

Stock Code: 3090



# Year 2023

# Annual Report

**P u b l i s h e d   o n   A p r i l   2 7 ,   2 0 2 4**

**This Annual Report is available at <https://mops.twse.com.tw>**

**The Company Website: <https://www.ndb.com.tw>**

This is a translation of the 2023 annual report (The “annual report”) of Nichidenbo Corporation. (The “Company”). This translation is intended for reference only and nothing else, The Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the annual report shall govern any and all matters related to the interpretation of the subject matter stated herein.

**I. Company Spokesperson and Deputy Spokesperson Names, Title, Telephone and Email:**

**Spokesperson: YU YAO KUO**

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**Title: Vice President**

**Tel: (02) 2219-0505**

**Email: deputy-spokesman@ndb-group.com**

**II. Addresses and Telephone Numbers of Headquarters, Branches and Plants:**

**1. Head office**

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**Tel: (02) 2219-0505**

**Fax: (02) 2219-1010**

**2. Branches: None**

**3. Factory: None**

**III. Name, address, website, and telephone number of stock transfer agency:**

**Name: Yuanta Securities, Shareholder Services Department**

**Address: B1, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City**

**Website: <http://www.yuanta.com.tw>**

**Tel: (02) 2586-5859**

**IV. Name of CPA and name, address, website and telephone number of the accounting firm for the financial report in the most recent year:**

**Name of CPA: SHAO CHIH MING and WONG YA LING**

**Name of accounting firm: Deloitte & Touche**

**Address: 20th Floor, No. 100 Chung Yan Road, Xinyi District, Taipei City**

**Website: <http://www.deloitte.com.tw>**

**Tel: (02) 2725-9988**

**V. The name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.**

**VI. The Company Website: <https://www.ndb.com.tw>**

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# I. Letter to Shareholders

Dear Shareholders,

In the first half of 2023, the Passive Components industry experienced destocking trend across the overall market inventory. Demand surged for products catering to 5G, networking, automotive and other products precipitating an urgent order effect. Consequently, the market demand and pricing of MLCC, chip resistor and the broader market stabilized. In the second half of 2023, in addition to the stable demand in the automotive market, other sectors experiences downward revisions in their demand forecasts. Faced with these market changes, end customers adjusted their inventory, prompting Passive Components factories to adapt their utilization rate to address the decline in order visibility. The overall market inventory status improved through inventory corrections and enhanced turnover rates. Notably, major manufacturers's strategic adjustments in production capacity has achieved positive results, driving the supply side inventory towards a healthier level.

## 1. 2023 Business Results:

### (1) Business plan implementation results

Unit: NT \$thousands

Item	2023		2022		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	10,655,709	100.00	10,440,729	100.00	214,980	2.06
Gross profit from operations	1,642,209	15.41	1,780,241	17.05	(138,032)	(7.75)
Net operating income	873,188	8.19	892,421	8.55	(19,233)	(2.16)
Net profit before tax	922,693	8.66	1,020,343	9.77	(97,650)	(9.57)

### (2) Budget Execution in 2023

The Company refrained from issuing any public forecast in 2023, thus there is no need to disclose budget implementation details. However, the actual operating conditions and performance closely aligned with the internal operating plans by the Company.

### (3) Financial Revenue and Expenditure and Profitability Analysis

Unit: NT \$thousands

Item		2023	2022	Increase (decrease) ratio (%)	
Finance Income	Operating revenue	10,655,709	10,440,729	2.06	
	Gross profit from operations	1,642,209	1,780,241	(7.75)	
	Net profit before tax	922,693	1,020,343	(9.57)	
Obtained Dividends Energy Power	return on assets (%)	8.35	17.35	(51.87)	
	return on equity (%)	11.15	26.92	(58.58)	
	Ratio to paid- in capital (%)	Net operating income	41.06	41.96	(2.14)
		Net profit before tax	43.38	47.98	(9.59)
	Net Profit Margin (%)	6.75	14.85	(54.55)	
	Earnings per share (NT \$)	3.39	8.02	(57.73)	

### (4) Market development status

In addition to expanding the sales of various components in the original various markets, The Company is committed to not only broadening its presense in new markets and introducing new products, but also actively deepening its foothold in both domestic and overseas markets (such as Vietnam, Thailand, India, etc.). This strategic approach aims to increase opportunities for Company products and enhance competitiveness.

#### 2. 2024 Business Plan

In 2024, the Company will focus on related applications such as automotive, telecommunications equipment, networking devices, low-orbit satellites, 5G-6G, IoT, AI, and more. Embracing high-end product specifications such as vehicle specifications, high frequency, high capacity, high pressure, high temperature will enable us to cater to the demands of high-performance computing products. The introduction of high-unit-price products will drive an increase in the average transaction price (ASP).

Looking forward to 2024, we anticipate a gradual recover in demand for Passive Components, with the market inventory adjustment period nearing its conclusion in the first half of the year. In the second half of the year, the supply demand will gradually return to

normal due to the application of new energy products such as network communication, automotive, AI and other high-end specifications. The global production value of Passive components is expected to grow by about 2% to 3% in 2024 compared to 2023.

3. The Company's Future Development Strategy, and the Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

The supply of 5G smartphones is a highly competitive market for electronic component manufacturers. Japanese component manufacturers, leveraging their market share advantages in 4G products aim to maintain a leading gap compared to competitors in China and Taiwan through MLCC miniaturization technology. In addition, in recent years, component manufacturers in Japan and Korea have gradually shifted their technical resources to cultivate the automotive industrial control market, resulting in the demand for MLCC in the mobile phone market and consumer product market in mainland China becoming the main battlefield for Taiwanese and Chinese manufacturers. The Passive components industry in Taiwan has developed new business opportunities by strengthening new applications in the future such as 5G, Internet of Things and automotive sectors.

We thank the management team and all employees of The Company for their hard work, and all shareholders for their enduring support and loyalty. The Company adheres to the business philosophy of "integrity, service, growth, and common prosperity", and in line with the United Nations SDGs objectives, continues to promote ESG sustainable development related policies, strengthens corporate governance, implements corporate culture inheritance, and fulfills social responsibilities.

We aspire for The Company to continue generating greater shareholder return for all stakeholders, thereby honoring and reciprocating your support and love. Thank you!

We wish all of you good health and all the best.

Chairperson: CHOU WEI LIN

## II. Company Profile

1. Date of establishment: January 4, 1993

### 2. Company History

Time	Contents
1993	The Company was established in Zhuangjing Road, Taipei City, with an initial capital of NT \$10,000,000. Its main business is to process electronic components and purchase and sell materials for Item, and to sell Nippon Chemicon's Electrolytic Capacitor devices as an agent.
1994	The Company was relocated to Roosevelt Road, Taipei City and operated.
1995	(1) Officially obtained a branch IPO in the authorized region of DENSEI in Japan. (2) Acquired distribution rights for Panasonic parts in Japan. (3) August 1995 Purchased the first floor of the factory in Xindian Industrial Park.
1996	(1) The Company was relocated to Xindian City, Taipei County for business. (2) September 1996 proceeds from issuing shares NT \$10,000,000 with a paid-up capital of NT \$20,000,000.
1997	(1) Acquisition of the sixth section of Roosevelt Road business office. (2) Dec. 1997 earnings were converted to a capital increase of NT \$5,000,000 raising the paid-up capital to NT \$25,000,000.
1998	Dec. 1998 earnings were converted to a capital increase of NT \$3,000,000 resulting in an increase in paid-up capital to NT \$28,000,000.
1999	April 1999 acquired DENSEI (Hong Kong) Co., Ltd. and the paid-in capital was NT \$38,000,000.
2000	(1) June 2000 acquisition of 2F, No. 4, Lane 1, Siwei Lane, Zhongzheng Road, Xindian City to expand the use of business premises. (2) September 2000 the proceeds from issuing shares amounted to NT \$12,000,000, leading to an increase in the paid-in capital to NT \$50,000,000.
2001	(1) In May 2001, earnings and capital surplus increased capital by NT \$100,000,000, and the paid-in capital became NT \$150,000,000. (2) December 2001 proceeds from issuing shares NT \$26,500,000 with a paid-up capital of NT \$176,500,000. (3) December 2001 reinvested in Zindenbo Corporation.
2002	(1) In April 2002, capital surplus increased the paid-in capital by NT \$8,825,000 to NT \$185,325,000. (2) On April 16, 2002, an application was submitted to the Securities and Futures Commission for a public supplemental issuance. (3) On June 12, 2002, applied to Taipei Exchange for registration on the emerging stock market, and was approved and registered on June 25, 2002, with trading commencing thereafter. (4) In July 2002, Nichidenbo (Mauritius) Ltd. set up Nichidenbo (Shanghai) Trading Co., Ltd.. (5) October 2002 proceeds from issuing shares amounted to NT \$24,675,000 resulting in a paid-up capital of NT \$210,000,000. (6) Dec. 2002 acquisition of 2F, No. 3, Siwei Lane, Zhongzheng Road, Xindian City to expand the use of business premises. (7) Nichidenbo (Mauritius) Ltd. established Nichidenbo (Shenzhen) Trading Co., Ltd. in December 2002.



