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the year ended December 31, 2023 and 2022 which had been approved by the Company's board of directors on March 6, 2024 and March 14, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2023	2022
Compensation of employees	1%	1%
Remuneration of directors	0%	0%

Amount

	<u>For the Year Ended December 31</u>	
	2023	2022
Compensation of employees	\$ 235	\$ 1,832
Remuneration of directors	-	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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

19. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 7,631	\$ 4,745
Income tax on unappropriated earnings	2,020	10,841
Adjustments for prior year	<u>(6,932)</u>	<u>(5,409)</u>
	2,719	10,177
Deferred tax		
In respect of the current year	<u>(8,064)</u>	<u>18,456</u>
Income tax expense recognized in profit or loss	<u>\$ (5,345)</u>	<u>\$ 28,633</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 23,292</u>	<u>\$ 181,382</u>
Income tax expense calculated at the statutory rate	\$ 4,658	\$ 36,276
Nondeductible expenses in determining taxable income	7	(13,075)
Research and development credit	(5,098)	
Adjustments for prior years' tax	(6,932)	(5,409)
Income tax on unappropriated earnings	<u>2,020</u>	<u>10,841</u>
Income tax expense recognized in profit or loss	<u>\$ (5,345)</u>	<u>\$ 28,633</u>

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Recognized in current year		
Exchange differences on the translation of the financial statements of foreign operations	<u>\$ (775)</u>	<u>\$ 9,394</u>

c. Current tax assets

	December 31	
	2023	2022
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ 21,050</u>	<u>\$ 10,496</u>
<u>Current tax assets</u>		
Income tax payable	<u>\$ 7,358</u>	<u>\$ -</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2023			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Exchange losses or gains	\$ -	\$ 976	\$ -	\$ 976
Allowance for inventory valuation and obsolescence loss	<u>76</u>	<u>183</u>	<u>-</u>	<u>259</u>
	<u>\$ 76</u>	<u>\$ 1,159</u>	<u>\$ -</u>	<u>\$ 1,235</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Exchange gain or loss	\$ 1,884	\$ (1,884)	\$ -	\$ -
Unappropriated earnings in subsidiaries	15,956	(5,021)	-	10,935
Exchange differences on translation of the financial statements of foreign operations	<u>7,425</u>	<u>-</u>	<u>(775)</u>	<u>6,650</u>
	<u>\$ 25,265</u>	<u>\$ (6,905)</u>	<u>\$ (755)</u>	<u>\$ 17,585</u>

For the Year Ended December 31, 2022				
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Exchange losses or gains	\$ 692	\$ (692)	\$ -	\$ -
Allowance for inventory valuation and obsolescence loss	-	76	-	76
Exchange differences on the translation of the financial statements of foreign operations	<u>1,969</u>	<u>-</u>	<u>(1,969)</u>	<u>-</u>
	<u>\$ 2,661</u>	<u>\$ (616)</u>	<u>\$ (1,969)</u>	<u>\$ 76</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Exchange gain or loss	\$ -	\$ 1,884	\$ -	\$ 1,884
Unappropriated earnings in subsidiaries	-	15,956	-	15,956
Exchange differences on translation of the financial statements of foreign operations	<u>-</u>	<u>-</u>	<u>7,425</u>	<u>7,425</u>
	<u>\$ -</u>	<u>\$ 17,840</u>	<u>\$ 7,425</u>	<u>\$ 25,265</u>

e. Income tax examination

The tax authorities have examined income tax returns of the Company through 2021. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

20. EARNINGS PER SHARE

Unit: NT\$ Per Share		
For the Year Ended December 31		
	2023	2022
Basic earnings per share	<u>\$ 0.41</u>	<u>\$ 2.17</u>
Diluted earnings per share	<u>\$ 0.41</u>	<u>\$ 2.17</u>

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2023	2022
Profit	\$ <u>28,637</u>	\$ <u>152,749</u>

Ordinary Shares

	For the Year Ended December 31	
	2023	2022
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,385	70,306
Effect of potential dilutive common stock:		
Compensation of employees	<u>11</u>	<u>51</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,396</u>	<u>70,357</u>

The Company may settle the compensation of employees in cash or shares; therefore, it is assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. SHARE-BASED PAYMENT ARRANGEMENT

Employee Restricted Stocks

On May 31, 2023 and June 22, 2022, the Company resolved at the shareholders' meeting to issue 800 thousand shares of employee restricted stocks at \$10 per share at no consideration. In 2023 and 2022, the board of directors had resolved to issue 77 thousand shares and 67 thousand shares of employee restricted stocks. The grant date and the issuance date were August 11, 2023, June 1, 2023 and August 11, 2022. The fair value of the employee restricted stocks at grant date is respectively \$53.5 per share, \$52.5 per share and \$75 per share, respectively.

