

**CHANT SINCERE CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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

CHANT SINCERE CO., LTD.
DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

Contents	Page
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 9
4. Consolidated Balance Sheets	10 ~ 11
5. Consolidated Statements of Comprehensive Income	12 ~ 13
6. Consolidated Statements of Changes in Equity	14
7. Consolidated Statements of Cash Flows	15 ~ 16
8. Notes to the Consolidated Financial Statements	17 ~ 72
(1) History and Organization	17
(2) The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation	17
(3) Application of New Standards, Amendments and Interpretations	17 ~ 18
(4) Summary of Significant Accounting Policies	18 ~ 31
(5) Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty	31
(6) Details of Significant Accounts	31 ~ 57

Contents	Page
(7) Related Party Transactions	57 ~ 59
(8) Pledged Assets	59
(9) Significant Commitments and Contingencies	59
(10) Significant Disaster Loss	59
(11) Significant Events after the Balance Sheet Date	59
(12) Others	59 ~ 69
(13) Supplementary Disclosures	70
(14) Segment Information	70 ~ 72

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHANT SINCERE CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of CHANT SINCERE CO., LTD. and subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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 Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Valuation of inventory

Description

Refer to Notes 4(13), 5(2) and 6(5) for a description of accounting policy on inventory valuation, accounting estimates and assumptions in relation to inventory and details of loss allowance account.

The Group is mainly engaged in manufacturing and selling connectors and cable wires. Due to rapid technological innovations and fluctuations in market demand, there is a higher risk of inventory obsolescence. As inventories are stated at the lower of cost and net realisable value, the determination of net realisable value of inventories is subject to subjective judgment and uncertainties. Thus, we considered the valuation of inventory as a key audit matter.

As of December 31, 2023, the amount of inventories and allowance for inventory valuation losses were NT\$195,641 thousand and NT\$32,432 thousand, respectively.

How our audit addressed the matter

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

1. Assessed the reasonableness of provision policies on and procedures of allowance for inventory valuation losses, including understanding the operations and nature of the industry, and the historical information of actual clearance of inventory, to judge the reasonableness and consistency of valuation policies on the inventory valuation losses.
2. Reviewed the stock count plan and observed the annual stock count in order to assess the effectiveness of internal controls over obsolete inventory.
3. Verified management's appropriateness of the systematic logic used in the inventory aging report and confirmed whether the information was consistent with its policies.
4. Verified whether inventory valuation losses were calculated in accordance with its policies, and ascertained the adequacy of the allowance for inventory valuation losses.

Recognition of export sales revenue

Description

Refer to Note 4(29) for accounting policies on sales revenue recognition.

The Group is mainly engaged in manufacturing and selling connectors and cable wires, which were used in consumer PCs, automobile and communication market. The types of sales include domestic sales, export sales and warehouse sales. Revenue from export sales are recognised based on the terms of the contract. As the determination as to when the control of the products has transferred to customers involves management's subjective judgment, this may lead to improper revenue recognition. Thus, we considered the recognition of export sales revenue as a key audit matter.

For the year ended December 31, 2023, the net amount of sales revenue was NT\$1,375,343 thousand.

How our audit addressed the matter

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

1. Obtained an understanding of the effectiveness of internal controls over the timing of revenue recognition.
2. Selected samples of export sales transactions and ascertained the consistency in the timing of export revenue recognition with the terms specified in the contracts.
3. Selected samples of receivable accounts and sent out confirmations to ascertain existence of export sales revenue.
4. Ascertained the reasonableness of revenue recognition timing against supporting documents of revenue from export sales during a certain period before and after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Chant Sincere Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Wei-Hao

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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

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

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,101,081	30	\$ 827,473	26
1110	Financial assets at fair value through profit or loss - current	6(2)	9,444	-	11,492	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	56,318	2	81,821	3
1136	Financial assets at amortised cost - current	6(1)	681,000	19	145,000	5
1150	Notes receivable, net	6(4)	2,160	-	2,578	-
1170	Accounts receivable, net	6(4)	341,498	9	562,874	17
1180	Accounts receivable due from related parties, net	6(4) and 7	344	-	2,615	-
1200	Other receivables		327	-	1	-
130X	Inventories	6(5)	163,209	4	273,816	8
1410	Prepayments		32,054	1	51,875	2
11XX	Total current assets		2,387,435	65	1,959,545	61
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	242,729	7	252,726	8
1550	Investments accounted for under equity method	6(6)	339,795	9	345,143	11
1600	Property, plant and equipment	6(7) and 8	564,043	15	518,584	16
1755	Right-of-use assets	6(8)	59,261	2	69,577	2
1760	Investment property - net	6(9)	47,967	1	47,967	1
1780	Intangible assets	6(10)	3,829	-	5,745	-
1840	Deferred tax assets	6(24)	22,469	1	19,032	1
1900	Other non-current assets		7,494	-	7,188	-
15XX	Total non-current assets		1,287,587	35	1,265,962	39
1XXX	Total assets		\$ 3,675,022	100	\$ 3,225,507	100

(Continued)

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings		\$ 5,000	-	\$ 5,000	-
2150	Notes payable		805	-	1,763	-
2170	Accounts payable		148,593	4	319,864	10
2180	Accounts payable to related parties	7	311	-	741	-
2200	Other payables	6(11)	129,172	4	149,000	5
2230	Current income tax liabilities		50,854	1	70,897	2
2250	Provisions for liabilities - current		14,000	-	14,063	-
2280	Lease liabilities - current		17,287	-	18,558	1
2320	Long-term liabilities, current portion	6(12)	-	-	78,555	2
2399	Other current liabilities		22,461	1	23,998	1
21XX	Total current liabilities		388,483	10	682,439	21
Non-current liabilities						
2530	Convertible bonds payable	6(12)	668,173	18	-	-
2570	Deferred tax liabilities	6(24)	42,614	1	47,310	1
2580	Lease liabilities - non-current		42,089	1	51,127	2
2600	Other non-current liabilities	6(13)	16,314	1	16,966	1
25XX	Total non-current liabilities		769,190	21	115,403	4
2XXX	Total liabilities		1,157,673	31	797,842	25
Equity attributable to owners of parent						
	Share capital	6(14)				
3110	Common stock		822,359	22	797,726	25
	Capital surplus	6(15)				
3200	Capital surplus		479,725	13	398,423	12
	Retained earnings	6(16)				
3310	Legal reserve		393,045	11	351,366	11
3350	Unappropriated retained earnings		770,073	21	844,156	26
	Other equity interest	6(17)				
3400	Other equity interest		41,941	1	25,030	1
31XX	Total equity attributable to owners of the parent		2,507,143	68	2,416,701	75
36XX	Non-controlling interest		10,206	1	10,964	-
3XXX	Total equity		2,517,349	69	2,427,665	75
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		\$ 3,675,022	100	\$ 3,225,507	100

The accompanying notes are an integral part of these consolidated financial statements.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 1,375,343	100	\$ 1,873,163	100
5000	Operating costs	6(5)(22)(23) and 7	(857,731)	(62)	(1,194,979)	(63)
5900	Gross profit from operations		<u>517,612</u>	<u>38</u>	<u>678,184</u>	<u>37</u>
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		(95,751)	(7)	(118,643)	(6)
6200	Administrative expenses		(194,573)	(14)	(187,828)	(10)
6300	Research and development expenses		(52,349)	(4)	(45,823)	(3)
6450	Impairment expected credit (loss) gain	12(2)	<u>1,126</u>	<u>-</u>	<u>(1,085)</u>	<u>-</u>
6000	Total operating expenses		<u>(341,547)</u>	<u>(25)</u>	<u>(353,379)</u>	<u>(19)</u>
6900	Operating profit		<u>176,065</u>	<u>13</u>	<u>324,805</u>	<u>18</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	8,587	1	4,752	-
7010	Other income	6(20)	19,640	1	12,614	1
7020	Other gains and losses	6(21) and 7	10,118	1	39,109	2
7050	Finance costs		(976)	-	(1,716)	-
7060	Share of (loss)/profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	<u>7,323</u>	<u>-</u>	<u>25,613</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>44,692</u>	<u>3</u>	<u>80,372</u>	<u>4</u>
7900	Profit before income tax		220,757	16	405,177	22
7950	Income tax expense	6(24)	(51,341)	(4)	(83,273)	(5)
8200	Profit for the year		<u>\$ 169,416</u>	<u>12</u>	<u>\$ 321,904</u>	<u>17</u>

(Continued)

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		\$ 639	-	\$ 4,208	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	57,375	4	(102,857)	(5)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	62	-	-	-
8349	Income tax related to items that will not be reclassified to profit or loss	6(24)	(128)	-	(842)	-
8310	Other comprehensive (loss) income (net) that will not be reclassified to profit or loss		57,948	4	(99,491)	(5)
	Items that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(17)	(4,700)	-	4,007	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(17)	217	-	(120)	-
8399	Income tax related to items that will be reclassified to profit or loss	6(24)	936	-	(798)	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		(3,547)	-	3,089	-
8300	Other comprehensive (loss) income for the year, net of tax		\$ 54,401	4	(\$ 96,402)	(5)
8500	Total comprehensive income for the year		\$ 223,817	16	\$ 225,502	12
	Profit attributable to:					
8610	Owners of the parent		\$ 170,153	12	\$ 321,972	17
8620	Non-controlling interest		(737)	-	(68)	-
			\$ 169,416	12	\$ 321,904	17
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 224,575	16	\$ 225,552	12
8720	Non-controlling interest		(758)	-	(50)	-
			\$ 223,817	16	\$ 225,502	12
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(25)	\$ 2.10		\$ 4.06	
9850	Diluted earnings per share		\$ 2.07		\$ 3.92	