Time	Contents
2003	<p>(1) In May 2003, the Company applied to Taipei Exchange for the listing of its shares on the Taipei Exchange (TPEX), which was approved by Securities and Futures Commission of the Ministry of Finance (MOF) in September 2003.</p> <p>(2) Acquired the right to sell System General Semiconductor IC products in June 2003.</p> <p>(3) In August 2003, surplus funds were transferred to capital, resulting in an increase of NT \$34,210,000, and the paid-in capital reached NT \$244,210,000.</p> <p>(4) On November 10, 2003, the shares of The Company were officially listed on the Taipei Exchange.</p>
2004	<p>(1) Issuance of the first domestic unsecured convertible corporate bonds for a total of NT \$200,000,000 on May 17, 2004.</p> <p>(2) Acquired the right to sell Litemax Semiconductor IC products in July 2004.</p> <p>(3) In September 2004, earnings and capital surplus increased capital by NT \$40,538,500, resulting in a paid-in capital of NT \$284,748,500.</p>
2005	<p>(1) On March 31, 2005, conversion of convertible bonds issued new shares of NT \$13,185,680 and the paid-in capital was NT \$297,934,180.</p> <p>(2) On June 30, 2005, conversion of convertible bonds issued new shares of NT \$70,928,670 and the paid-in capital was NT \$368,862,850.</p> <p>(3) In August 2005, earnings were transferred to capital increase of NT \$33,537,050, and the paid-in capital became NT \$402,399,900.</p> <p>(4) Conversion of convertible bonds issued new shares of NT \$4,685,070 in August 2005, with a paid-in capital of NT \$407,084,970.</p> <p>(5) October 2005 acquisition of 4F, No. 2, Lane 1, Siwei Lane, Zhongzheng Road, Xindian City to expand the use of business premises.</p>
2006	<p>(1) September 2006 converted earnings to capital increase of NT \$71,919,000 to increase the paid-up capital to NT \$479,003,970.</p> <p>(2) October 2006 proceeds from issuing shares NT \$80,000,000 with paid-in capital of NT \$559,003,970.</p>
2007	<p>(1) In July 2007, the Company increased its paid-in capital by NT \$129,192,000 to NT \$688,195,970.</p> <p>(2) From May to December 2007, successively purchased the shares of VIC-DAWN Enterprise Co., Ltd. . total held 15,265 thousand shares of VIC-DAWN Enterprise Co., Ltd. , accounting for 90% of its equity.</p> <p>(3) On December 31, 2007, the shares of The Company were officially listed.</p>
2008	<p>(1) Jun. 2008 acquisition of 3F, No. 2, Lane 1, Siwei Lane, Zhongzheng Road, Xindian City to expand the use of business premises.</p> <p>(2) In August 2008, surplus was transferred to capital increase of NT \$64,232,000, and the paid-in capital was NT \$752,427,970.</p>
2009	<p>January 2009 acquisition of 2F, No. 2, Lane 1 and 3F, No. 4, Lane 1, Siwei Lane, Zhongzheng Road, Xindian City to expand the use of business premises.</p>
2010	<p>(1) In March 2010, the Company issued new shares for employee stock options of NT \$4,600,000, and the paid-in capital was NT \$757,027,970.</p> <p>(2) In June 2010, the Company issued new shares for employee stock options of NT \$190,000, and the paid-in capital was NT \$757,217,970.</p> <p>(3) In August 2010, NT \$125,294,760 was transferred from earnings and NT \$520,000 was issued from employee stock options for capital surplus, resulting in a paid-in capital of NT \$883,032,730.</p>

Time	Contents
2011	<p>(1) In March 2011, the Company issued new shares for employee stock options of NT \$2,250,000, and the paid-in capital was NT \$885,282,730.</p> <p>(2) In July 2011, earnings and capital surplus increased capital by NT \$154,924,480, resulting in a paid-in capital of NT \$1,040,207,210.</p> <p>(3) In August 2011, the Company issued new shares of NT \$680,000 for employee stock options, and the paid-in capital was NT \$1,040,887,210.</p>
2012	<p>(1) In March 2012, the Company issued new shares of NT \$2,190,000 for employee stock options, and the paid-in capital was NT \$1,043,077,210.</p> <p>(2) July 2012 converted earnings to capital increase of NT \$102,007,730 to increase the paid-up capital to NT \$1,145,084,940.</p> <p>(3) In August 2012, through Nichidenbo (Mauritius) Ltd., a third region, invested in the establishment of Nichidenbo Suzhou Trading Co., Ltd. .</p> <p>(4) In December 2012, the Company issued new shares for employee stock options of NT \$930,000, and the paid-in capital was NT \$1,146,014,940.</p>
2013	<p>(1) In January and March 2013, the Company acquired 24,362 thousand shares of Lipers Enterprise Co., Ltd., accounting for 51.93% of its shares.</p> <p>(2) In May 2013, the Company issued new shares for employee stock options of NT \$5,980,000, and the paid-in capital was NT \$1,151,994,940.</p> <p>(3) In May 2013, VIC-DAWN Enterprise Co., Ltd. merged with Zindenbo Corporation in the form of share exchange, VIC-DAWN Enterprise Co., Ltd. was the surviving company and Zindenbo Corporation was the dissolved company.</p> <p>(4) In July 2013, the Company increased its paid-in capital by NT \$135,479,400 to NT \$1,287,474,340.</p> <p>(5) November 2013 the Company issued new shares of NT \$4,060,000 for employee stock options, and the paid-in capital was NT \$1,291,534,340.</p> <p>(6) In December 2013, proceeds from issuing shares held 20,372 thousand shares of Lipers Enterprise Co., Ltd. total held 44,734 thousand shares of Lipers Enterprise Co., Ltd., representing 63.92% of its equity.</p>
2014	<p>(1) As of January 2014, VIC-DAWN Enterprise Co., Ltd. invested 10,751 thousand shares of E-COM Technology Corp., accounting for 62.31% of its equity.</p> <p>(2) In July 2014, Lipers Enterprise Co., Ltd. was allocated 1,879 thousand shares from earnings, and total held 46,613 thousand shares of Lipers Enterprise Co., Ltd., accounting for 63.92% of its equity.</p> <p>(3) In August 2014, the Company increased its paid-in capital by NT \$154,984,130 to NT \$1,446,518,470.</p> <p>(4) In October 2014, the Company increased its capital by issuing new shares of NT \$143,665,330 and acquired 22,986 thousand shares of Lipers Enterprise Co., Ltd.. The paid-in capital of The Company was NT \$1,590,183,800. total held 69,599 thousand shares of Lipers Enterprise Co., Ltd., accounting for 95.44% of its equity.</p>
2015	<p>(1) Acquired 2,842 thousand shares of Lipers Enterprise Co., Ltd. in June 2015. total held 72,441 thousand shares of Lipers Enterprise Co., Ltd., accounting for 99.34% of its equity.</p> <p>(2) To improve the Group's operational efficiency, reorganization and flatten, the Company acquired 100% equity interest in Scope Technology Co., Ltd. and 100% equity interest in Advance Electronic Supply Inc. from Lipers Enterprise Co., Ltd. in June 2015.</p>

Time	Contents
	<p>(3)In August 2015, surplus was transferred to capital increase of NT \$79,509,190, and the paid-in capital was NT \$1,669,692,990.</p> <p>(4)Continue to purchase shares of VIC-DAWN Enterprise Co., Ltd. total holds 25,909 thousand shares of VIC-DAWN Enterprise Co., Ltd. , accounting for 95.31% of its shareholding.</p>
2016	<p>(1)In July 2016, the Company acquired 15,000 thousand shares of TONSAM Corporation, accounting for 100.00% of its shares.</p> <p>(2)In July 2016, 40,653 thousand shares of Lipers Enterprise Co., Ltd. Capital reduction payments to shareholders held 31,789 thousand shares of Lipers Enterprise Co., Ltd. after capital reduction, accounting for 99.34% of its equity.</p>
2017	<p>(1)The Company acquired 2.44% equity interest in Sentelic Corporation in July and August 2017, and E-COM Technology Corp. merged with Sentelic Corporation on October 1, 2017. With Sentelic Corporation emerging as the surviving entity. Following the merger, The Company and VIC-DAWN Enterprise Co., Ltd. Collectively hold a total of 51.28% equity interest in Sentelic Corporation.</p> <p>(2)In December 2017, the Company acquired 48.84% of the shares of Sentelic Corporation from VIC-DAWN Enterprise Co., Ltd. , thereby increasing its ownership to 51.28% of the shares of the company.</p>
2018	<p>(1)Aug. 2018 converted earnings to capital increase of NT \$116,878,510 to increase the paid-up capital to NT \$1,786,571,500.</p> <p>(2)June 2018 proceeds from issuing shares Sentelic Corporation has 1,742 thousand shares, and total holds 13,323 thousand shares of Sentelic Corporation, accounting for 51.24% of its shareholding.</p> <p>(3)In October 2018, the Company purchased 1,197 thousand shares of Sentelic Corporation. total held 14,520 thousand shares of Sentelic Corporation, accounting for 55.85% of its shares.</p> <p>(4)In November 2018, acquired 100% equity of Lipers (Hong Kong) Enterprise Co., Ltd. from Lipers Enterprise Co., Ltd. for \$216,454 thousand.</p>
2019	<p>(1)Nichidenbo (Mauritius) Ltd. invested and established Nichidenbo (Shanghai) Trading Co., Ltd. in March 2019 through a third region has completed the dissolution and cancelation registration.</p> <p>(2)In June 2019, the registration of the subsidiary Sentelic Corporation's stock as Taipei Exchange of the Republic of China was approved as the emerging stock market.</p> <p>(3)Sold 781 thousand shares of Sentelic Corporation in June 2019, and held 13,739 thousand shares of Sentelic Corporation after the sale, accounting for 52.84% of its shareholding.</p> <p>(4)Lipers Enterprise Co., Ltd. invested and established Advance Electronic Supply Co., Ltd. in August 2019 has completed the dissolution and cancelation registration.</p> <p>(5)Lipers Enterprise Co., Ltd. invested and established ADVANCE ELECTRONIC SUPPLY CO., LTD. in October 2019 has completed the dissolution and cancelation registration.</p>
2020	<p>(1)In November 2020, the stock of the subsidiary Sentelic Corporation was approved by Taipei Exchange of the Republic of China to be registered on the OTC.</p> <p>(2)In November 2020, 120 thousand shares of Sentelic Corporation were sold,</p>