Employee restricted stocks that have been granted but have not yet met the vesting conditions are as follows:

- Employees may not sell, pledge, transfer, give as a gift, create a guarantee or otherwise dispose of the new employee restricted stocks until they have met the vesting conditions after being granted the new stocks.
- Except for the restrictions in the preceding paragraph, before the vesting conditions are fulfilled, any other shareholder rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of ordinary shares of the Company.

- c. The shares should be held in a stock trustee designated by the Company. The restricted stocks should be held in a trust after being issued and non-refundable before eligible for the vesting conditions.
- d. During the vesting period, if the company carry out a capital reduction, RSAs will be cancelled proportionally. If the capital reduction is done by cash return, the returned cash should be kept under trustee designated by the Company, and be paid to the employees when vesting condition is fulfilled; if the employee does not meet the vesting condition, all shares the employees subscribed shall be bought back by the Company based on the original subscription price and canceled accordingly.
- e. Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings are entrusted to trust custodians.

Participant shall become vested in the new employee restricted stocks at certain percentage, only if Participant achieves the specific performance-based goal specified by the Company and remains continuously employed by the Company from the grant date through applicable vesting schedule presented as follows.

- 1) Participants who have served the Company or an entity controlled or affiliated by the Company for less than 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:
 - a) One-year anniversary of the grant, grantees are eligible for 60% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 48% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 36% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
 - b) Over one year less than three years since the date of grant, grantees are eligible for 20% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 16% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 12% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.
- 2) Participants who have served the Company or an entity controlled or affiliated by the Company over 10 years are described as follows while re-calculation for those who have previously resigned or on furlough:

One-year anniversary of the grant, grantees are eligible for 100% of the vested shares with annual KPI between 90 and 100. Grantees are eligible for 80% of the vested shares with annual KPI between 80 and 89. Grantees are eligible for 60% of the vested shares with annual KPI between 60 and 79. Grantees are eligible for 0% of the vested shares with annual KPI between 0 and 59.

The new shares issued with restricted employee rights, the relevant information were as follows:

	For the Year Ended December 31	
	2023	2022
	Number of Stocks (In Thousands)	Number of Stocks (In Thousands)
Balance at January 1	67	-
Issuance of the current year	<u>67</u>	<u>67</u>
Balance at December 31	<u>134</u>	<u>67</u>

Employee compensation cost recognized for the years ended December 31, 2023 and 2022 were \$3,999 and \$1,515 thousand respectively.

22. CASH FLOW INFORMATION

a. Non-cash transactions

For the year ended December 31, 2023 and 2022, the Company acquired property, plant and equipment with a fair value of \$288,400 thousand and \$25,053 thousand respectively, and paid \$288,566 thousand and \$25,141 thousand in cash, respectively. Other payables for facility decreasing by \$166 thousand and decreasing by \$88 thousand, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

			<u>Non-cash Changes</u>		
	Balance as of January 1, 2023	Cash Flows	New Leases	Effects of Foreign Currency Exchange Differences	Balance as of December 31, 2023
Lease liabilities	\$ 761	\$ (6,810)	\$ 12,570	\$ (6,328)	\$ 193
Long-term borrowings	\$ 761	\$ 189,336	\$ -	\$ -	\$ 189,336

For the year ended December 31, 2022

			<u>Non-cash Changes</u>		
	Balance as of January 1, 2022	Cash Flows	New Leases	Effects of Foreign Currency Exchange Differences	Balance as of December 31, 2022
Lease liabilities	\$ 10,460	\$ (10,830)	\$ 1,131	\$ -	\$ 761

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company believes the carrying amount of the Company's financial instruments not measured at fair value are close to the fair value.