The accompanying notes are an integral part of these consolidated financial statements.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent														

The accompanying notes are an integral part of these consolidated financial statements.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 220,757	\$ 405,177
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit or loss	6(21)	(7,978)	(2,039)
Expected credit impairment loss	12(2)	(1,126)	1,085
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(7,323)	(25,613)
Losses on disposals of investments	6(21)	-	2,275
Losses on disposals of property, plant and equipment	6(21)	(34)	-
Depreciation charges on property, plant and equipment (including right-of-use assets)	6(22)	57,007	38,944
Amortisation	6(22)	3,571	3,150
Interest income	6(19)	(8,587)	(4,752)
Interest expense		976	1,716
Dividend income	6(20)	(19,554)	(12,614)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss, net		10,023	(7,790)
Notes receivable, net		418	(497)
Accounts receivable		222,502	(55,699)
Accounts receivable due from related parties, net		2,271	(964)
Other receivables	(	326)	55
Inventories		110,607	(87,660)
Prepayments		19,821	(12,039)
Changes in operating liabilities			
Notes payable	(	958)	510
Accounts payable	(	171,271)	53,554
Accounts payable to related parties	(	430)	(29,177)
Other payables	(	23,177)	19,011
Provisions for liabilities - current	(	63)	5,560
Other current liabilities	(	1,537)	(2,129)
Other non-current liabilities	(	89)	(1,817)
Cash inflow generated from operations		405,500	288,247
Interest received		8,587	4,752
Interest paid	(	511)	(724)
Payment of income tax	(	80,509)	(48,067)
Income taxes refund		1,833	247
Dividends received		32,649	27,496
Net cash flows from operating activities		367,549	271,951

(Continued)

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 69,150)	(\$ 154,976)
Proceeds from disposal of financial assets at fair value through other comprehensive income		161,754	64,096
Financial assets at fair value through other comprehensive income -capital returned due to capital reduction		271	-
Increase in financial assets at amortised cost		(536,000)	(31,936)
Acquisition of investments accounted for using equity method		-	(40,766)
Disposal of investment proceeds using the equity method		-	18,042
Purchase of property, plant and equipment	6(26)	(81,613)	(102,325)
Proceeds from disposal of property, plant and equipment		1,073	-
Increase in intangible assets	6(10)	(1,660)	(5,849)
Increase in refundable deposits		(4,201)	(2,431)
Decrease in refundable deposits		3,855	454
Net cash flows (used in) from investing activities		(525,671)	(255,691)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		-	5,000
Payments of lease liabilities	6(8)	(19,520)	(13,206)
Increase in guarantee deposits		15	-
Decrease in guarantee deposits		-	(133)
Issuance of corporate bonds	6(12)	695,000	-
Cash dividends paid	6(16)	(240,068)	(158,712)
Change in non-controlling interests		-	(12,921)
Net cash flows used in financing activities		435,427	(179,972)
Effects due to changes in exchange rate		(3,697)	3,245
Net decrease in cash and cash equivalents		273,608	(160,467)
Cash and cash equivalents at beginning of year		827,473	987,940
Cash and cash equivalents at end of year		\$ 1,101,081	\$ 827,473

The accompanying notes are an integral part of these consolidated financial statements.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1 History and Organization

Chant Sincere Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in April 1986. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacturing, processing and sales of electronic components. The Company has been a listed company in the Taipei Exchange since December 20, 2002, and the Company’s stocks were transferred to be listed in the Taiwan Stock Exchange since January 21, 2008.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 27, 2024.

3 Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

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

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

4 Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
The Company	COXOC ELECTRONICS CO., LTD.	Sales of electronic components	-	100%	Note 2
The Company	A&H INTERNATIONAL CO., LTD.	Sales of electronic components	100%	100%	
The Company	AXMoo Investment Corp.	General investments	100%	100%	
The Company	David Electronics Co., Ltd.	Manufacturing, processing and sales of electronic components	86.89%	86.89%	
The Company	CHANT SINCERE TECHNOLOGY CO., LTD.	General investments	100%	100%	
The Company	Quan Jie Technology Co., Ltd.	Manufacturing, processing and sales of electronic components	-	-	Note 1
CHANT SINCERE TECHNOLOGY CO., LTD.	KUNSHAN CHANT SINCERE ELECTRONICS LTD.	Sales of electronic components	100%	100%	
David Electronics Co., Ltd.	DAVID ELECTRONICS COMPANY (BVI) LTD.	Manufacturing, processing and sales of electronic components	100%	100%	
DAVID ELECTRONICS COMPANY (BVI) LTD.	Zhuhai David Electronics Co., Ltd.	Manufacturing and sales of electronic components	100%	100%	
A&H INTERNATIONAL CO., LTD.	DONGGUAN QUANRONG ELECTRONICS CO., LTD.	Manufacturing, processing and sales of electronic components	100%	100%	

Note 1: Quan Jie Technology Co., Ltd. has completed its liquidation in December 2022.

Note 2: COXOC ELECTRONICS Co., Ltd. has completed its liquidation in January 2024.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

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

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value, The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

At each reporting date, the Group recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on actual operating capacity, and there is little difference between the actual operating capacity and the normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the

associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	12~55 years
Machinery and equipment	2~10 years
Mold equipment	2~5 years
Transportation equipment	2~8 years
Other equipment	3~5 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
- Lease payments are comprised of fixed payments, less any lease incentives receivable.
- The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.

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

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(18) Intangible assets

A. Patent and Premium are stated initially at cost and are amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Software is stated initially at cost and is amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

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

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible bonds payable

Convertible bonds or issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.

- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Provisions

Provisions (contingent liabilities from warranty provision.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries

and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance. Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.

(29) Revenue recognition

The Group is primarily engaged in the manufacturing and sales of connectors and cable wires. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted

the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$163,209.

6 Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,449	\$ 1,891
Checking accounts and demand deposits	850,309	376,095
Time deposits	<u>249,323</u>	<u>449,487</u>
Total	<u>\$ 1,101,081</u>	<u>\$ 827,473</u>

- A. The Group transacts with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.
- B. The Group has no cash and cash equivalents pledged to others.
- C. On December 31, 2023 and 2022, the Company had time deposits with maturity over three months shown as “current financial assets at amortised cost” in the amounts of \$681,000 and \$145,000, respectively. For the years ended December 31, 2023 and 2022, the Company recognised interest income from financial assets at amortised cost in the amounts of \$2,031 and \$745, respectively.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2). The counterparties of the Company's investment certificates of deposit are financial institutions with good credit quality, so it expects that the probability of counterparty default is remote.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets held for trading		
Listed stocks	\$ 4,308	\$ 1,116
Derivatives instruments - issuance of redemption of convertible bonds	-	118
Hybrid instruments - convertible bonds	4,410	9,922
Valuation adjustment	726	336
Total	<u>\$ 9,444</u>	<u>\$ 11,492</u>

- A. The Group recognised net profit loss amounting to gain of \$7,978 and gain of \$2,039 on financial assets held for trading for the years ended December 31, 2023 and 2022, respectively.
- B. The Group has no financial assets at fair value through profit or loss pledged to others.
- C. Information relating to credit risk is provided in Note 12(2).

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Equity instruments		
Listed stocks	\$ 37,164	\$ 85,887
Beneficiary certificates	10,037	-
Valuation adjustment	9,117	(4,066)
	<u>\$ 56,318</u>	<u>\$ 81,821</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 169,404	\$ 188,555
Unlisted stocks	22,672	20,772
Valuation adjustment	50,653	43,399
	<u>\$ 242,729</u>	<u>\$ 252,726</u>

- A. The Group has elected to classify investments in ATTEND TECHNOLOGY INC. and Guangdong Quanjie Technology Co., Ltd. and Quan Jie Technology Co., Ltd. that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$34,141 and \$37,068 as at December 31, 2023 and 2022, respectively.
- B. On January 5, 2022, the Group increased its shareholding ratio in GRAND-TEK TECHNOLOGY CO., LTD. As the Group's shareholding ratio has reached 20%, the Group has significant influence over GRAND-TEK TECHNOLOGY CO., LTD. Accordingly, the investment was transferred to investments accounted for using equity method from the acquisition date. Refer to Note 6(6).
- C. For the years ended December 31, 2023 and 2022, the Group sold investments in equity instruments measured at fair value through other comprehensive income at fair value amounting to \$36,938 and \$91,451, respectively, resulting in cumulative gains (losses) on disposal which were derecognised and transferred to retained earnings. The Group had unrealised (loss) gain on equity instruments at fair value through other comprehensive income due to changes in fair value in the amounts of \$57,375 and (\$102,857), respectively.
- D. Amounts recognised in profit or loss in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Dividend income recognised in profit or loss held at end of year	\$ 11,915	\$ 11,548
Derecognised during the year	<u>7,639</u>	<u>1,066</u>
	<u>\$ 19,554</u>	<u>\$ 12,614</u>

- E. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 2,160</u>	<u>\$ 2,578</u>
Accounts receivable	\$ 342,909	\$ 565,411
Accounts receivable due from related parties	344	2,615
Less: Allowance for uncollectible accounts	<u>(1,411)</u>	<u>(2,537)</u>
	<u>\$ 341,842</u>	<u>\$ 565,489</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 339,067	\$ 2,160	\$ 559,972	\$ 2,578
Up to 30 days	2,364	-	1,466	-
31 to 90 days	128	-	3,579	-
91 to 180 days	18	-	492	-
Over 180 days	1,406	-	2,517	-
	<u>\$ 343,253</u>	<u>\$ 2,160</u>	<u>\$ 568,026</u>	<u>\$ 2,578</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$513,444.