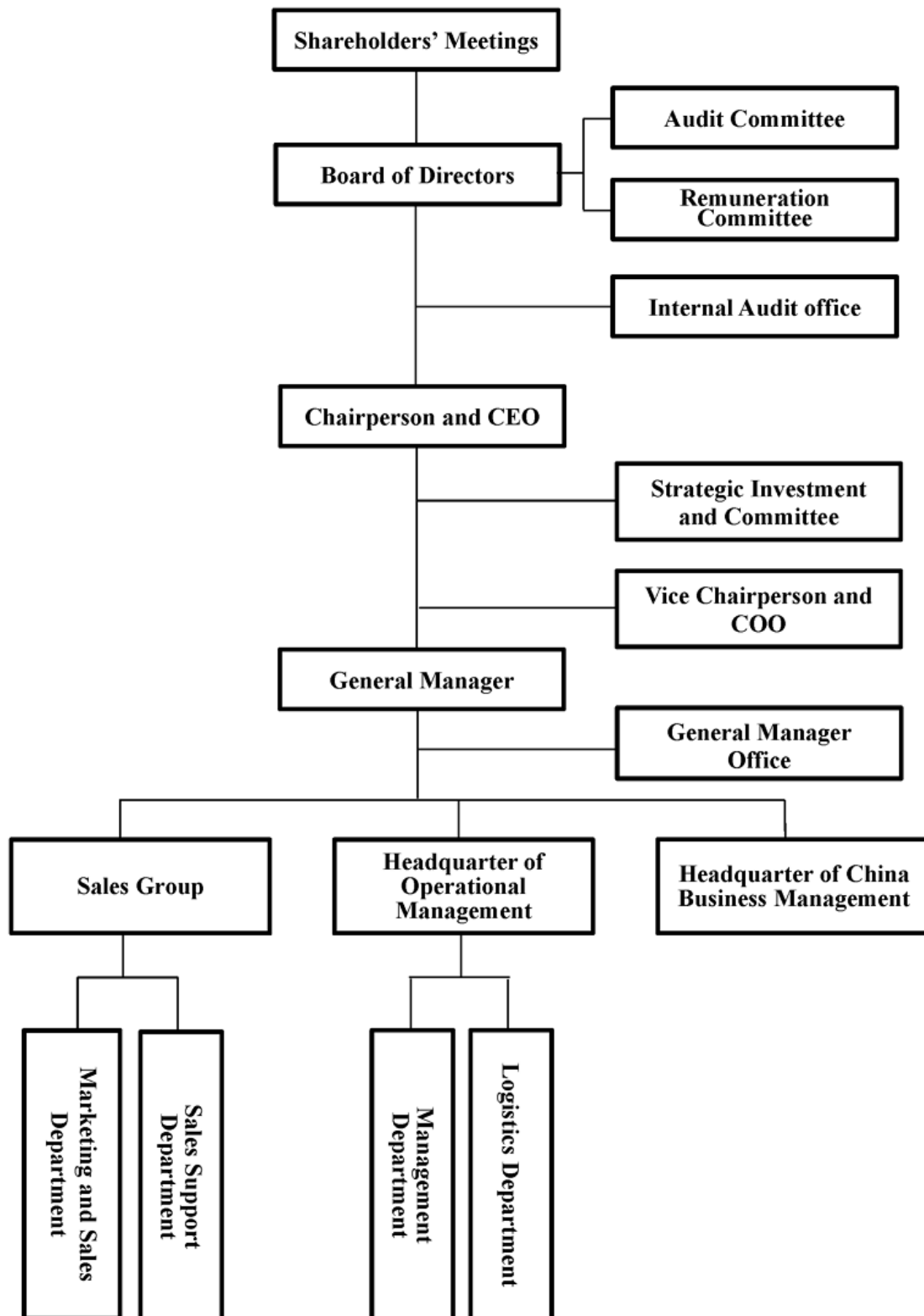
Time	Contents
	and Sentelic Corporation issued 800 thousand new restricted employee shares in August 2020 and 3,300 thousand shares of proceeds from issuing shares in November 2020. After the sale, it held 13,619 thousand shares of Sentelic Corporation, accounting for 45.29% of the Company's shareholding.
2021	August 2021 proceeds from issuing shares Scope Technology Co., Ltd. has 20,000 thousand shares, and total holds 53,016 thousand shares of Scope Technology Co., Ltd., accounting for 100% of the Company's equity.
2022	<p>(1) In January 2022, the Company acquired 2,440 thousand shares of KOHO (Taiwan) Co., Ltd., accounting for 81.33% of its shares.</p> <p>(2) In March 2022, the Company increased its investment and acquired an additional 110 thousand shares of KOHO (Taiwan) Co., Ltd. total holds 2,550 thousand shares of KOHO (Taiwan) Co., Ltd., accounting for 85% of its equity.</p> <p>(3) July 2022 new restricted employee shares were issued for NT \$40,000 thousand, leading to a paid-in capital of NT \$1,826,572 thousand.</p> <p>(4) In August 2022, the Company sold 10,710 thousand shares of Sentelic Corporation, and held 2,909 thousand shares of Sentelic Corporation, accounting for 9.68% of its shares.</p> <p>(5) Oct. 2022 the privately placed common stock proceeds amounted to NT \$300,000 thousand, contributing to a paid-in capital of NT \$2,126,572 thousand.</p>
2023	<p>(1) In April 2023, acquisition of 7F and 7F, No. 166 and 168, Jiankang Road, Zhonghe District to expand the use of business premises.</p> <p>(2) From July to September 2023, all 2,909 thousand shares of Sentelic Corporation were disposed of.</p>

# III. Corporate Governance Report

## 1. Organization

(1) Organizational Structure

April 27, 2024



- (2) Business of Each Major Department
1. Audit Office: Check and review the soundness, reasonableness and effectiveness of the internal control system, measure the effectiveness and efficiency of operations, ensure the reliability, timeliness, transparency of reports, and comply with relevant regulations and relevant laws and regulations, and provide timely recommendations for improvement to ensure the continuous and effective implementation of various systems.
  2. Strategic Investment Committee: Comprehensive management of group investment, mergers and acquisitions related businesses.
  3. General Manager
    - (1) Assist General Manager and Chairperson to execute supervision and management duties, complete the project business and strategic planning assigned by the superior, and formulate and promote business policies and objectives.
    - (2) Responsible for human resources related affairs such as appointment and removal of employees, employee development, attendance management, salary management, employee benefits and employee relations matters.
  4. Sales Group
    - (1) Marketing and Sales Department
      - ① Responsible for customer development, credit investigation, collection, and business transactions.
      - ② Sales plan formulation and sales execution.
      - ③ Maintain records of customers' product preferences and price inquiries.
      - ④ Oversee the overall progress of sales operations.
      - ⑤ Identify and promote new distributing products and promotion activities.
      - ⑥ Collection, analysis and management of market and sales information.
      - ⑦ Analysis of product channel integration planning and product planning.
      - ⑧ Promote value-added services to customers and support customer product design and application technology.
    - (2) Sales Support Department
      - ① Sales statistics and support Marketing Department logistics management business.
      - ② Handle customer deliveries and related matters efficiently.
      - ③ Gather market opinions for business improvement.
      - ④ Address customer needs to provide insights for product development.
      - ⑤ Manage procurement procedures for domestic and foreign products.
      - ⑥ Liaise with domestic and foreign manufacturers and act as an agent for matters to be handled.
      - ⑦ Supplier evaluation and control of procurement records.
      - ⑧ Coordinate procurement operations and monitor delivery progress effectively.
  5. Headquarter of operational management-management department
    - (1) Accounting department
      - ① Coordinate the company's accounting procedures and collect and analyze execution cost data.
      - ② Preparation of financial statements and establishment, analysis and interpretation of management financial information.
      - ③ Review monthly operating results and provides management accounting information.
      - ④ Compile the group's consolidated financial statements, transfer pricing