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 303,009	\$ 428,248
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	209,299	13,066

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, refundable deposits and other financial assets.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables and part of other payables (excluding salary, bonus and compensation of employees).

c. Financial risk management objectives and policies

The Company's major financial instruments include trade payables, borrowings and lease liabilities. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Company is a multinational operation, so it is subject to foreign currency risks arising from a variety of different currencies. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 29.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthened by 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar	
	For the Year Ended December 31	
	2023	2022
Pre-tax profit	\$ <u>12,203</u>	\$ <u>17,164</u>

The result was mainly attributable to the exposure on the foreign currency bank deposits accounts receivables and payables that were not hedged at the end of the period.

The Company's sensitivity to the U.S. dollar decreased during the year mainly due to a decrease in U.S. dollar denominated accounts receivables.

b) Interest rate risk

The Company's exposure to fair value interest rate risk is on the Company's bank deposits and lease liabilities include both fixed and floating interest rates.

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

	December 31	
	2023	2022
Financial value interest rate risk		
Financial assets	\$ 153,525	\$ -
Financial liabilities	193	761
Cash flows interest rate risk		
Financial assets	92,080	307,187
Financial liabilities	189,336	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$(243) thousand and \$768 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate other financial assets.

2) Credit risk

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

It is the Company's policy that transactions only be dealt with creditworthy counterparties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms to be renewed after careful reexamination to ensure credit risk of counterparties are within scope of the Company. The clients of the Company are widely spread and the Company analyzes its numerous clients' financial status continuously.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest rate risk table of non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	Less than 1 Month	1-3 Months	3 Months - 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 20,163	\$ -	\$ -	\$ -
Lease liabilities	48	97	48	-
Variable interest rate	<u>1,392</u>	<u>2,777</u>	<u>12,384</u>	<u>210,302</u>
	<u>\$ 21,603</u>	<u>\$ 2,874</u>	<u>\$ 12,432</u>	<u>\$ 210,302</u>

December 31, 2022

	Less than 1 Month	1-3 Months	3 Months - 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 13,066	\$ -	\$ -	\$ -
Lease liabilities	<u>47</u>	<u>94</u>	<u>427</u>	<u>193</u>
	<u>\$ 13,113</u>	<u>\$ 94</u>	<u>\$ 427</u>	<u>\$ 193</u>

Financing facilities

**December 31,
2023**

Unsecured bank overdraft facilities, reviewed annually and payable on demand:

Amount used	\$ 45,000
Amount unused	<u>210,000</u>

\$ 255,000

Secured bank overdraft facilities:

Amount used	\$ 155,000
Amount unused	<u>-</u>

\$ 155,000

25. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Trantest Precision (China) Ltd.	Subsidiaries
Topone Automatic Co., Ltd	Subsidiaries
Trantest Enterprise Limited	Subsidiaries

b. Net revenue

Line Item	Related Party Categories/ Name	For the Year Ended December 31	
		2023	2022
Net revenue from the rendering of services	Trantest Enterprise Limited	<u>\$ 261,475</u>	<u>\$ 186,429</u>
Net revenue from the sale of goods	Trantest Precision (China) Ltd.	<u>\$ 696</u>	<u>\$ 3,681</u>

Net revenue from the rendering of services is calculated after considering the strategic divisions of the Company. The trading price depends on the function within the Company.

Sales prices of goods for related parties and third parties were similar. Payment terms are 30-150 days from the end of the month.

c. Purchases

Related Party Categories	For the Year Ended December 31	
	2023	2022
Trantest Precision (China) Ltd.	<u>\$ 72,174</u>	<u>\$ 46,815</u>

Purchase prices for related parties and third parties were similar. Payment terms are 30 days from the end of the month.

d. Receivables from related parties

Line Item	Related Party Categories/ Name	For the Year Ended December 31	
		2023	2022
Receivables from related parties	Trantest Enterprise Limited	\$ 42,987	\$ 107,485
	Trantest Precision (China) Ltd.	<u>308</u>	<u>674</u>
		<u>\$ 43,295</u>	<u>\$ 108,159</u>

Trade receivables from related parties were assessed to have no debt risk, hence no bad debt expense had been recognized for the years ended December 31, 2023 and 2022.