C. The Group has no notes and accounts receivable pledged to others.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$2,160 and \$2,578, and accounts receivable was \$341,842 and \$565,489, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 59,525	(\$ 13,123)	\$ 46,402
Work in progress	28,906	(3,237)	25,669
Finished goods	107,210	(16,072)	91,138
Total	<u>\$ 195,641</u>	<u>(\$ 32,432)</u>	<u>\$ 163,209</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 66,227	(\$ 10,387)	\$ 55,840
Work in progress	53,930	(1,307)	52,623
Finished goods	179,532	(14,179)	165,353
Total	<u>\$ 299,689</u>	<u>(\$ 25,873)</u>	<u>\$ 273,816</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 832,852	\$ 1,147,918
Loss from reversal of decline in market value	13,783	20,530
Others	11,096	26,531
	<u>\$ 857,731</u>	<u>\$ 1,194,979</u>

(6) Investments accounted for using equity method

	2023	2022
At January 1	\$ 345,143	\$ 36,784
Addition of investments accounted for using equity method	-	333,302
Disposal of investments accounted for using equity method	- (	36,822)
Earnings distribution of investments accounted for using equity method	(13,095)	(14,882)
Share of profit or loss of investments accounted for using equity method	7,323	25,613
Changes in retained earnings	62	40
Changes in capital surplus	90	74
Changes in other equity items	272	1,034
At December 31	<u>\$ 339,795</u>	<u>\$ 345,143</u>

Associates:

Company name	Year ended December 31	
	2023	2022
GRAND-TEK TECHNOLOGY CO., LTD.	<u>\$ 339,795</u>	<u>\$ 345,143</u>

Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
GRAND-TEK TECHNOLOGY CO., LTD.	Taiwan	23.15%	23.15%	Strategic Investment	Equity method

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

Balance sheet

	<u>GRAND-TEK TECHNOLOGY CO., LTD.</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 470,504	\$ 650,557
Non-current assets	477,464	489,861
Current liabilities	(196,122)	(344,150)
Non-current liabilities	(146,524)	(170,078)
Total net assets	<u>\$ 605,322</u>	<u>\$ 626,190</u>
Share in associate's net assets	\$ 140,132	\$ 144,963
Goodwill	199,233	199,233
Others	430	947
Carrying amount of the associate	<u>\$ 339,795</u>	<u>\$ 345,143</u>

	<u>GRAND-TEK TECHNOLOGY CO., LTD.</u>	
	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Revenue	\$ 807,620	\$ 1,130,523
Profit for the year from continuing operations	35,005	123,044
Other comprehensive income, net of tax	299	3,664
Total comprehensive income	<u>\$ 35,304</u>	<u>\$ 126,708</u>
Dividends received from associates	<u>\$ 13,095</u>	<u>\$ 14,882</u>

(c) The Group's material associate, GRAND-TEK TECHNOLOGY CO., LTD., has quoted market prices. As of December 31, 2023 and 2022, the fair value was \$324,733 and \$316,563, respectively.

(d) The Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Profit or loss for the year from continuing operations	\$ -	(\$ 2,054)
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ -</u>	<u>(\$ 2,054)</u>

- (e) The aforementioned investments accounted for using equity method are all evaluated based on each associate's audited financial statements for the corresponding period. The Group's share of profit or loss of associates and joint ventures accounted for using equity method for the years ended December 31, 2023 and 2022 was \$7,323 and \$25,613, respectively.
- (f) In the first quarter of 2022, the Group sold some of its shares in Guangdong Quanjie Technology Co., Ltd. and lost significant influence as the Group's shareholding ratio decreased to 19%. The carrying amount, which was transferred to investments accounted for using equity method on the date of disposal, was remeasured at its fair value and recognised as financial assets at fair value through other comprehensive income, and the difference was recognised as loss on disposal of investment in the amount of \$2,241.

(7) Property, plant and equipment

	2023							
	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and equipment</u>	<u>Moulding equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
At January 1								
Cost	\$ 268,589	\$ 118,082	\$ 90,132	\$ 58,597	\$ 1,394	\$ 10,048	\$ 56,309	\$ 603,151
Accumulated depreciation and impairment	<u>-</u>	<u>(31,281)</u>	<u>(32,495)</u>	<u>(13,679)</u>	<u>(816)</u>	<u>(6,296)</u>	<u>-</u>	<u>(84,567)</u>
	<u>\$ 268,589</u>	<u>\$ 86,801</u>	<u>\$ 57,637</u>	<u>\$ 44,918</u>	<u>\$ 578</u>	<u>\$ 3,752</u>	<u>\$ 56,309</u>	<u>\$ 518,584</u>
Opening net book amount as at January 1	\$ 268,589	\$ 86,801	\$ 57,637	\$ 44,918	\$ 578	\$ 3,752	\$ 56,309	\$ 518,584
Additions	14,624	7,365	6,960	5,500	-	9,668	40,845	84,962
Disposals	-	-	-	-	-	(1,039)	-	(1,039)
Transfers	-	-	19,883	8,917	-	-	(28,800)	-
Depreciation charge	-	(4,082)	(18,210)	(12,411)	(267)	(2,510)	-	(37,480)
Net exchange differences	<u>-</u>	<u>-</u>	<u>(558)</u>	<u>(105)</u>	<u>-</u>	<u>(136)</u>	<u>(185)</u>	<u>(984)</u>
Closing net book amount as at December 31	<u>\$ 283,213</u>	<u>\$ 90,084</u>	<u>\$ 65,712</u>	<u>\$ 46,819</u>	<u>\$ 311</u>	<u>\$ 9,735</u>	<u>\$ 68,169</u>	<u>\$ 564,043</u>
At December 31								
Cost	\$ 283,213	\$ 125,446	\$ 106,251	\$ 72,006	\$ 1,383	\$ 14,818	\$ 68,169	\$ 671,286
Accumulated depreciation and impairment	<u>-</u>	<u>(35,362)</u>	<u>(40,539)</u>	<u>(25,187)</u>	<u>(1,072)</u>	<u>(5,083)</u>	<u>-</u>	<u>(107,243)</u>
	<u>\$ 283,213</u>	<u>\$ 90,084</u>	<u>\$ 65,712</u>	<u>\$ 46,819</u>	<u>\$ 311</u>	<u>\$ 9,735</u>	<u>\$ 68,169</u>	<u>\$ 564,043</u>

	2022							
	Land	Buildings and Structures	Machinery and equipment	Moulding equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	\$ 238,491	\$ 96,677	\$ 63,649	\$ 16,405	\$ 586	\$ 9,263	\$ 88,268	\$ 513,339
Accumulated depreciation and impairment	-	(28,016)	(25,482)	(10,291)	(586)	(5,536)	-	(69,911)
	<u>\$ 238,491</u>	<u>\$ 68,661</u>	<u>\$ 38,167</u>	<u>\$ 6,114</u>	<u>\$ -</u>	<u>\$ 3,727</u>	<u>\$ 88,268</u>	<u>\$ 443,428</u>
Opening net book amount as at January 1	\$ 238,491	\$ 68,661	\$ 38,167	\$ 6,114	\$ -	\$ 3,727	\$ 88,268	\$ 443,428
Additions	30,098	21,405	6,239	1,490	800	2,064	38,878	100,974
Transfers	-	-	26,293	44,628	-	-	(70,921)	-
Depreciation charge	-	(3,265)	(13,390)	(7,295)	(222)	(2,051)	-	(26,223)
Net exchange differences	-	-	328	(19)	-	12	84	405
Closing net book amount as at December 31	<u>\$ 268,589</u>	<u>\$ 86,801</u>	<u>\$ 57,637</u>	<u>\$ 44,918</u>	<u>\$ 578</u>	<u>\$ 3,752</u>	<u>\$ 56,309</u>	<u>\$ 518,584</u>
At December 31								
Cost	\$ 268,589	\$ 118,082	\$ 90,132	\$ 58,597	\$ 1,394	\$ 10,048	\$ 56,309	\$ 603,151
Accumulated depreciation and impairment	-	(31,281)	(32,495)	(13,679)	(816)	(6,296)	-	(84,567)
	<u>\$ 268,589</u>	<u>\$ 86,801</u>	<u>\$ 57,637</u>	<u>\$ 44,918</u>	<u>\$ 578</u>	<u>\$ 3,752</u>	<u>\$ 56,309</u>	<u>\$ 518,584</u>

- A. For the years ended December 31, 2023 and 2022, there were no borrowing costs capitalised as part of property, plant and equipment.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. The significant components of buildings and structures include main plants and hydropower engineering, which are depreciated over 12~55 and 8 years, respectively.