- report, and review the accounting treatment and financial report of affiliates.
- ⑤ Coordinate the planning and execution of the company's tax and compliance with various tax laws and regulations.
- ⑥ Summarize budget requirements and control monthly budget execution status.
- (2) Information department
  - ① Planning, establishment, and management of the company's network system.
  - ② Information system evaluation, development and design, online and training.
  - ③ Information system maintenance, management and security.
- (3) Finance department
  - ① Integrate and plan group resources for effective use of funds.
  - ② Assessment and execution of the group's various investment or financing operations, and compliance with relevant laws and regulations.
  - ③ Coordinate the group's financial strategy and operations related to shareholders' equity.
  - ④ Perform certification and credit investigation operations related to customers' checking deposits or bill exchanges.
- (4) Stock affairs department
  - ① Handle matters related to the group's shareholders' meeting, board of directors and functional committees.
  - ② Manage the group's stock affairs, shareholder dividends operations, shareholder tax reporting and supplementary premium payment declaration.
  - ③ Compliance with stock-related laws and regulations and revision of related measures.
  - ④ Handle matters related to corporate governance evaluation.
  - ⑤ Maintain investor relations.
  - ⑥ Prepare sustainability reports including coordinating the group's greenhouse gas inventory.
- (5) Administration Department
  - ① Oversee public safety maintenance operation.
  - ② Assist in the implementation of greenhouse gas inventory operations.
  - ③ Handle matters related to donation expense.
  - ④ Arrange contracted medical personnel to provide on-site service.
  - ⑤ Cultivate qualified occupational safety personnel.
  - ⑥ Manage epidemic prevention operations and environmental disinfection.
  - ⑦ Conduct fire drills and disaster prevention inspection.
  - ⑧ Manage assets procurement, management and insurance application.
- (6) Legal Department
  - ① Review and manage contracts.
  - ② Handle litigation and non-contentious legal matters.
  - ③ Manage intellectual property (Trademark, Patent)
  - ④ Provide legal advice.
  - ⑤ Conduct annual group education and training sessions.
  - ⑥ Ensure compliance with legal requirements.
- (7) Sales Management Department
  - ① Manage accounts receivable Insurance
  - ② Audit and retain supplier and customer information.
  - ③ Control sales credit limit and overdue receivables release.
- (8) Quality Assurance Department

- ① Conduct adoption operations and review environmental protection document.
  - ② Handle customer complaints.
  - ③ Quality control of incoming/outgoing goods.
6. Headquarter of Operational Management-Logistics Department: Responsible for the operation management of inventories's entry and exit, custody, receiving and delivery, and inventory.
7. Headquarter of China Business Management: Responsible for the related affairs and control of the Company's reinvestment in Mainland China.



**2. Background information of Directors, Supervisors, General Manager, Vice Presidents, Assistant Vice Presidents and heads of departments and branches**

(1) Information on Directors

1. Information on Directors

April 27, 2024

Job Title	Nationality or Place of Registration	Name Gender	Gender Age	Election Date	Term	Initial Election Date	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Major Experience (Education)	Current Positions at the Company and other	Executives of other who are spouses or relatives within the second degree of kinship; Director or Supervisor			Remark
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
							Chairperson	ROC	CHOU WEI LIN	Male 60 ~ 65 years old	2021.7.22	3 Years	1993.2.25	1,599,867			0.90	3,220,000 (Note1)	1.51	
Vice Chairperson	ROC	LEE KUN CHAN	Male 55 ~ 60 years old	2021.7.22	3 Years	2012.6.21	1,730,532	0.97	1,730,532	0.81	260,000	0.12	0	0	Department of Foreign Languages, Taichung Commercial College Cygnus Inc. Chairperson Special Assistant Taiwan Chemi-Con Corporation Business Nichidenbo Corporation General Manager.	Nichidenbo Corporation Chief Operating Officer. VIC-DAWN Enterprise Co., Ltd. representative Director and Chairperson TONSAM Corporation representative Director and Chairperson KOHO (Taiwan) Co., Ltd.	None	None	None	

Job Title	Nationality or Place of Registration	Name Gender	Gender Age	Election Date	Term	Initial Election Date	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Major Experience (Education)	Current Positions at the Company and other	Executives of other who are spouses or relatives within the second degree of kinship; Director or Supervisor			Remark	
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship		
															representative Director and Chairperson						
Director	ROC	Zong Xin Investment Co., Ltd.	Not applicable.			2018.6.20	5,500,000	3.08	5,630,000	2.65	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	None.	None	None	None		
		representative: HUANG JEN HU	Male 70-75 years old	2021.7.22	3 Years	1993.1.4	0	0	0	0	0	0	0	0	0	Department of Law, Kindai University, Japan Chemi-Con Corporation Taiwan Assistant Vice President Nichidenbo Corporation Chairperson, Chief Executive Officer and General Manager	Nichidenbo Corporation Chairperson of Strategic Investment Committee Zong Xin Investment Co., Ltd. Director JSW Pacific Corporation Director	Corporate entity representative Director	HUANG PEI CHING	Father	(Note 2) Retirement Corporate entity representative
		representative: HUANG PEI CHING	Female 30-35 years old			2023.12.20	0	0	0	0	0	0	0	0	0	Department of Applied Art, Fu Jen Catholic University	Zong Xin Investment Co., Ltd. Chairperson	Chairperson of Strategic Investment Committee	HUANG JEN HU	Father	(Note 2) Corporate entity representative
Director	ROC	YU YAO KUO	Male 50 ~ 55 years old	2021.7.22	3 Years	2015.6.11	319,548	0.18	324,548	0.15	2,247	0.00	0	0	MBA, National Taiwan University Acer Incorporated Director Sertek Incorporated Senior Vice President. Yosun Industrial Corp Senior Vice President	Nichidenbo Corporation General Manager Lipers Enterprise Co., Ltd. General Manager Advance Electronic Supply Inc. General Manager Lipers Electronic (SZ) Co., Ltd. General Manager Nichidenbo (Shenzhen) Trading Co., Ltd. General Manager Nichidenbo Suzhou Trading Co., Ltd. General Manager	None	None	None		
Director	ROC	HOU CHIN HWA	Female 50 ~ 55 years old	2021.7.22	3 Years	2017.6.14	428,215	0.24	428,215	0.20	0	0	0	0	Department of Accounting, Fu Jen Catholic	Nichidenbo Corporation Vice President	None	None	None		

Job Title	Nationality or Place of Registration	Name Gender	Gender Age	Election Date	Term	Initial Election Date	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Major Experience (Education)	Current Positions at the Company and other	Executives of other who are spouses or relatives within the second degree of kinship; Director or Supervisor			Remark
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
														University Deputy Manager, Accounting Department, Haotai Construction Co., Ltd.	Lipers Enterprise Co., Ltd. Supervisor					
Director	ROC	HUNG CHIN HAN	Male 55 ~ 60 years old	2021.7.22	3 Years	2017.6.14	600,674	0.34	500,674	0.24	236	0.00	0	0	Department of Human Science, Osaka University, Japan Taiwan Chemi-Con Corporation Business VIC-DAWN Enterprise Co., Ltd. General Manager.	Nichidenbo Corporation Senior Vice President.	None	None	None	
		Civic Texttile Co.,Ltd.	Not applicable.			2021.7.22	85,000	0.05	197,000	0.09	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None	None	None	None	
Director	ROC	representative: TSAI YU CHIN	Female 55 ~ 60 years old	2021.7.22	3 Years	2002.3.25	0	0	0	0	0	0	0	0	Doctor of Accounting, Shanghai University of Finance and Economics Director of Audit Department, KPMG Certified Public Accountant Assistant Professor, Department of Accounting, China University of Science and Technology	Assistant Professor, Department of Accounting, China University of Science and Technology Chairperson and member of the Remuneration Committee of Chlitina Holding Limited Independent Director and Audit Committee Chairperson and member of the Remuneration Committee of Jiu Han System Technology Co., Ltd. Independent Director and Audit Committee	None	None	None	

Job Title	Nationality or Place of Registration	Name Gender	Gender Age	Election Date	Term	Initial Election Date	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Major Experience (Education)	Current Positions at the Company and other	Executives of other who are spouses or relatives within the second degree of kinship; Director or Supervisor			Remark
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
Independent Director	ROC	YEN KUO LUNG	Male 60 ~ 65 years old	2021.7.22	3 Years	2008.9.15	0	0	0	0	0	0	0	0	Master of Finance, National Chengchi University Answer CPAs Firm Certified Public Accountants Center Laboratories Inc. Supervisor Da Han Construction Co., Ltd Supervisor Member, TAI-SAW Technology Co., Ltd remuneration committee Glory Biotech Co., Ltd. Supervisor Glac Biotech Co., Ltd. Supervisor Sentelic Corporation Independent Director, Convener of audit committee, Convener of remuneration committee	Convener of Nichidenbo Corporation Remuneration Committee and Convener of Audit Committee CPA at Answer CPA Firm Certified Public Accountants Member of Independent Director and Audit Committee	None	None	None	

Job Title	Nationality or Place of Registration	Name Gender	Gender Age	Election Date	Term	Initial Election Date	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Major Experience (Education)	Current Positions at the Company and other	Executives of other who are spouses or relatives within the second degree of kinship; Director or Supervisor			Remark
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
Independent Director	ROC	SU MING YANG	Male 65 ~ 70 years old	2021.7.22	3 Years	2021.7.22	0	0	0	0	0	0	0	0	Department of Electrical Engineering, National Taiwan University Panasonic Industrial Devices Sales Taiwan Co., Ltd Director Egalax EmpiaTechnology Inc. Chairperson and General Manager	Member of Nichidenbo Corporation Remuneration Committee and Audit Committee	None	None	None	
Independent Director	ROC	HSU HSOU CHUN	Male 50 ~ 55 years old	2021.7.22	3 Years	2021.7.22	0	0	0	0	0	0	0	0	MBA, National Taiwan University Cirocomm Technology Corporation Vice President Tailyn Technologies, Inc. General Manager Special Assistant Chief Financial Officer, Siltrontech Electronics Corporation	Member of Nichidenbo Corporation Remuneration Committee and Audit Committee Moneypool Consultant Ltd. Person in charge E-Life Mall Corporation Independent Director, member of the Remuneration Committee and Convener of Audit Committee Jet One Technology Co., Ltd. Supervisor InnoGreat Technology Co., Ltd Director.	None	None	None	

Job Title	Nationality or Place of Registration	Name Gender	Gender Age	Election Date	Term	Initial Election Date	When Elected Shares Held		Current Shares Held		Shares Currently Held by Spouse & Minors		Shareholding by Nominee Arrangement		Major Experience (Education)	Current Positions at the Company and other	Executives of other who are spouses or relatives within the second degree of kinship; Director or Supervisor			Remark
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
Independent Director	ROC	WU CHIA HSUN	Male 65 ~ 70 years old	2023.6.15	3 Years (Note3)	2005.06.03	0	0	0	0	0	0	0	0	Master of Finance, National Chengchi University Associate Professor, Department of Finance and International Business, Fu Jen Catholic University	Nichidenbo Corporation Remuneration and Audit Committee Member Answer CPA Management Consulting Firm Tait Marketing & Distribution Co., Ltd. Independent Director, Audit and Remuneration Committee Member Tidehold Development Co., Ltd. Independent Director, Audit and Remuneration Committee Member	None	None	None	(Note3)

Source: The shareholding ratio at the time of election is calculated based on the total number of issued shares of 178,657,150 shares on July 22, 2021; The current shareholding ratio is based on the shareholding data on the last book closure date on April 27, 2024, and is calculated based on the total number of issued shares of 212,657,150 shares.