e. Payables to related parties

Line Item	Related Party Categories/ Name	For the Year Ended December 31	
		2023	2022
Payables to related parties	Trantest Precision (China) Ltd.	<u>\$ 10,038</u>	<u>\$ 981</u>

f. Other gains and losses

Line Item	Related Party Categories/ Name	For the Year Ended December 31	
		2023	2022
Other	Trantest Precision (China) Ltd.	<u>\$ -</u>	<u>\$ 73</u>

g. Remuneration of key management personnel

		For the Year Ended December 31	
		2023	2022
Short-term employee benefits		\$ 13,845	\$ 20,166
Post-employment benefits		<u>301</u>	<u>326</u>
		<u>\$ 14,146</u>	<u>\$ 20,492</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

The following assets were provided as collateral for bank borrowings, tariff guarantee for imported raw material or the deposits for hiring foreign workers:

		December 31	
		2023	2022
Land		\$ 225,756	\$ -
Building		<u>31,184</u>	<u>-</u>
		<u>\$ 256,940</u>	<u>\$ -</u>

27. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of Foreign Currency and New Taiwan Dollars)

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 8,273	30.705 (USD:NTD)	<u>\$ 254,024</u>
<u>Financial liabilities</u>			
Monetary items USD	324	30.705 (USD:NTD)	<u>\$ 9,954</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 11,236	30.71 (USD:NTD)	<u>\$ 345,064</u>
<u>Financial liabilities</u>			
Monetary items USD	58	30.71 (USD:NTD)	<u>\$ 1,789</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gain were \$(3,779) thousand and \$57,560 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: Table 2

- 3) Marketable securities held (excluding investment in subsidiaries and associates): None
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 3
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 5
- b. Information on investments in mainland China
- 1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 6
 - 2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 7
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- c. Information of major shareholders
- List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

TABLE 1

AETHERTEK TECHNOLOGY CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Trantest Precision (China) Ltd.	Shenzhen Detai Precision Equipment Co., Ltd.	Other receivable	No	\$ 8,866	\$ -	\$ -	3.5	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,477	\$ 197,906	

Note 1: Numbering sequence is as follows:

 a. The issuer is numbered 0.

 b. Investees are numbered sequentially starting from 1.

Note 2: It is necessary to fill the amount of financing limit for each borrower and the amount of aggregate financing limit by the Company’s guidance of financing provided to others, and the calculation method shall be indicated in the “Note”.

 a. For short-term financing needs, the total amount for lending to others shall be not exceed the net value of the most recent financial statements of Trantest Precision (China) Ltd. reviewed by CPA NT\$494,767 x 40% = NT\$197,906, and the total amount for lending a company shall be not exceed the net value of Trantest Precision (China) Ltd. reviewed by CPA NT\$494,767 x 10% = NT\$49,477.

TABLE 2

AETHERTEK TECHNOLOGY CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Subsidiary	\$ 254,183	\$ 245,640	\$ 214,935	\$ -	\$ -	17%	\$ 508,367	Y	N	N
		Trantest Enterprise (India) Private Limited	Subsidiary	254,183	92,115	92,115	-	-	7%	508,367	Y	N	N

Note: The Company’s maximum total endorsement amount is 40% of the net equity in the financial statements. The Company’s maximum endorsement amount for each endorsed entity is 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower.

TABLE 3

AETHERTEK TECHNOLOGY CO., LTD.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Aethertek Technology Co., Ltd.	Land and buildings	2022.12.26	\$ 258,440	In accordance with the contract terms	Arise International Limited	None	-	-	-	\$ -	Price comparison and negotiation and by reference to the price quoted by the professional appraisal agency	For the use of office	None

Note 1: The property acquired is subject to valuation in accordance with regulations, the valuation results shall be indicated in the “Pricing Reference”.

Note 2: The event date was the date approved by the Board of Directors of the Company.