(8) Leasing arrangements — lessee

A. The Group leases various assets including buildings, business vehicles. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31 2023	December 31 2022
	Book Value	Book Value
Buildings	\$ 54,196	\$ 62,642
Transportation equipment (Business vehicles)	5,065	6,935
	<u>\$ 59,261</u>	<u>\$ 69,577</u>
	Year ended December 31	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings	\$ 15,865	\$ 10,992
Transportation equipment (Business vehicles)	3,662	1,729
	<u>\$ 19,527</u>	<u>\$ 12,721</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$9,211 and \$66,647, respectively.

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

	Year ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 363	\$ 659
Expense on short-term lease contracts	5,032	3,231
Expense on leases of low-value assets	160	122

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$25,075 and \$17,218, respectively.

(9) Investment property

	2023	2022
	Land	Land
At December 31 (at January 1)		
Cost	<u>\$ 47,967</u>	<u>\$ 47,967</u>

The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$57,013 and \$52,665, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy.

(10) Intangible assets

	<u>2023</u>	<u>2023</u>
	<u>Software</u>	<u>Software</u>
At January 1	-	
Cost	\$ 29,759	\$ 23,918
Accumulated amortization and impairment	(24,014)	(20,860)
	<u>\$ 5,745</u>	<u>\$ 3,058</u>
Opening net book amount as at January 1	\$ 5,745	\$ 3,058
Additions	1,660	5,849
Amortisation charge	(3,571)	(3,150)
Net exchange differences	(5)	(12)
Closing net book amount as at December 31	<u>\$ 3,829</u>	<u>\$ 5,745</u>
At December 31		
Cost	\$ 31,276	\$ 29,759
Accumulated amortisation and impairment	(27,447)	(24,014)
	<u>\$ 3,829</u>	<u>\$ 5,745</u>

A. Details of amortisation on intangible assets are as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Administrative expenses	\$ 1,705	\$ 1,959
Research and development expenses	<u>1,866</u>	<u>1,191</u>
	<u>\$ 3,571</u>	<u>\$ 3,150</u>

B. The Group has no intangible assets pledged to others.

(11) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 58,290	\$ 62,071
Processing fees payable	8,907	19,698
Employees' compensation and directors' and supervisors' remuneration payable	14,828	26,954
Payables on machinery and equipment	9,899	6,550
Accrued commission	13,990	7,369
Other accrued expenses	<u>23,258</u>	<u>26,358</u>
	<u>\$ 129,172</u>	<u>\$ 149,000</u>

(12) Convertible bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	\$ 736,700	\$ 79,292
Less: Discount on bonds payable	(68,527)	(737)
Current portion	–	(78,555)
	<u>\$ 668,173</u>	<u>\$ –</u>

A. Issuance of domestic convertible bonds by the Company

The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

- A. The Company issued \$350,000, 0%, third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (November 4, 2020 ~ November 4, 2023) and will be redeemed in cash at face value at the maturity date. The Company will repay in one lump sum at 100.7519% of the convertible bonds' face value at the maturity date. The bonds were listed on the Taipei Exchange on November 4, 2020.
- B. Starting from the next date of three months after the issuance of the convertible bonds, until the maturity date, excluding (1) the book closure period of common stock in accordance with laws; (2) fifteen business days before the book closure date for issuance of bonus shares, book closure date for cash dividends, book closure date for rights issue, until the record date; (3) capital reduction record date to the date before the first day of trading of the Company's stock after capital reduction; (4) the first date the Company changed the par value of the stock to the day before the first day of trading of the Company's stock when the stockholder acquires new stocks, the bondholders can request for the conversion of the convertible bonds into the Company's common stocks through the securities firm by notifying the Taiwan Depository Clearing Corporation (TDCC) at any time in accordance with the regulations.
- C. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
- D. From the next date of three months after the issuance of the convertible bonds to 40 days before the maturity date, if the Company's closing price of common share exceeded 30% of the current conversion price for 30 consecutive business days, or the balance of outstanding convertible bonds is lower than 10% of the initial total issuance amount, within the subsequent 30 business days or any time, the Company can send a registered mail of "redemption notice of bonds" with an expiry period of 30 days, and request the Taipei Exchange to issue an announcement regarding the redemption notice. Additionally, within 5 days after the effective date of bonds redemption, the Company could redeem by cash at face value or call back the outstanding convertible bonds.

- E. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
 - F. As of December 31, 2023, the bonds totaling \$350,000 had been fully converted into 10,397 thousand shares of common stock.
- B. Issuance of domestic convertible bonds through the private placement by the Company
- The issuance conditions for the Company's first private placement domestic unsecured convertible corporate bond in 2023 are as follows
- A. The Company issued the first domestic private placement unsecured convertible corporate bond, with a total issuance amount of \$695,000 and a coupon rate of 1.5%. The interest is calculated twice for each full year of issuance. The term is 4 years, and the circulation period is from December 29, 2023 to December 29, 2027. At maturity, this convertible corporate bond will be repaid in cash at the face value of the bond, with any outstanding interest payable added.
 - B. Bondholders may request the Company to convert this private placement convertible corporate bond into the Company's ordinary shares in accordance with the Measures at any time from the day after the issuance of the bond for three years till ten days before the maturity date, except during the period of transfer suspension in accordance with the law, and 15 business days before the book-close date of the Company's free share allotment, the book-close date of cash dividends, and the book-close date of capital increase in cash, until the date of distribution of rights, and from the ex-date of capital reduction to the day before the trading of the shares after capital reduction.
 - C. The conversion price of this private-placement convertible corporate bond is determined in accordance with the pricing model stipulated in the conversion regulations. The conversion price will be adjusted in accordance with the pricing model stipulated in the conversion measures in the event of an increase in the issued (or private placement) ordinary shares, the distribution of cash dividends in ordinary shares, the reissuance or private placement of securities with ordinary share conversion rights or stock options at a price lower than the current price per share, or a decrease in ordinary shares not caused by the cancellation of treasury shares. The conversion price at the initial issuance is set at \$54.4.
 - D. According to the conversion measures, all private placement convertible corporate bonds recovered, repaid or converted by the Company will be cancelled, and all rights and obligations attached to the corporate bonds will also be extinguished and no longer issued.
 - E. Holders who hold convertible corporate bonds and convert them into ordinary shares of the Company shall not transfer them again within three years from the delivery date of the private placement convertible corporate bonds in accordance with laws and regulations. After conversion, the Company shall apply to the securities exchange for a consent letter of meeting the listing standards, and declare to the competent authority for a supplementary public offering before having the shares listed for trading.

(13) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 4.7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

Effective from 2013, the Company has a funded defined benefit pension plan in accordance with the "Regulations on Pensions of Managers", covering all managers appointed by the Company. For hired managers who meet the regulation of retirement or post-employment, under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations (\$	31,344)	(\$ 31,367)
Fair value of plan assets	<u>18,548</u>	<u>17,971</u>
Net defined benefit liability	<u>(\$ 12,796)</u>	<u>(\$ 13,396)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
At January 1	(\$ 31,367)	\$ 17,971	(\$ 13,396)
Current service cost	(32)	-	(32)
Interest (expense) income	(407)	232	(175)
	(31,806)	18,203	(13,603)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	-	-
Change in demographic assumptions	-	-	-
Change in financial assumptions	(208)	-	(208)
Experience adjustments	670	49	719
	462	49	511
Pension fund contribution	-	296	296
Paid pension	-	-	-
At December 31	(\$ 31,344)	\$ 18,548	(\$ 12,796)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	(\$ 33,512)	\$ 14,933	(\$ 18,579)
Current service cost	(104)	-	(104)
Interest (expense) income	(201)	90	(111)
	(33,817)	15,023	(18,794)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	916	916
Change in demographic assumptions	-	-	-
Change in financial assumptions	1,705	-	1,705
Experience adjustments	745	-	745
	2,450	916	3,366
Pension fund contribution	-	2,032	2,032
Paid pension	-	-	-
At December 31	(\$ 31,367)	\$ 17,971	(\$ 13,396)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 516)	\$ 532	\$ 444	(\$ 434)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 574)	\$ 592	\$ 503	(\$ 491)

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

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

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$296.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	4,223
1-2 years		4,602
2-5 years		8,543
6-10 years		<u>6,578</u>
	\$	<u>23,946</u>

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$6,230 and \$5,899, respectively.

(b) The Company’s consolidated mainland China subsidiaries, Kunshan Chant Sincere Electronics Ltd., Dongguan Quanrong Electronics Co., Ltd. and Zhuhai David Electronics Company Limited, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022 was 13%~20%, respectively. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$5,061 and \$4,720, respectively.