Note 1: Included 1,500,000 shares and 630,000 shares of Chairperson CHOU WEI LIN and its spouse, Cheng, Teng-Yun, respectively, in trust accounts with financial institutions with discretion reserved.

Note 2: On December 20, 2023, Zong Xin Director re-appointed representative as HUANG PEI CHING.

Note 3: In 2023, General Shareholders' Meeting elected an additional Independent Director. The term of office is from June 15, 2023 to July 21, 2024.

2. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

April 27, 2024

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
<p>Director CHOU WEI LIN</p>	<p>(1) Have more than 5 years of work experience in business and corporate business.</p> <p>(2) Once held the position of Chief of Business Section, Chemi-Con Corporation, Taiwan; currently, The Company Chief Executive Officer and various subsidiaries, Chairperson and Director, as detailed on page 13.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(1) Individuals who serve as directors, supervisors, managerial officers or shareholders holding more than 5% of the shares in a specific company or institution that does not engage in financial or business transactions with The Company.</p> <p>(2) Individuals who are not professional auditors or owners, partners, directors, supervisors, or officers of a sole proprietorship, partnership, company, or institution that provides auditing services to The Company or any of its affiliates. Additionally, they should not provide commercial, legal, financial, accounting or related services to the company's directors or any affiliates for which they have received remuneration in the past two years. This also applies to their managerial officers, or a spouse thereof.</p> <p>(3) Individuals who do not have a marital relationship, or a relative within the second degree of kinship to other directors.</p> <p>(4) Individuals who are not representatives of governmental or juridical persons as defined in Article 27 of Company Act.</p>	<p>None</p>

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
<p>Director LEE KUN CHAN</p>	<p>(1) Have more than 5 years of work experience in business and corporate business.</p> <p>(2) used to be the business of Chemi-Con Corporation in Taiwan, and currently serves as The Company Chief Operating Officer and various subsidiaries Chairperson and Director, see page 13 for details.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(1) Individuals who serve as directors, supervisors or employees of a corporate shareholder provided that they do not directly hold more than 5% of the total issued shares of the Company, hold one of the top five shareholdings, or designates a representative as a company director or supervisor in accordance with Company Act 27, paragraph 1 or 2.</p> <p>(2) Individuals who are directors, supervisors, managerial officers or shareholders holding more than 5% of the shares of a specific company or institution that does not engage in financial or business transactions with The Company.</p> <p>(3) Individuals who are not a professional auditors or owners, partners, directors, supervisors, or officers of a sole proprietorship, partnership, company, or institution that, provides auditing services to The Company or any of its affiliates. Additionally, they should not provide commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which they have received remuneration in the past 2 years. This also applies to their directors, supervisors, or managerial</p>	<p>None</p>



Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
		<p>officers, or a spouse thereof.</p> <p>(4) Individuals who do not have a marital relationship or a relative within the second degree of kinship to other directors.</p> <p>(5) Individuals who are not representatives of governmental or juridical persons as defined in Article 27 of the Company Act.</p>	
<p>Director Zong Xin Investment Co., Ltd. representative HUANG PEI CHING</p>	<p>(1) Have more than 5 years of work experience in business and corporate business.</p> <p>(2) Currently serving as Zong Xin Investment Co., Ltd. Chairperson, see page 14 for details.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(1) Individuals who are directors, supervisors, managerial officers or shareholders holding more than 5% of the shares of a specific company or institution that does not have financial or business dealings with The Company.</p> <p>(2) Individuals who are not professional auditors or owners, partners, directors, supervisors, or officers of a sole proprietorship, partnership, company, or institution that, provides auditing services to The Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to Director or any affiliate of the Company for which the provider in the past 2 years has received remuneration, managerial officers, or a spouse thereof.</p> <p>(3) Individuals who do not have a marital relationship, or a relative</p>	<p>None</p>

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
		within the second degree of kinship to other directors.	
Director YU YAO KUO	<p>(1) Have more than 5 years of work experience in business and corporate business.</p> <p>(2) Once served as the director of Acer Incorporated and Yosun Industrial Corp Senior Vice President. Currently serving as The Company and various subsidiaries General Manager. Please refer to page 14 for details.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(1) Individuals who are not a shareholder of natural persons holdings shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(2) Directors, supervisors or employees of a corporate shareholder who do not directly hold more than 5% of the total issued shares of the Company, hold one of the top five shareholdings, or designates a representative as the company's Director or supervisor in accordance with Company Act 27, paragraph 1 or 2.</p> <p>(3) The Company is not a specific</p>	None

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
<p>Director HOU CHIN HWA</p>	<p>(1) Have more than 5 years of work experience in accounting and corporate business.</p> <p>(2) Former Deputy Manager of the Accounting Department of Haotai Construction Co., Ltd. Currently serving in The Company Vice President, etc., see page 14 for details.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>company or institution with financial or business dealings with Director, supervisor, managerial officers or shareholders holding more than 5% of the shares have vested interests.</p> <p>(4) Individuals who are not professional auditors or owners, partners, directors, supervisors, or officers of a sole proprietorship, partnership, company, or institution that, provides auditing services to The Company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received remuneration. This also applies to their spouses.</p> <p>(5) Individuals who do not have a marital relationship, or a relative within the second degree of kinship to Other Director</p>	<p>None</p>
<p>Director HUNG CHIN HAN</p>	<p>(1) Have more than 5 years of work experience in business and corporate business.</p> <p>(2) used to be the business of Chemi-Con Corporation in Taiwan, and currently serves as The Company Senior Vice President, etc. Please</p>	<p>(6) Individuals who are not elected in the capacity of the government, a juristic person, or a representative as provided in Article 27 of the Company Act.</p>	<p>None</p>

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
	<p>refer to page 15 for details.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>		
<p>Director Civic Textile Co., Ltd. representative TSAI YU CHIN</p>	<p>(1) Have more than 5 years of work experience in accounting and corporate business.</p> <p>(2) He used to be the head of the audit department of KPMG and currently holds a position at Other as detailed on page 15.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(1) Individuals who are not employees of The Company or its affiliates.</p> <p>(2) Individuals who are not spouses, relatives within the second degree of kinship, or lineal relative within the third degree of kinship, of a shareholder of The Company or any of its affiliates who is managerial officers or The Company or any of its affiliates, or of a shareholder of natural person holding shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company.</p> <p>(3) Directors, supervisors or employees of a corporate shareholder who do not directly hold more than 5% of the total issued shares of The Company, hold one of the top five shares, or designates representative as a company Director or supervisor in accordance with Article 27,</p>	<p>2</p>

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
		<p>paragraph 1 or 2 of Company Act.</p> <p>(4) Individuals who are not directors, supervisors, or employees of The Company's Director, a company controlled by the same person with more than half of the shares with voting rights.</p> <p>(5) The Company's Chairperson, General Manager, or person holding an equivalent position should not be the same person or spouse of another company or institution's director supervisor, or employee.</p> <p>(6) Individuals who are directors, supervisors, managerial officers or shareholders holding more than 5% of the shares of a specific company or institution that does not have financial or business dealings with The Company.</p> <p>(7) Individuals who are not professional auditors or owners, partners, directors, supervisors, or officers of a sole proprietorship, partnership, company, or institution that, provides auditing services to The Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to Director or any affiliate of the Company for which the provider in the past 2 years has received</p>	

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
		<p>remuneration, managerial officers, or a spouse thereof.</p> <p>(8) Individuals who do not have a marital relationship, or a relative within the second degree of kinship to other directors.</p>	
<p>Independent Director YEN KUO LUNG</p>	<p>(1) Have more than 5 years of work experience in accounting and corporate business.</p> <p>(2) Served as Supervisor of Center Laboratories Inc., and is currently a certified public accountant with Other, see page 16 for details.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(1) Not an employee of The Company or its affiliates.</p> <p>(2) Not a The Company or its affiliated company's Director or supervisor.</p> <p>(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 shareholder of natural person.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding (1) subparagraph managerial officers or (2), (3).</p> <p>(5) Not a director, supervisor, or</p>	<p>1</p>
<p>Independent Director SU MING YANG</p>	<p>(1) Have more than 5 years of work experience in business and corporate business.</p> <p>(2) Once held the position of Egalax_Empia Technology Inc.</p>	<p>employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of The Company, or that ranks among the top five in shareholdings, or that designates representative to serve as a Director or supervisor of the Company under Article 27, paragraph 1 or 2 of Company Act.</p>	<p>None</p>