TABLE 4

AETHERTEK TECHNOLOGY CO., LTD.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	Service income	\$ 261,475	23	150 days from the end of the month	-	-	\$ 42,987	22	-
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Subsidiary	Sales	405,451	35	30 days from the end of the month	-	-	61,628	31	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

TABLE 5

AETHERTEK TECHNOLOGY CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income of the Investee	Share of Profit	Note
				December 31, 2023	December 31, 2022	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Hong Kong	Sales of precision testing equipment	\$ 682,513 (US\$ 24,000)	\$ 682,513 (US\$ 24,000)	24,000	100	\$ 856,169	\$ (40,271)	\$ (25,104)	-
	Trantest Enterprise (India) Private Limited	India	Sales of precision testing equipment	9,280 (INR 23,760)	- (INR -)	2,376	99	8,290	(496)	(492)	-
Trantest Enterprise., Ltd.	Topone Automatic Co., Ltd.	Taiwan	Manufacture of precision testing equipment	25,000	-	2,500	100	24,938	(87)	(87)	-

TABLE 6

AETHERTEK TECHNOLOGY CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	\$ 238,747 (RMB 55,000)	b	\$ 228,419 (US\$ 8,025)	\$ -	\$ -	\$ 228,419 (US\$ 8,025)	\$ (11,107)	51	\$ (5,665) (Note 2(2))	\$ 257,883	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$289,108 (US\$9,944)	\$289,581 (US\$9,960)	\$904,403

Note 1: Methods of investment have following type:

- a. Direct investment in mainland China.
- b. Indirect investment through a company registered in a third region.
- c. Others.

Note 2: The amount recognized in investment income in the current year:

- a. Should be indicated if currently under preparation and not generating investment income.
- b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
 - 1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
 - 2) Amount was recognized based on the parent company’s audited financial statements.
 - 3) Others.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

TABLE 7

AETHERTEK TECHNOLOGY CO., LTD.

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Purchase and Sale Company	Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Enterprise., Ltd.	Trantest Precision (China) Ltd.	Purchases	\$ 405,451	35	30 days after sales for parts	Its trading price depends on its function within the Group	\$ 61,628	31	\$ 2,599	-
Aethertek Technology Co., Ltd.	Trantest Precision (China) Ltd.	Purchases	72,174	6	"	"	10,038	5	3,745	-

TABLE 8**AETHERTEK TECHNOLOGY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Erickson Capital Co., Ltd.	37,251,000	52.89
Indicate Investment Ltd.	10,671,847	15.15
La Ge Na Capital Co., Ltd.	10,543,000	14.96

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.

AETHERTEK TECHNOLOGY CO., LTD.

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Item	Statement Index
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AETHERTEK TECHNOLOGY CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash	Cash and cash equivalents	\$ <u>211</u>
Cash in banks		
Demand deposits		40,069
Foreign currency deposits	Note 1	52,011
Time deposits	Includes US\$5,000 thousand	<u>153,525</u>
		<u>245,605</u>
		<u>\$ 245,816</u>

Note 1: Includes US\$1,677 thousand, EUR6 thousand, RMB2 thousand and GBP8 thousand.

Note 2: The above foreign currencies are converted at the exchange rate of US\$1=30.705, EUR1=33.98, RMB1=4.327 and GBP1=39.15, respectively.

AETHERTEK TECHNOLOGY CO., LTD.**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Related parties		
Trantest Enterprise Limited	Sales of precision testing equipment	\$ 42,987
Trantest Precision (China) Ltd.	"	<u>308</u>
		<u>\$ 43,295</u>
Non-related parties		
Client A	Computers, phones OEM and cloud software and hardware integration	\$ 2,034
Client B	"	1,711
Client C	"	1,523
Client D	"	1,428
Client E	"	1,064
Client F	"	997
Client G	"	742
Others (Note)	"	<u>1,123</u>
		<u>\$ 10,622</u>

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

AETHERTEK TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Increase in Investment		Decrease in Investment		Valued Using the Equity Method of the Increase (Decrease) Amount (Note 2)	Balance, December 31, 2023			Market Value or Net Assets Value		Evaluation Basics	Provide A Guarantee or Collateral
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%	Amount	Unit Price	Price		
Stock														
Trantest Enterprise Limited	24,000	\$ 884,649	-	\$ -	-	\$ -	\$ (28,480)	24,000	100	\$ 856,169	\$ 30.83	\$ 761,515	Equity	Nil
Capital														
Trantest Enterprise (India) Private Limited.	-	-	2,376	9,280	-	-	(990)	2,376	99	8,290		8,290	Equity	Nil
		<u>\$ 884,649</u>		<u>\$ 9,280</u>		<u>\$ -</u>	<u>\$ (29,470)</u>			<u>\$ 864,459</u>		<u>\$ 769,805</u>		

Note: The amounts were based on audited financial statements in 2023.