(14) Share capital

A. As of December 31, 2023, the Company had authorised capital in the amount of \$1,000,000 (\$38,500 was reserved for the issuance of the conversion of employee stock options), and the paid-in capital was \$822,359 with a par value of \$10 (in dollars) per share. The Company had collected all the proceeds of issued shares.

Movements in the number of the Company's ordinary shares outstanding (in thousands of shares) are as follows:

	<u>2023</u>	<u>2022</u>
At January 1	79,773	78,546
Conversion of bonds	<u>2,463</u>	<u>1,227</u>
At December 31	<u><u>82,236</u></u>	<u><u>79,773</u></u>

- B. On June 14, 2023, the shareholders' meeting of the Company passed a resolution to increase its capital in cash through private placement to respond to the Company's future development, reinvestment, or operational turnover needs, in order to strengthen its competitiveness, and the maximum number of private placement shares is 17,000 thousand. This private placement plan was decided not to be carried out by an extraordinary shareholders meeting on December 1, 2023.
- C. On December 1, 2023, the extraordinary shareholders' meeting of the Company passed a resolution that in order to meet the needs of the Company's future development, reinvestment or operational turnover, the Company will issue private-placement shares not exceeding 17,000 thousand shares. The private-placement ordinary shares can be issued alone or in conjunction with other methods, or domestic convertible corporate bonds can be used through private placement. issuance of private placement domestic convertible corporate bonds in Note 6(12).

(15) Capital surplus

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

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Additionally, the Company authorised the Board of Directors to resolve with the attendance of two-thirds of directors and the agreement of over half of directors. The distributable dividends and bonus or all or some of legal reserve and capital surplus as regulated in the Company Act could be distributed in the form of cash, and the distribution should be reported to the shareholders.
- B. The Company's dividends distribution policies were as follows: as the Company was in growth stage, dividends distribution policies should necessarily base on the current and future investment environment, capital requirement, competition in domestic and foreign countries,

capital budget and other factors and focus on securing shareholders' interest, balancing dividends and the Company's long-term financial plan. Distributions should be proposed by the Board of Directors in accordance with laws, and reported to the shareholders. For the distribution of shareholders' dividends, the cash dividends presented 20%~100% of total dividends, and the stock dividends presented 0%~80% of total dividends.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The Company recognised dividends distributed to owners amounting to \$240,068 (\$3 (in dollars) per share) and \$158,712 (\$2 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On February 27, 2024, the Board of Directors proposed for the distribution of dividends from the 2023 earnings in the amount of \$123,354 at \$1.5 (in dollars) per share.

(17) Other equity items

2023			
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 39,727	(\$ 14,697)	\$ 25,030
Valuation adjustment	57,375	–	57,375
Cumulative gains reclassified to retained earnings due to derecognition	(36,938)	–	(36,938)
Currency translation differences:			
–Group	–	(4,462)	(4,462)
–Tax on Group	–	936	936
At December 31	<u>\$ 60,164</u>	<u>(\$ 18,223)</u>	<u>\$ 41,941</u>

2022			
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 234,035	(\$ 17,768)	\$ 216,267
Valuation adjustment	(102,857)	–	(102,857)
Cumulative gains reclassified to retained earnings due to derecognition	(91,451)	–	(91,451)
Currency translation differences:			
–Group	–	3,869	3,869
–Tax on Group	–	(798)	(798)
At December 31	<u>\$ 39,727</u>	<u>(\$ 14,697)</u>	<u>\$ 25,030</u>

(18) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$ 1,375,343</u>	<u>\$ 1,873,163</u>

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

		Year ended December 31, 2023						
		Chant Sincere Co., Ltd.			David Electronics Co., Ltd.			Total
		Electronic connector	Cable wire	Others	Electronic connector	Cable wire	Others	
Revenue from external customer contracts		\$ 583,082	\$ 697,447	\$ 20,943	\$ 12,950	\$ 57,216	\$ 3,705	\$ 1,375,343
Timing of revenue at a point in time		\$ 583,082	\$ 697,447	\$ 20,943	\$ 12,950	\$ 57,216	\$ 3,705	\$ 1,375,343
		Year ended December 31, 2022						
		Chant Sincere Co., Ltd.			David Electronics Co., Ltd.			Total
		Electronic connector	Cable wire	Others	Electronic connector	Cable wire	Others	
Revenue from external customer contracts		\$ 876,643	\$ 892,247	\$ 23,453	\$ 14,080	\$ 61,946	\$ 4,794	\$ 1,873,163
Timing of revenue at a point in time		\$ 876,643	\$ 892,247	\$ 23,453	\$ 14,080	\$ 61,946	\$ 4,794	\$ 1,873,163

(19) Interest income

		Year ended December 31	
		2023	2022
Bank deposits	\$	8,587	4,752

(20) Other income

		Year ended December 31	
		2023	2022
Rent income	\$	86	–
Dividend income		19,554	12,614
	\$	19,640	12,614

(21) Other gains and losses

	Year ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 34	\$ -
Net currency exchange gains	1,674	34,488
Net gains on financial assets at fair through profit or loss	7,978	2,039
(Losses) gains on disposal of investments	-	(2,275)
Other gains	432	4,857
	<u>\$ 10,118</u>	<u>\$ 39,109</u>

(22) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	\$ 269,347	\$ 284,743
Depreciation charges	\$ 57,007	\$ 38,944
Amortisation charges on intangible assets	\$ 3,571	\$ 3,150

(23) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 230,400	\$ 249,322
Labour and health insurance fees	16,387	14,647
Pension costs	11,498	10,834
Other personnel expenses	11,062	9,940
	<u>\$ 269,347</u>	<u>\$ 284,743</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$11,663 and \$21,392, respectively; while directors' remuneration was accrued at \$3,032 and \$5,562, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$11,663 and \$3,032, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Information about employees' compensation and directors' remuneration of the Company as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 53,333	\$ 83,704
Tax on undistributed surplus earnings	6,752	238
Difference between prior year's income tax estimation and assessed results	(1,419)	(662)
Total current tax	<u>58,666</u>	<u>83,280</u>
Deferred tax:		
Origination and reversal of temporary differences	(7,325)	(7)
Total deferred tax	<u>(7,325)</u>	<u>(7)</u>
Income tax expense	<u>\$ 51,341</u>	<u>\$ 83,273</u>

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	\$ 128	\$ 842
Currency translation differences	(936)	798
	<u>(\$ 808)</u>	<u>\$ 1,640</u>

(c) The income tax charged/(credited) to equity during the period: None.

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 50,572	\$ 92,289
Effects from items adjusted in accordance with tax regulation	(5,688)	(9,375)
Change in assessment of realisation of deferred tax assets	1,124	783
Difference between prior year's income tax estimation and assessed results	(1,419)	(662)
Tax on undistributed earnings	<u>6,752</u>	<u>238</u>
Income tax expense	<u>\$ 51,341</u>	<u>\$ 83,273</u>

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

2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Currency translation differences	\$ 4,066	\$ -	\$ 936	\$ 5,002
Loss on inventory	2,152	1,028	-	3,180
Pension	2,767	(18)	(128)	2,621
Others	<u>10,047</u>	<u>1,619</u>	<u>-</u>	<u>11,666</u>
	<u>19,032</u>	<u>2,629</u>	<u>808</u>	<u>22,469</u>
Deferred tax liabilities:				
-Temporary differences:				
Gains on investment	(41,117)	2,992	-	(38,125)
Others	<u>(6,193)</u>	<u>1,704</u>	<u>-</u>	<u>(4,489)</u>
	<u>(47,310)</u>	<u>4,696</u>	<u>-</u>	<u>(42,614)</u>
	<u>(\$ 28,278)</u>	<u>\$ 7,325</u>	<u>\$ 808</u>	<u>(\$ 20,145)</u>
2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Currency translation differences	\$ 4,864	\$ -	(\$ 798)	\$ 4,066
Loss on inventory	607	1,545	-	2,152
Pension	4,646	(1,037)	(842)	2,767
Others	<u>8,462</u>	<u>1,585</u>	<u>-</u>	<u>10,047</u>
	<u>18,579</u>	<u>2,093</u>	<u>(1,640)</u>	<u>19,032</u>
Deferred tax liabilities:				
-Temporary differences:				
Gains on investment	(38,449)	(2,668)	-	(41,117)
Others	<u>(6,775)</u>	<u>582</u>	<u>-</u>	<u>(6,193)</u>
	<u>(45,224)</u>	<u>(2,086)</u>	<u>-</u>	<u>(47,310)</u>
	<u>(\$ 26,645)</u>	<u>\$ 7</u>	<u>(\$ 1,640)</u>	<u>(\$ 28,278)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 170,153	80,886	\$ <u>2.10</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	214	
Convertible bonds	<u>387</u>	<u>1,304</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 170,540</u>	<u>82,404</u>	<u>\$ 2.07</u>
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 321,972	79,399	\$ <u>4.06</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	349	
Convertible bonds	<u>905</u>	<u>2,704</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 322,877</u>	<u>82,452</u>	<u>\$ 3.92</u>

(26) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 84,962	\$ 100,974
Add: Opening balance of payable on equipment	6,550	7,901
Less: Ending balance of payable on equipment	(9,899)	(6,550)
Cash paid during the year	<u>\$ 81,613</u>	<u>\$ 102,325</u>

7 Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
DON CONNEX ELECTRONICS CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
QUAN HUNG CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
CHUAN WEI WIRE & CABLE CO., LTD.	This company's chairman and the Company's chairman were within the second degree of relationship
JOINT INTERESTS CO., LTD.	Other related party
ATTEND TECHNOLOGY INC.	Other related party
ZHENG ZONG YUAN	Other related party
Guangdong Quanjie Technology Co., Ltd.	Associate (Note 1)
GRAND-TEK TECHNOLOGY CO., LTD.	Associate (Note 2)
Directors, supervisors, general manager and vice presidents, etc.	Key management personnel of the Company

Note 1: On February 15, 2022, the Company sold some of the shares held and lost significant influence.