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
	<p>Chairperson, and currently holds the position of Other as detailed on page 17.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(6) Not a director, supervisor, or employee of The Company's Director, a company controlled by the same person with over half of the shares with voting rights.</p> <p>(7) Not a director, supervisor, or employee of a company or institution with the same person or spouse as The Company, Chairperson or General Manager.</p>	
<p>Independent Director HSU HSOU CHUN</p>	<p>(1) Have more than 5 years of work experience in accounting and corporate business.</p> <p>(2) Once held the position of Chief Financial Officer of Siltrontechnics Corporation, and currently holds other position. as detailed on page 17.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>(8) Not a director, supervisor, supervisor, or shareholder holding 5% or more of the shares, of The Company which is a specific company or institution that has a financial or business relationship with Director</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to The Company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received remuneration, Director, supervisor,</p>	<p>1</p>
<p>Independent Director WU CHIA HSUN</p>	<p>(1) Have more than 5 years of work experience in accounting and</p>		<p>2</p>

Name/Criteria	Professional Qualifications and Experience	Independence	Number of public companies Other concurrently served as Independent Director
	<p>corporate business.</p> <p>(2) Independent Director of Tait Marketing &amp; Distribution Co., Ltd and Tidehold Development Co., Ltd. currently serves as a consultant of an accounting firm and holds positions in Other as detailed on page 18.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>or managerial officers, or a spouse thereof.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to Other Director</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of Company Act.</p>	

3. Board of directors Diversity and Independence:

(1) Board of directors Diversity:

According to Article 20 of The Company “Corporate Governance Best Practice Principles”, the composition of board of directors members should prioritize diversity. An appropriate diversity policy is formulated based on company’s operations, business type and development needs, which should encompass but not limited to the following two major standards:

- A. Basic Requirements and Values: Gender, age, nationality, and culture.
- B. Professional Knowledge and Skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board of directors members should generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, board of directors should have the following abilities:

- A. Ability to make operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Business management ability.
- D. Ability to conduct crisis management.
- E. Knowledge of the industry.



F. An international market perspective.

G. Leadership.

H. Decision-making ability.

The Company continues to implement the succession plan for Directors, cultivate high-level managerial officers to enter board of directors, and prioritizes gender equality in the composition of board members by ensuring the inclusion of at least one female Director.

The Company's Directors were fully re-elected in the Shareholders' Meeting in July 2021, and an additional Independent Director was elected in Shareholders' Meeting in 2023. On December 20, 2023, a corporate Director was re-designated as a representative Director. As of December 31, 2023, there are 11 seats in the 13th Director (including 4 seats for Independent Director), with 3 seats held by female Director. The proportion of current female directors on the board accounts for 27% of all Director members.

There are 2 seats occupied by individuals aged 65 ~ 70, 2 seats aged 60 ~ 65, 3 seats aged 55 ~ 60, 3 seats aged of 50 ~ 55, and 1 seat aged of 30 ~ 35 for Director members, all of whom are nationals of Taiwan. The Company's board of directors is moving towards the younger demographic. In the future director re-election, we will continue to invite suitable candidates to join board in response to the company's development strategy and changes in internal and external environments to strengthen the balanced operation of the board of directors.

(2) Implementation of diversity of board of directors members:

Job Title	Name Gender	Gender	Age	Operation Judgment	Accounting and Financial Analysis	Operation Management	Crisis Disposal	Industry Knowledge	International Market Perspective	Leadership Decision Making
Chairperson	CHOU WEI LIN	Male	60 ~ 65 years old	✓		✓	✓	✓	✓	✓
Vice Chairperson	LEE KUN CHAN	Male	55 ~ 60 years old	✓		✓	✓	✓	✓	✓
Corporate entity representative Director	HUANG PEI CHING	Female	30 ~ 35 years old	✓		✓	✓	✓	✓	✓
Director	YU YAO KUO	Male	50 ~ 55 years old	✓		✓	✓	✓	✓	✓
Director	HOU CHIN HWA	Female	50 ~ 55 years old		✓	✓	✓			
Director	HUNG CHIN HAN	Male	55 ~ 60 years old	✓		✓	✓	✓	✓	✓
Corporate entity representative Director	TSAI YU CHIN	Female	55 ~ 60 years old		✓		✓			
Independent Director	YEN KUO LUNG	Male	60 ~ 65 years old		✓		✓			
Independent Director	SU MING YANG	Male	65 ~ 70 years old	✓		✓	✓	✓	✓	✓
Independent Director	HSU HSOU CHUN	Male	50 ~ 55 years old		✓	✓	✓		✓	

Job Title	Name Gender	Gender	Age	Operation Judgment	Accounting and Financial Analysis	Operation Management	Crisis Disposal	Industry Knowledge	International Market Perspective	Leadership Decision Making
Independent Director	WU CHIA HSUN	Male	65 ~ 70 years old		✓		✓			

(3) Board of Directors Independence:

The Company's Director was fully re-elected in Shareholders' Meeting in July 2021, and an additional Independent Director was elected in Shareholders' Meeting in 2023, and on December 20, 2023, the corporate Director re-appointed representative Director. As of December 31, 2023, there are 11 seats on the 13th Director, with 4 seats occupied by Independent Director, and the proportion of members at Director was 36% at board of directors Independent Director. There are 3 female Directors, consulting 27% of all Director members.

There are 5 Director seats with employee status, representing 45% of all Director members.

As of the end of 2023, the Independent Directors are in compliance with the regulations of the Executive Yuan the Financial Supervisory Commission on Independent Director, and there are no Director and Independent Director circumstances in Paragraphs 3 and 4 of Article 26-3 of Securities and Exchange Act. The Company board of directors is independent (please refer to Director Professional Qualifications and Independent Director Independence Information Disclosure).

None of The Company's Directors have a marital relationship, or a relative within the second degree of kinship to any other person (see page 13 for details).

4. Director, Supervisor as the representative of corporate shareholder

April 27, 2024

Name of corporate shareholder	Major Shareholders of Institutional Shareholders
Zong Xin Investment Co., Ltd.	HUANG PEI CHING (45.50%), HUANG PEI WEN (45.50%), HUANG JEN HU (9.00%)
Civic Textile Co., Ltd.	Tian-teng Industry Co., Ltd. (45.00%), Guang Yuan Xing Investment Co., Ltd. (15.00%), Yong Zhen Investment Co., Ltd. (19.00%)

5. Major shareholders of the Company's major institutional shareholders

April 27, 2024

Name of corporate shareholder	Major Shareholders of Institutional Shareholders
Tian-teng Industry Co., Ltd.	Yong Zhen Investment Co., Ltd. (19.00%)
Guang Yuan Xing Investment Co., Ltd.	Yong Zhen Investment Co., Ltd. (17.30%)
Yong Zhen Investment Co., Ltd.	TSAI MAO CHEN (73.85%)

## (2) Information on the heads of General Manager, Vice Presidents, Assistant Vice Presidents and various departments and branches

April 27, 2024

Job Title	Nationality	Name Gender	Gender	Date of Appointment	Shares Held		Spouse & Minor Shares held by children		In the name of others Shares Held		Major Experience (Education)	Current Positions at Other	managerial officers is a spouse or relative within the second degree of kinship			Remark
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
Chief Executive Officer	ROC	CHOU WEI LIN	Male	2016.10.1	3,220,000 (Note1)	1.51	630,000 (Note1)	0.30	0	0	MBA, European University, Switzerland Arvin Industries Inc (USA) Section Chief, Chemi-Con Corporation, Taiwan Nichidenbo Corporation Chief Operating Officer and General Manager	Lipers Enterprise Co., Ltd. representative Director and Chairperson Lipers (Hong Kong) Enterprise Co., Ltd. representative Director Scope Technology Co., Ltd. representative Director and Chairperson Advance Electronic Supply Inc. representative Director and Chairperson Nichidenbo (Mauritius) Ltd. Director.	None	None	None	(Note 2)
Chairperson of Strategic Investment Committee	ROC	HUANG JEN HU	Male	2018.6.20	0	0	0	0	0	0	Department of Law, Kindai University, Japan Chemi-Con Corporation Taiwan Assistant Vice President Nichidenbo Corporation Chairperson, Chief Executive Officer and General Manager	Zong Xin Investment Co., Ltd. Director JSW Pacific Corporation Director	None	None	None	
Chief Operating Officer	ROC	LEE KUN CHAN	Male	2019.9.1	1,730,532	0.81	260,000	0.12	0	0	Department of Foreign Languages, Taichung Commercial College Cygnus Inc. Chairperson Special Assistant Taiwan Chemi-Con Corporation Business Nichidenbo Corporation General Manager.	VIC-DAWN Enterprise Co., Ltd. representative Director and Chairperson TONSAM Corporation representative Director and Chairperson KOHO (Taiwan) Co., Ltd. representative Director and Chairperson	None	None	None	
General Manager	ROC	YU YAO KUO	Male	2019.9.1	324,548	0.15	2,247	0.00	0	0	MBA, National Taiwan University Acer Incorporated Director Sertek Incorporated Senior Vice President. Yosun Industrial Corp Senior Vice President.	Lipers Enterprise Co., Ltd. General Manager. Advance Electronic Supply Inc. General Manager. Lipers Electronic (SZ) Co., Ltd. General Manager. Nichidenbo (Shenzhen) Trading Co., Ltd. General Manager. Nichidenbo Suzhou Trading Co., Ltd. General Manager.	None	None	None	
Vice President	ROC	LIAO LI SHU	Female	2013.9.1	230,000	0.11	0	0	0	0	Graduate Institute of Finance and International Business, Fu Jen Catholic University Yuanta Securities Co., Ltd.	VIC-DAWN Enterprise Co., Ltd. Supervisor KOHO (Taiwan) Co., Ltd. Supervisor	None	None	None	
Vice President	ROC	HOU CHIN HWA	Female	2013.9.1	428,215	0.20	0	0	0	0	Department of Accounting, Fu Jen Catholic University Deputy Manager, Accounting Department, Haotai Construction Co.,Ltd.	Lipers Enterprise Co., Ltd. Supervisor	None	None	None	