AETHERTEK TECHNOLOGY CO., LTD.**STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Inventory, beginning of year	\$ 8,687
Purchased	95,747
Transfer to expense	<u>(8,520)</u>
Sales available products	95,914
Inventory, end of year	<u>(16,269)</u>
Cost of goods sold	79,645
Cost from the rendering of services	<u>-</u>
Operating costs	<u>\$ 79,645</u>

AETHERTEK TECHNOLOGY CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll and related expense	\$ 23,498	\$ 30,200	\$ 90,270	\$ 143,968
Professional service fees	2,470	7,047	273	9,790
Depreciation expense	2,746	3,412	15,147	21,305
Traveling expense	4,719	556	1,994	7,269
Others (Note)	<u>12,025</u>	<u>9,972</u>	<u>20,860</u>	<u>42,857</u>
	<u>\$ 45,458</u>	<u>\$ 51,187</u>	<u>\$ 128,544</u>	<u>\$ 225,189</u>

Note: The amount for each individual item included in others does not exceed 5% of the account balance.

AETHERTEK TECHNOLOGY CO., LTD.**STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

	2023			2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ -	\$ 132,323	\$ 132,323	\$ -	\$ 127,055	\$ 127,055
Labor and health insurance	-	8,732	8,732	-	8,796	8,796
Pension	-	5,405	5,405	-	4,841	4,841
Board compensation	-	6,240	6,240	-	4,667	4,667
Others	-	3,153	3,153	-	2,813	2,813
	<u>\$ -</u>	<u>\$ 155,853</u>	<u>\$ 155,853</u>	<u>\$ -</u>	<u>\$ 148,172</u>	<u>\$ 148,172</u>
Depreciation	<u>\$ -</u>	<u>\$ 21,304</u>	<u>\$ 21,304</u>	<u>\$ -</u>	<u>\$ 15,457</u>	<u>\$ 15,457</u>
Amortization	<u>\$ -</u>	<u>\$ 3,470</u>	<u>\$ 3,470</u>	<u>\$ -</u>	<u>\$ 3,325</u>	<u>\$ 3,325</u>

Note 1: As of December 31, 2023 and 2022, the Company had 92 and 87 employees, respectively. There were 4 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2023 and 2022 were \$1,700 thousand and \$1,729 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2023 and 2022 were \$1,504 thousand and \$1,531 thousand, respectively. The average salary and bonus decreased by 1.76% year over year.

Note 4: The Company did not have supervisors for the years ended December 31, 2023 and 2022.

Note 5: The Company's compensation policies:

Principles of remuneration policy formulation

- Employee salary: Employee compensation mainly includes basic salary (salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus. Refer to the industry salary market conditions, job categories, academic experience, professional knowledge and technology, professional seniority experience, and approve the salary to be better than the average market situation in the industry market.
- The remuneration policy for the manager is based on the Company's business strategy, profitability, performance and job contribution and other factors, and with reference to the salary market level, and is implemented by the salary and remuneration committee after the proposal is approved by the board of directors.
- Individual performance bonus: Bonuses are issued according to the Company's operational performance and the individual performance of employees.
- Annual salary adjustment: The Company carries out a salary adjustment once a year according to the overall economic environment, operating profits, employee performance appraisal results of the current year and the long-term development of employees, and with reference to the salary level of the same industry and the overall salary adjustment in the industry.

The correlation between business performance and employee compensation

When the Company has a profit at the end of the fiscal year, it shall allocate not less than 1% as compensation of employees, which shall be distributed in stock or cash by the resolution of the board of directors, and the object of the distribution shall include the employees of the subordinate companies who meet certain conditions; the Company's board of directors may allocate not more than 3% of the profit as remuneration of directors. The distribution of compensation of employees and remuneration of directors shall be reported at the shareholders' meeting. If the Company has accumulated losses, the losses shall be first recovered from future earnings, and then allocate for compensation of employees and remuneration of directors in accordance with the abovementioned proportions.