As the Company's shareholding ratio decreased to 19%, the entity was not anymore considered a related party since that date.

Note 2: On January 5, 2022, the Company's shareholding ratio increased to 20%. As the Company has significant influence over the entity, it became an associate since that date.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2023	2022
Sales of goods:		
Associates	\$ -	\$ 31
Other related parties	<u>3,132</u>	<u>6,489</u>
Total	<u>\$ 3,132</u>	<u>\$ 6,520</u>

The aforementioned sales were executed based on general prices and conditions, and were collected within 90 days after monthly billings.

B. Purchases:

	Year ended December 31	
	2023	2022
Purchases of goods:		
Guangdong Quanjie Technology Co., Ltd.	\$ -	\$ 16,347
Associates	128	76
Other related parties	1,465	2,515
Total	<u>\$ 1,593</u>	<u>\$ 18,938</u>

The aforementioned purchases were executed based on general prices and conditions, and were paid within 60 days after monthly billings.

C. Processing fee:

	Year ended December 31	
	2023	2022
Guangdong Quanjie Technology Co., Ltd.	<u>\$ -</u>	<u>\$ 409</u>

D. Operating expenses

	Year ended December 31	
	2023	2022
Associates	\$ 22	\$ 13
Other related parties	13	-
Total	<u>\$ 35</u>	<u>\$ 13</u>

E. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Associates	\$ -	\$ 11
Other related parties	344	2,604
Total	<u>\$ 344</u>	<u>\$ 2,615</u>

F. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable:		
Associates	\$ -	\$ -
Other related parties	311	741
Total	<u>\$ 311</u>	<u>\$ 741</u>

G. Property transactions:

Disposal of financial assets:

	Accounts	No. of shares	Year ended December 31, 2022		
			Objects	Proceeds	Loss
ZHENG ZONG YUAN	Investments accounted for using equity method	21%	Guangdong Quanjie Technology Co., Ltd.	\$ 17,141	\$ 2,241

Year ended December 31, 2023: No such transaction.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	\$ 26,044	\$ 29,610
Post-employment benefits	669	725
Total	\$ 26,713	\$ 30,335

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment			
Land	\$ 13,100	\$ 13,100	Short-term loan facility
Buildings and structures	12,936	13,311	"

9 Significant Commitments and Contingencies

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 17,418	\$ 19,326

10 Significant Disaster Loss

None.

11 Significant Events after the Balance Sheet Date

None.

12 Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group

may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

During the year ended December 31, 2023, the Group's strategy, which was unchanged from 2022, was to maintain the debt ratio below 40%. The debt ratios at December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 1,157,673	\$ 797,842
Total assets	3,675,022	3,225,507
Debt ratio	31%	25%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,444	\$ 11,492
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 299,047	\$ 334,547
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 1,101,081	\$ 827,473
Financial assets at amortised cost	681,000	145,000
Notes receivable	2,160	2,578
Accounts receivable due from related parties	341,842	565,489
Other receivables	327	1
Refundable deposits (shown as other non-current assets)	7,494	7,188
	<u>\$ 2,133,904</u>	<u>\$ 1,547,729</u>

December 31, 2023 December 31, 2022

Financial liabilities

Financial liabilities at amortised cost

Short-term borrowings	\$	5,000	\$	5,000
Notes payable		805		1,763
Accounts payable to related parties		148,904		320,605
Other accounts payable		129,172		149,000
Bonds payable		668,173		78,555
Guarantee deposits received (shown as other non-current liabilities)		<u>3,518</u>		<u>3,569</u>
	\$	<u>955,572</u>	\$	<u>558,492</u>
Lease liability	\$	<u>59,376</u>	\$	<u>69,685</u>

B. Financial risk management policies

- (a) The Group's book value of financial instruments not at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, notes payable, accounts payable, accounts payable to related parties, other payables) approximates its fair value. Additionally, refer to Note 12(3) for fair value information of financial instruments measured at fair value.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB) which would be materially affected by the exchange rate fluctuations.
- ii. The Group operates internationally and is exposed to exchange rate risk arising from various currency, primarily with respect to the USD, RMB and HKD. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

- iii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The group companies used forward foreign exchange contracts through the Group treasury to manage the exchange rate risk arising from future commercial transactions, and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iv. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

December 31, 2023			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,797	30.71	\$ 362,286
RMB:NTD	25,756	4.33	111,523
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,935	30.71	\$ 90,134
RMB:NTD	787	4.33	3,408
December 31, 2022			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,930	30.71	\$ 673,470
RMB:NTD	44,074	4.41	194,366
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,367	30.71	\$ 226,241
RMB:NTD	7,154	4.41	31,549

- v. The unrealised exchange gains (losses) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$8,462) and (\$1,176), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	3%	\$ 10,869	-
RMB:NTD	3%	3,346	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	3%	\$ 2,704	-
RMB:NTD	3%	102	-
Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	3%	\$ 20,204	-
RMB:NTD	3%	5,831	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	3%	\$ 6,787	-
RMB:NTD	3%	946	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$94 and \$115, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,990 and \$3,345, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 181 days.
- iv. The Group adopts following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

- vi. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	1 to 30 days	31 to 90 days	91 to 180 days	Over 181 days	Total
<u>At December 31, 2023</u>						
Expected loss rate	0%	0-0.04%	0%	0%	100%	
Total book value	\$ 341,227	\$ 2,634	\$ 128	\$ 18	\$ 1,406	\$ 345,413
Loss allowance	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406</u>	<u>\$ 1,411</u>
<u>At December 31, 2022</u>						
Expected loss rate	0%	0-0.07%	0-0.03%	0%-3.46%	100%	
Total book value	\$ 562,550	\$ 1,466	\$ 3,579	\$ 492	\$ 2,517	\$ 570,604
Loss allowance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 17</u>	<u>\$ 2,517</u>	<u>\$ 2,537</u>

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	<u>2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 2,537	\$ -
Recognition(reversal)	(1,126)	-
At December 31	<u>\$ 1,411</u>	<u>\$ -</u>
	<u>2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 1,452	\$ -
Recognition(reversal)	1,085	-
At December 31	<u>\$ 2,537</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of \$1,780,632 and \$970,582, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Between 3			
	Less than 3	months and 1	Between 1	Between 2
December 31, 2023	months	year	and 2 years	and 5 years
Non-derivative financial liabilities				
Short-term borrowings	\$ 5,019	\$ -	\$ -	\$ -
Notes payable	805	-	-	-
Accounts payable to related parties	127,932	20,972	-	-
Other payables	86,216	42,956	-	-
Lease liability	4,744	12,827	14,907	27,453
Bonds payable(including current portion)	-	10,425	10,425	715,850

	Between 3			
	Less than 3	months and 1	Between 1	Between 2
December 31, 2022	months	year	and 2 years	and 5 years
Non-derivative financial liabilities				
Short-term borrowings	\$ 5,014	\$ -	\$ -	\$ -
Notes payable	1,763	-	-	-
Accounts payable to related parties	296,397	24,208	-	-
Other payables	94,725	54,275	-	-
Lease liability	4,930	13,897	15,027	36,267
Bonds payable(including current portion)	220	79,072	-	-

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 4,576	\$ -	\$ -	\$ 4,576
Hybrid instrument - convertible bonds	4,868	-	-	4,868
Financial assets at fair value through other comprehensive income				
Equity securities	254,452	-	34,141	288,593
Beneficiary certificates	<u>10,454</u>	<u>-</u>	<u>-</u>	<u>10,454</u>
Total	<u>\$ 274,350</u>	<u>\$ 157</u>	<u>\$ 34,141</u>	<u>\$ 308,491</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,120	\$ -	\$ -	\$ 1,120
Derivative instruments - issuance of redemption of convertible bonds	-	157	-	157
Hybrid instrument - convertible bonds	10,215	-	-	10,215
Financial assets at fair value through other comprehensive income				
Equity securities	<u>297,479</u>	<u>-</u>	<u>37,068</u>	<u>334,547</u>
Total	<u>\$ 308,814</u>	<u>\$ 157</u>	<u>\$ 37,068</u>	<u>\$ 346,039</u>

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

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

	Listed shares	Open-end fund	Corporate bond
Market quoted price	Closing price	Net asset value	Weighted average quoted price

- (b) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

F. Management segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value. Investment property is valued through outsourced appraisal performed by the external valuer.