Job Title	Nationality	Name Gender	Gender	Date of Appointment	Shares Held		Spouse & Minor Shares held by children		In the name of others Shares Held		Major Experience (Education)	Current Positions at Other	managerial officers is a spouse or relative within the second degree of kinship			Remark
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Job Title	Name Gender	Relationship	
Senior Vice President	ROC	HUNG CHIN HAN	Male	2022.7.1	500,674	0.24	236	0.00	0	0	Department of Human Science, Osaka University, Japan Taiwan Chemi-Con Corporation Business VIC-DAWN Enterprise Co., Ltd. General Manager.	None	None	None	None	
Vice President and related parties Corporate Governance Officer	ROC	LAI NAN CHUN	Female	2017.9.1	315,372	0.15	5,000	0.00	0	0	Department of Business Administration, Shih Chien University Auditor of KPMG Taiwan Underwriting Counseling of Capital Securities Corporation Nichidenbo Corporation internal audit officer.	None	None	None	None	
Financial officer	ROC	HSU SHU HUI	Female	2015.8.11	39,669	0.02	2,388	0.00	0	0	Department of Accounting, Providence University Candor Taiwan CPAs Andante Co.,Ltd. Assistant Manager of Accounting, Yosun Industrial Corp	Lipers Electronic (SZ) Co., Ltd. Supervisor Nichidenbo Suzhou Trading Co., Ltd. Director	None	None	None	
Assistant Vice President	ROC	YANG WEN CHI	Male	2019.7.1	43,000	0.02	0	0.00	0	0	Department of Civil Engineering, Tamkang University Asia-Pacific Telecom Co., Ltd. Sales Manager	None	None	None	None	
Assistant Vice President	ROC	HSU CHI PING	Male	2021.7.1	687,628	0.32	304,348	0.14	0	0	Sihai Technical College Manager, Nichidenbo Corporation	None	None	None	None	
Assistant Vice President	ROC	LYI PO YI	Male	2021.7.1	12,000	0.01	0	0	0	0	Department of Applied Sciences, University of British Columbia Senior Director, Nichidenbo Corporation	None	None	None	None	
Assistant Vice President	ROC	LIN TSAN WEI	Male	2023.7.1	17,402	0.01	0	0	0	0	Master of Management, Yuan Ze University Manager, ShuoNetwork Information Co., Ltd.	None	None	None	None	
Controller	ROC	KU HSIN PING	Female	2023.9.1	21,300	0.01	0	0	0	0	Department of Accounting, Tamkang University Associate Manager of Audit Department, Deloitte & Touche	None	None	None	None	

Source: The shareholding ratio is based on the shareholding data on the last book closure date on April 27, 2024, and is calculated based on the total number of issued shares of 212,657,150 shares.

Note 1: Included 1,500,000 shares and 630,000 shares of Chief Executive Officer CHOU WEI LIN and his spouse, CHENG TENG YUN, respectively, in trust accounts with financial institutions with discretion reserved.

Note 2: When the Chairperson and managerial officers hold concurrent roles, or when they are spouses or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and future improvement measures should be disclosed:

The concurrent roles of The Company's Chairperson and Chief Executive Officer aim to improve operational efficiency and decision execution. The Chairperson directly communicates with Directors regarding operational profile, strategic goals and other pertinent information; In addition, the two current Independent Director and the two Director have financial accounting expertise and effectively perform their supervisory functions; We also arrange Director training every year to enhance the professional knowledge of each Director and strengthen the operational effectiveness of board of directors.

In response to the Company's future business model and the diversified needs of business development, The Company has set up Independent Director with 4 people by the end of 2023, and more than half of Director does not concurrently serve as employees or managerial officers to enhance board of directors functions and strengthen corporate governance.

### 3. Payment to Director, Supervisors, General Manager and Vice President Remuneration in the most recent year

#### (1) Director, General Manager and Vice President's Remuneration

##### 1. Director and Independent Director's Remuneration

December 31, 2023

Unit: NT \$thousands

Job Title	Name Gender	Director Remuneration.								A、B、C、D Total amount and its proportion to net profit after tax (%)		Remuneration								A、B、C、D、E、F and G		Receive reinvestments other than subsidiaries or parent company Remuneration		
		Base Remuneration (A)		Retirement pension (B)		Director remuneration (C) (Note 1)		Business execution expenses (D)				Salaries, bonuses and Special expenses, etc. (E) (Note 2)		Retirement pension (F) (Note 3)		Employee Remuneration (G) (Note 1)								
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	Companies in the consolidated financial statements			
Chairperson	CHOU WEI LIN (a)																							
Vice Chairperson	LEE KUN CHAN (b)																							
Director	Zong Xin Investment Co., Ltd. (c) representative: HUANG JEN HU (d)	0	0	0	0	12,982	12,982	140	140	13,122 1.86%	13,122 1.86%	42,045	42,045	1,413	1,413	29,882	0	29,882	0	86,462 12.24%	86,462 12.24%	None		
	representative: HUANG PEI CHING (e)																							
Director	Civic Textile Co., Ltd. (f) representative: TSAI YU CHIN (g)																							
Director	YU YAO KUO (h)																							
Director	HOU CHIN HWA (i)																							
Director	HUNG CHIN HAN (j)																							
Independent Director	YEN KUO LUNG (k)	2,150	2,150	0	0	0	0	70	70	2,220 0.31%	2,220 0.31%	0	0	0	0	0	0	0	0	2,220 0.31%	2,220 0.31%	None		
Independent Director	SU MING YANG (l)																							
Independent Director	HSU HSOU CHUN (m)																							
Independent Director	WU CHIA HSUN (n)																							

Note 1: The board of directors resolved to distribute remuneration of NT \$12,982 thousand to Director and NT \$60,583 thousand to employees.

Note 2: Director's remuneration received by concurrent employees in 2023, includes salary, job allowance, various bonuses, various allowances, car allocation, etc., and includes the cost of restricted stock awards.

Note 3: Retirement pension comprises the allocation of determined welfare cost and pension based on the total monthly salary.

Note 4: The Company's Director Remuneration Payment policy, system, standard and structure, and describe the relationship with the amount of Remuneration according to the responsibilities, risks, time invested and other factors:  
According to The Company's "Articles of Incorporation" and "Director Remuneration Payment Method", and considering the Company's operating performance, the risk of future industry prosperity fluctuations, and The Company's future operations may face related risks, the amount of Remuneration payment is determined.

Note 5: No Remuneration was provided to Directors for services in the most year (such as serving as a non-employee consultant for the parent company/all companies in the financial report/reinvestment business).

Note 6: Mr. HUANG JEN HU stepped down from Zong Xin Investment Co., Ltd. representative Director on December 20, 2023. Miss HUANG PEI CHING assumed the position.

Note 7: Mr. WU CHIA HSUN was appointed as Independent Director on June 15, 2023.

The Company Director Remuneration range	Director Name			
	Total of (A + B + C + D) Remuneration		Total of (A + B + C + D + E + F + G)	
	The Company	Companies in the consolidated financial statements (H)	The Company	Companies in the consolidated financial statements (I)
Below NT \$1,000,000	d, e, g, k, l, m, n	d, e, g, k, l, m, n	e, g, k, l, m, n	e, g, k, l, m, n
NT \$1,000,000 (inclusive) ~ NT \$2,000,000 (exclusive)	b, c, f, h, i, j	b, c, f, h, i, j	c, f	c, f
NT \$2,000,000 (inclusive) ~ NT \$3,500,000 (exclusive)	a	a		
NT \$3,500,000 (inclusive) ~ NT \$5,000,000 (exclusive)				
NT \$5,000,000 (inclusive) ~ NT \$10,000,000 (exclusive)			i, j	i, j
NT \$10,000,000 (inclusive) ~ NT \$15,000,000 (exclusive)			d	d
NT \$15,000,000 (inclusive) ~ NT \$30,000,000 (exclusive)			a, b, h	a, b, h
NT \$30,000,000 (inclusive) ~ NT \$50,000,000 (exclusive)				
NT \$50,000,000 (inclusive) ~ NT \$100,000,000 (exclusive)				
Over NT \$100,000,000				
Total	14 people	14 people	14 people	14 people

2. Remuneration of Supervisors: Not applicable.  
3. General Manager and Vice President's Remuneration

December 31, 2023  
Unit: NT \$thousands

Job Title	Name Gender	Salary (A) (Note 1)		Pension (B) (Note 2)		Bonuses and Allowances (C) (Note 1)		Employee Remuneration (D) (Note 3)				A · B · C · D Total amount and its proportion to net profit after tax (%)		Receive reinvestments other than subsidiaries or parent company Remuneration
		The Company	In Financial Report All companies	The Company	In Financial Report All companies	The Company	In Financial Report All companies	The Company		Companies in the consolidated financial statements		The Company	In Financial Report All companies	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	CHOU WEI LIN (a)	17,723	17,723	1,563	1,563	29,616	29,716	33,350	0	33,350	0	82,252 11.65%	82,352 11.66%	None
Chairperson of Strategic Investment Committee	HUANG JEN HU (b)													
Chief Operating Officer	LEE KUN CHAN (c)													
General Manager	YU YAO KUO (d)													
Senior Vice President	HUNG CHIN HAN (e)													
Vice President	LIAO LI SHU (f)													
Vice President	HOU CHIN HWA (g)													
Vice President	LAI NAN CHUN (h)													

Note 1: Salaries, bonuses and special expenses include salaries, job allowances, various bonuses, various allowances, company cars, etc., and include the cost of restricted stock awards.