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument					
Unlisted shares	<u>\$ 34,141</u>	Market comparable approach	Price-earnings ratio, price-to-book ratio multiple and discount for lack of marketability	20%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument					
Unlisted shares	<u>\$ 37,068</u>	Market comparable approach	Price-earnings ratio, price-to-book ratio multiple and discount for lack of marketability	20%	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value, thus, the valuation of fair value was reasonable. However, use of different valuation models or assumptions may result in different measurement.

B Supplementary Disclosures

(1) Significant transactions information

The following transactions with subsidiaries had been written off when preparing the consolidated statements, information which was disclosed below only for reference:

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 12(3).
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. For information of reinvestment in China area: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 4.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14 Segment Information

(1) General information

The Company and its subsidiaries were mainly engaged in the manufacturing and sales of connectors and cable wires. The chief operating decision-maker reviewed and evaluated performance of each operating segment based on the operating results of different sub-groups in the consolidated financial statements.

(2) Measurement of segment information

The Company's chief operating decision-maker measured the performance of operating segment with the revenue, gross profit and profit after tax of operating entities. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2023	CHANT SINCERE CO., LTD.	AXMoo Investment Corp.	David Electronics Co., Ltd.	Adjustment	Total
Revenue from external customers	\$ 1,301,472	\$ -	\$ 73,871	\$ -	\$ 1,375,343
Inter-segment revenue	465,840	-	40,017	(505,857)	-
Total segment revenue	<u>\$ 1,767,312</u>	<u>\$ -</u>	<u>\$ 113,888</u>	<u>(\$ 505,857)</u>	<u>\$ 1,375,343</u>
Segment income (loss)	<u>\$ 152,783</u>	<u>\$ 10,260</u>	<u>(\$ 5,619)</u>	<u>\$ 11,992</u>	<u>\$ 169,416</u>
Interest income	<u>\$ 8,142</u>	<u>\$ 206</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 8,587</u>
Interest expense	<u>\$ 740</u>	<u>\$ 64</u>	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 976</u>
Depreciation and amortisation expenses	<u>\$ 55,135</u>	<u>\$ 1,145</u>	<u>\$ 4,298</u>	<u>\$ -</u>	<u>\$ 60,578</u>
Income tax expense	<u>\$ 50,422</u>	<u>\$ 898</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 51,341</u>
Segment assets	<u>\$ 3,370,267</u>	<u>\$ 278,162</u>	<u>\$ 113,232</u>	<u>(\$ 86,639)</u>	<u>\$ 3,675,022</u>

Year ended December 31, 2022	CHANT SINCERE CO., LTD.	AXMoo Investment Corp.	David Electronics Co., Ltd.	Quan Jie Technology Co., Ltd.	Adjustment	Total
Revenue from external customers	\$ 1,792,343	\$ -	\$ 80,820	\$ -	\$ -	\$ 1,873,163
Inter-segment revenue	795,377	-	60,904	-	(856,281)	-
Total segment revenue	<u>\$ 2,587,720</u>	<u>\$ -</u>	<u>\$ 141,724</u>	<u>\$ -</u>	<u>(\$ 856,281)</u>	<u>\$ 1,873,163</u>
Segment income (loss)	<u>\$ 326,228</u>	<u>\$ 6,734</u>	<u>(\$ 516)</u>	<u>\$ -</u>	<u>(\$ 10,542)</u>	<u>\$ 321,904</u>
Interest income	<u>\$ 4,611</u>	<u>\$ 68</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,752</u>
Interest expense	<u>\$ 1,570</u>	<u>\$ 14</u>	<u>\$ 132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,716</u>
Depreciation and amortisation expenses	<u>\$ 37,144</u>	<u>\$ 228</u>	<u>\$ 4,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,094</u>
Income tax expense	<u>\$ 83,362</u>	<u>(\$ 89)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,273</u>
Segment assets	<u>\$ 3,127,908</u>	<u>\$ 245,551</u>	<u>\$ 134,055</u>	<u>\$ -</u>	<u>(\$ 282,007)</u>	<u>\$ 3,225,507</u>

(4)

Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

The reportable segments income/(loss) which was reviewed by the decision-maker was the same as income/(loss) before tax from continuing operations of business.

(5) Information on products and services

Details of revenue from external customers for the years ended December 31, 2023 and 2022 are as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Electronic connectors	\$ 596,032	\$ 890,723
Cable wires	754,663	954,193
Others	24,648	28,247
Total	<u>\$ 1,375,343</u>	<u>\$ 1,873,163</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue from external customers</u>	<u>Non-current assets</u>	<u>Revenue from external customers</u>	<u>Non-current assets</u>
China	\$ 611,229	\$ 96,032	\$ 882,765	\$ 87,012
Taiwan	409,222	579,068	411,481	562,049
USA	50,546	-	152,977	-
Others	304,346	-	425,940	-
	<u>\$ 1,375,343</u>	<u>\$ 675,100</u>	<u>\$ 1,873,163</u>	<u>\$ 649,061</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	<u>Year ended December 31, 2023</u>				<u>Year ended December 31, 2022</u>		
	<u>Revenue</u>	<u>%</u>	<u>Segment</u>		<u>Revenue</u>	<u>%</u>	<u>Segment</u>
C company	\$ 418,957	30%	The Company	C company	\$ 462,550	25%	The Company
				B company	289,130	15%	The Company

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

CHANT SINCERE CO., LTD. AND SUBSIDIARIES														
Provision of endorsements and guarantees to others														
Year ended December 31, 2023														
Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on	Maximum	Outstanding		Amount of	Ratio of accumulated	Ceiling on total	Provision of	Provision of	Provision of	Footnote
		Relationship	Company name	endorsements/ guarantees provided for a single party (Note)	outstanding endorsement/ guarantee amount as of December 31, 2023									
		with the counterparty				guarantee amount at December 31, 2023	Actual amount drawn down	endorsements/ guarantees secured with collateral	endorsement/ guarantee amount to net asset value of the endorser/guarantor company	amount of endorsements/g uarantees provided (Note)	endorsements/ guarantees by parent company to subsidiary	endorsements/ guarantees by parent company	endorsements/ guarantees to the party in Mainland China	
0	CHANT SINCERE CO., LTD.	Dongguan Quanrong Electronics Co., Ltd.	Subsidiaries	\$ 752,143	\$ 67,163	\$ -	\$ -	\$ -	-	\$ 1,253,572	Y	N	Y	
					(RMB 15,000 thousand)									

Note : The ceiling on total endorsements/guarantees amount shall not exceed 50% of the Company’s current assets. The ceiling on endorsements/guarantees amount to single party shall not exceed 20% of current net assets, however, the ceiling on endorsements/guarantees amount to single foreign affiliated company shall not exceed 30% of current net assets.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
CHANT SINCERE CO., LTD.	NORTHSTAR SYSTEMS CORPORATION	None.	Non-current financial asset measured at fair value through other comprehensive income	39,391 shares	\$ -	0.09%	\$ -	
"	ATTEND TECHNOLOGY INC.	Other related parties	Non-current financial asset measured at fair value through other comprehensive income	778,400 shares	20,262	9.73%	20,262	
"	MSP Engineering Co.,Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	79 shares	-	13.17%	-	
"	NEXTRONICS ENGINEERING CORP.	None.	Non-current financial asset measured at fair value through other comprehensive income	758,821 shares	56,001	2.29%	56,001	
"	Fubon Financial Holding Co Ltd. - Preferred share	None.	Non-current financial asset measured at fair value through other comprehensive income	475,000 shares	29,022	-	29,022	
"	Fubon Financial Holding Co Ltd. - Preferred share B	None.	Non-current financial asset measured at fair value through other comprehensive income	21,922 shares	1,313	-	1,313	
"	Cathay Financial Holding Co. Ltd. - Preferred share	None.	Non-current financial asset measured at fair value through other comprehensive income	629,000 shares	37,488	-	37,488	
"	Cathay Financial Holding Co. Ltd. - Preferred share B	None.	Non-current financial asset measured at fair value through other comprehensive income	26,293 shares	1,570	-	1,570	
"	P-TWO INDUSTRIES INC.	None.	Non-current financial asset measured at fair value through other comprehensive income	1,992,000 shares	63,844	3.62%	63,844	
"	Guangdong Quanjie Technology Co., Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	-	12,357	19.00%	12,357	
"	CVILUX CORPORATION	None.	Non-current financial asset measured at fair value through other comprehensive income	430,000 shares	19,350	0.54%	19,350	
"	Quan Jie Technology Co., Ltd.	None.	Non-current financial asset measured at fair value through other comprehensive income	190,000 shares	1,522	19.00%	1,522	
"	NEXTRONICS ENGINEERING CORP.- Convertible Bond	None.	Current financial assets at fair value through profit or loss	40 lots	4,868	-	4,868	
"	NEXTRONICS ENGINEERING CORP.	None.	Current financial assets at fair value through profit or loss	62,000 shares	4,576	0.19%	4,576	
AXMoo Investment Corp.	P-TWO INDUSTRIES INC.	None.	Current financial asset measured at fair value through other comprehensive income	620,439 shares	19,885	1.13%	19,885	
"	G-SHANK ENTERPRISE CO., LTD.	None.	Current financial asset measured at fair value through other comprehensive income	80,000 shares	5,776	0.04%	5,776	
"	Chia Chang Co., Ltd.	None.	Current financial asset measured at fair value through other comprehensive income	358,000 shares	15,573	0.25%	15,573	
"	Fidelity Funds - Japan Value Fund	None.	Current financial asset measured at fair value through other comprehensive income	800.17 units	10,454	-	10,454	
"	ENNOSTAR INC.	None.	Current financial asset measured at fair value through other comprehensive income	100,000 shares	4,630	0.01%	4,630	

CHANT SINCERE CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction					Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	Parent company	(Sales)	(\$ 384,554)	(28%)	Note 1	Note 1	Note 1	\$ 21,330	6%		

Note 1: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected after monthly billings.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
2	Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	2	Sales revenue	\$ 384,554	Note 4	28%
2	Dongguan Quanrong Electronics Co., Ltd.	Kunshan Chant Sincere Electronics Ltd.	3	Sales revenue	81,051	Note 5	6%
2	Dongguan Quanrong Electronics Co., Ltd.	CHANT SINCERE CO., LTD.	2	Accounts receivable	21,330	-	1%
2	Dongguan Quanrong Electronics Co., Ltd.	Kunshan Chant Sincere Electronics Ltd.	3	Accounts receivable	46,499	-	1%
4	Zhuhai David Electronics Company Limited	DAVID ELECTRONICS CO., LTD.	2	Sales revenue	30,453	-	2%
3	DAVID ELECTRONICS COMPANY (BVI), LTD	DAVID ELECTRONICS CO., LTD.	2	Accounts receivable	46,004	-	1%
4	Zhuhai David Electronics Company Limited	DAVID ELECTRONICS COMPANY (BVI),LTD.	3	Accounts receivable	25,288	-	1%

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected after monthly billing.

Note 5: The transaction price adopted cost-plus pricing approach as the pricing basis, and collected in 90 days after monthly billings.

Note 6: For the year ended December 31, 2023, another side of transactions among the Company and subsidiaries were not disclosed due to the direction of transaction was in reversal. Additionally, the threshold of significant transactions was NT\$ 10 million.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Information on investees (not including investees in Mainland China)
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
CHANT SINCERE CO., LTD.	COXOC ELECTRONICS CO., LTD.	British Virgin Islands	Manufacture, sales and service of electric plugs, electric sockets, plug adapters and connectors	\$ - (Note 1)	\$ 36,661	-	-	\$ -	(139)	(139)	Subsidiaries
"	CHANT SINCERE TECHNOLOGY CO., LTD.	American Samoa	General investment business	6,764	6,764	210,000	100%	45,724	(4,102)	(4,102)	Subsidiaries
"	AXMoo Investment Corp.	Taiwan	General investment business	200,000	200,000	23,200,000	100%	272,560	10,260	10,260	Subsidiaries
"	DAVID ELECTRONICS CO., LTD.	Taiwan	Manufacture, sales and process of conductor joints and connectors	19,054	19,054	4,236,042	86.89%	67,647	(5,620)	(4,883)	Subsidiaries
"	A&H INTERNATIONAL CO., LTD.	British Virgin Islands	General investment business	15,381	15,381	50,500	100%	141,402	18,340	30,332	Subsidiaries
"	GRAND-TEK TECHNOLOGY CO., LTD.	Taiwan	Research, manufacture and sales of high frequency connector wire, wireless communication integration subsystem	332,915	332,915	6,946,166	23.15%	339,795	35,005	7,323	Associate
DAVID ELECTRONICS CO., LTD.	DAVID ELECTRONICS COMPANY (BVI), LTD.	British Virgin Islands	Manufacture, process and sales of electronic components	89,937	89,937	2,000,339	100%	34,789	1,542	Not applicable	Second-tier subsidiary

Note 1: COXOC ELECTRONICS Co., Ltd. has completed its liquidation in January 2024.

Table 6

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Amount remitted from Taiwan to Mainland													
				Accumulated amount of remittance from Taiwan to Mainland China as of	Remitted to	Remitted back to	Accumulated amount of remittance from Taiwan to Mainland China as of	Net income of investee for the year ended	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended	Book value of investments in Mainland China as of	Accumulated amount of investment income remitted back to Taiwan	
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	January 1, 2023	Mainland China	Taiwan	December 31, 2023	December 31, 2023		31, 2023	31, 2023	as of December 31, 2023	Footnote
Kunshan Chant Sincere Electronics Ltd.	Sales of electronic components	\$ 6,679 (USD 210 thousand)	CNANTSINCERE TECHNOLOGY CO., LTD. (Note 1)	\$ 6,679 (USD 210 thousand)	\$ -	\$ -	\$ 6,679 (USD 210 thousand)	(\$ 3,954)	100%	(\$ 3,954) (Note 2)	\$ 50,794	\$ 47,218 (RMB 10,560 thousand)	
Dongguan Quanrong Electronics Co., Ltd.	Manufacture, process and sales of electronic	28,179 (USD 900 thousand)	A&H INTERNATIONAL CO., LTD. (Note 1)	28,179 (USD 900 thousand)	-	-	28,179 (USD 900 thousand)	18,339	100%	18,339 (Note 2)	156,173	70,370 (RMB 16,000 thousand)	
Zhuhai David Electronics Company Limited	Manufacture and sales of electronic components	31,491 (USD 1,000 thousand)	DAVID ELECTRONICS COMPANY(BVI) LTD. (Note 1)	31,491 (USD 1,000 thousand)	-	-	31,491 (USD 1,000 thousand)	1,403	86.89%	1,219	8,489	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
CHANT SINCERE CO., LTD.	\$ 110,663 US\$3,447 thousand (Note 3)	\$ 105,840 US\$3,447 thousand (Note 5, Note 6 and Note 7)	\$ 1,510,409
DAVID ELECTRONICS CO., LTD.	\$ 49,254 US\$1,638 thousand (Note 3)	\$ 50,295 US\$1,638 thousand (Note 4 and Note 6)	\$ 80,000

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

Note 2: The financial statements were audited by R.O.C. parent company’s CPA.

Note 3: The amount of New Taiwan dollars was exchanged based on historical exchange rate.

Note 4: The amount of New Taiwan dollars was exchanged based on the exchange rate at the balance sheet date.

Note 5: The amount approved by Investment Commission, MOEA, and the accumulated investment amount when the Company report to Investment Commission, MOEA was USD 3,447 thousand. The difference of USD 2,055 thousand between reported amount and the total investment amount of USD 1,392 thousand (210 thousand + 900 thousand + 282 thousand) in Kunshan Chant Sincere Electronics Ltd., Dongguan Quanrong Electronics Co., L td. and Zhongshan Quanjie Wire Co., Ltd. was shown in the statement of Information on investments in Mainland China, the reasons were as follows:

A. In 1990, Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 89002369, (1990), that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could lease plants in Shenzhen-Fuyong-Huaide in Mainland China, it is “Yonglong Electronics and Metal Factory”, invested and operated it with equipment and components in the amount of USD 1,000 thousand in the way of processing on order. This processing plants was disposed in 2008, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

B.In 2004, Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 092039335, that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could lease plants in Shenzhen-Baoan-Songgang in Mainland China, it is “Quanxin Electronics and Metal Factory”, invested and operated it with equipment and components in the amount of USD 640 thousand in the way of processing on order. This processing plants was disposed in 2013, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

C.On October 5, 2006, the Investment Commission, MOEA approved by the Tou-Shen-II-Zi Letter No. 09500325340, that British Virgin Islands outward investor, COXOC ELECTRONICS CO.,LTD., could receive plants from A&H INFORMATION CO., LTD. who leased plants in Shenzhen-Baoan-Songgang in Mainland China, it is “Quansheng electric and hardware factory”, invested and operated it with equipment and components in the amount of USD 415 thousand in the way of processing on order. This processing plants was disposed in 2013, the Company had not cancelled the registration in Mainland China to the Investment Commission until now.

Note 6: There was a difference of USD 600 thousand between the amount of USD 1,400 thousand approved by the Investment Commission, MOEA, and the actual remitted amount of USD 800 thousand which was an investment in Hong Hsin Electronics (Shenzhen) Co., Ltd. by DAVID ELECTRONICS CO., LTD. The reasons were as follows: (1) the subsidiary, David Electronics Co., (BVI) Ltd., invested with self-owned capital in the amount of \$498.96 thousand, and (2) investing with Mainland China investments in T.D.C Electronics and Metal Factory which was appraised to be USD \$101.04 thousand. This company had been disposed in December 2018, and had cancelled the registration on June 19, 2019 to the Investment Commission.

Note 7: In 2019, the Company directly invested in Zhongshan Quanjie Wire Co., Ltd. after the approval of the Investment Commission, MOEA by the Tou-Shen-II-Zi Letter No. 10800270660, In addition, a portion of the equity was sold for USD604 thousand in February 2022, and the transfer was completed with the approval of the Investment Commission, MOEA on October 27, 2022.

CHANT SINCERE CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2023

Table 7

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Wu LianXi	4,367,577	5.31%
Wu RongChun	4,115,912	5.00%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.