Note 2: The retirement pension is the allocation of the determined welfare cost and the pension based on the total salary on a monthly basis.

Note 3: The employee remuneration of NT \$60,583 thousand distributed by board of directors Resolution.

Note 4: Miss LAI NAN CHUN served as Vice President on July 1, 2023.

The Company General Manager and Vice President Remuneration range	Name of General Manager and Vice President	
	The Company	All companies included into the financial statement E
Below NT \$1,000,000		
NT \$1,000,000 (inclusive) ~ NT \$2,000,000 (exclusive)		
NT \$2,000,000 (inclusive) ~ NT \$3,500,000 (exclusive)		
NT \$3,500,000 (inclusive) ~ NT \$5,000,000 (exclusive)	h	h
NT \$5,000,000 (inclusive) ~ NT \$10,000,000 (exclusive)	e, f, g	e, f, g
NT \$10,000,000 (inclusive) ~ NT \$15,000,000 (exclusive)	b, c, d	b, c, d
NT \$15,000,000 (inclusive) ~ NT \$30,000,000 (exclusive)	a	a
NT \$30,000,000 (inclusive) ~ NT \$50,000,000 (exclusive)		
NT \$50,000,000 (inclusive) ~ NT \$100,000,000 (exclusive)		
Over NT \$100,000,000		
Total	8 people	8 people

## (2) Managerial officers names and distribution of employee remuneration

December 31, 2023; Unit: NT \$thousands

	Job Title	Name Gender	Stock Amount	Cash (Note)	Total	Ratio of Total Amount to Net Income Net profit ratio (%)
Managerial Officers	Chief Executive Officer	CHOU WEI LIN	0	39,930	39,930	5.65 %
	Chairperson of Strategic Investment Committee	HUANG JEN HU				
	Chief Operating Officer	LEE KUN CHAN				
	General Manager	YU YAO KUO				
	Senior Vice President	HUNG CHIN HAN				
	Vice President	LIAO LI SHU				
	Vice President	HOU CHIN HWA				
	Vice President	LAI NAN CHUN				
	Financial officer	HSU SHU HUI				
	Controller	KU HSIN PING				
	Assistant Vice President	LIN TSAN WEI				
	Assistant Vice President	YANG WEN CHI				
	Assistant Vice President	HSU CHI PING				
	Assistant Vice President	LYI PO YI				

Note: board of directors Resolution distributed employee remuneration of NT \$60,583 thousand.

(3) Compare and explain separately the remuneration's total proportion of net profit after tax in the Parent Company's financial statement for the Company and all companies in the consolidated statements over the past two years, with a focus on the Company's Directors, supervisors, General Manager, and Vice Presidents. And explain the policies, standards and combinations of remuneration, the procedures for determining remuneration, and its relevance to business performance and future risks

1. Analysis of the proportion of the total amount of the Company Director, supervisors, General Manager and Vice President Remuneration paid by the Company and all companies in the consolidated financial statements to the net profit after tax of Parent Company only financial statement in the last two years

Unit: NT \$thousands

Job Title	The Company				Companies in the consolidated financial statements			
	2022		2023		2022		2023	
	Total Amount	As a percentage of net income after tax	Total Amount	As a percentage of net income after tax	Total Amount	As a percentage of net income after tax	Total Amount	As a percentage of net income after tax
Director Remuneration.	28,114	1.89%	15,342	2.17%	28,114	1.89%	15,342	2.17%
Supervisor Remuneration	-	-	-	-	-	-	-	-
General Manager and Vice President Remuneration	94,679	6.36%	82,252	11.65%	94,894	6.38%	82,352	11.66%
Net profit after tax	1,488,045	-	706,306	-	1,488,045	-	706,306	-



Note 1: The total amount of Director, General Manager and Vice President Remuneration in 2023 is lower than that in 2022, mainly due to the decrease in net profit after tax.

Note 2: The Company established audit committee to replace the supervisor after General Shareholders' Meeting on July 22, 2021, so there is no payment to the supervisor Remuneration.

2. The policies, standards, and portfolios for remuneration payment, the procedures for determining remuneration, and their correlation with business performance and future risks:

(1) Director's Remuneration includes salary, travel expenses and Director remuneration:

The Company Director Remuneration is governed by the provisions of the Company's Articles of Incorporation. Salaries are determined based on the industry standards. If a Director concurrently holds the position within the Company, their remuneration for that position is determined by the Chairperson under the authorization of the board of directors in accordance following internal management regulations. The remuneration of Chairperson and Director is assessed by remuneration committee, considering their level of involvement in the Company's operations and their contributions; Transportation expenses are determined by board of directors based on industry standards, and are disbursed according to Director's attendance at board meeting. In terms of Director remuneration, it is handled in accordance with the Company's Articles of Incorporation regulations. When the Company makes a profit in the year, up to three% will be allocated for Director remuneration. At the same time, it is based on its individual participation in the operation of the Company and performance evaluation as a whole. The considerations include the practice of the company's core values and operational management capabilities, financial and business operation performance indicators and integrated management indicators, continuing education and participation in sustainable management, and the evaluation of other's special contributions or major negative events, which are included in the performance evaluation and issuance consideration.

(2) Managerial officers's remuneration includes salary, bonus and employee remuneration:

Salaries, bonuses, and employee remuneration are based on industry standards, scope of responsibilities, contribution to the Company's overall operations, and performance, and are handled in accordance with the employee salary management measures and relevant regulations set by the the Company; The employee remuneration is handled in accordance with the the Company Articles of Incorporation. When the Company makes a profit in a given year, no less than five% will be allocated as employee remuneration. At the same time, it is based on the overall consideration of his/her personal participation in the operation of the Company and performance evaluation. The considerations include the achievement of work performance goals, professional knowledge and potential, internal management and leadership, and the measurement of other special contributions or major negative events, which are included in the performance evaluation and issuance considerations. In the future, it is planned to incorporate the performance of ESG sustainable management into the performance evaluation of directors and senior management.

(3) Director Remuneration and managerial officers are recommended by the Company remuneration committee before being submitted to the Company's board of directors for discussion and resolution.

(4) The Company, in accordance with the regulations of Articles of Incorporation and the operation of board of directors and remuneration committee, will timely review the participation and contribution value of Director and managerial

officers's remuneration, and minimize the possibility and relevance of their future risks, so as to balance the Company's sustainable operation and risk control. The Company has purchased liability insurance for all Director and managerial officers. which helps mitigate unknown risks and covers damages that may arise from the performance of their duties.

#### 4. Implementation of Corporate Governance

##### (1) Operation of board of directors

A total of 4 (A) meetings of board of directors were held in the most recent year. The attendance of Director was as follows:

Job Title	Name Gender	Actual attendance Times B	Number of attendance by proxy	Actual attendance rate (%) B/A	Remark
Chairperson	CHOU WEI LIN	4	0	100	
Vice Chairperson	LEE KUN CHAN	4	0	100	
Director	Zong Xin Investment Co., Ltd. representative: HUANG JEN HU	4	0	100	December 20, 2023 Reassigned to resign
Director	Zong Xin Investment Co., Ltd. representative: HUANG PEI CHING	0	0	N/A	December 20, 2023 Newly appointed due to corporate re-designation
Director	YU YAO KUO	4	0	100	
Director	HOU CHIN HWA	4	0	100	
Director	HUNG CHIN HAN	3	0	75	
Director	Civic Textile Co., Ltd. representative: TSAI YU CHIN	4	0	100	
Independent Director	YEN KUO LUNG	4	0	100	
Independent Director	SU MING YANG	4	0	100	
Independent Director	HSU HSOU CHUN	4	0	100	
Independent Director	WU CHIA HSUN	2	0	100	Elected on June 15, 2023

Other matters to be recorded:

1. If any of the following circumstances occur, the dates of board of directors meetings, sessions, contents of motion, all Independent Director opinions and the Company's response to Independent Director opinions should be specified:

(1) Matters referred to in Article 14-3 of Securities and Exchange Act:

According to Article 14-3 of Securities and Exchange Act, the relevant proposals are as follows. Independent Director has no objections or reservations.

All proposals have been passed by board of directors Resolution.

	Meeting Date	Key Resolution Matters (Securities and Exchange Act Article 14-3)	Independent Director Opinion	
			No opinion	Objections or

				reservations
10th meeting of 13th Board of Directors	2023.3.13	Resolution adopted the appointment of CPAs to audit or review the 2023 financial statements of the Company and their remuneration.	✓	
		Resolution approved the amendment to the salary and remuneration related measures of the Company managerial officers.	✓	
		Resolution approved the the Company 2022 employee and director remuneration distribution.	✓	
		Resolution approved the the Company capital loan to the subsidiary, KOHO (Taiwan) Co., Ltd.	✓	
		Resolution Approved the amendment of the 2023 "Internal Control System" and "Internal Audit Implementation Rules" by the Company.	✓	
		Resolution Approved the the Company 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".	✓	
		Resolution Approved the lifting of restrictions on the new Independent Director non-competition by the Company.	✓	
11th meeting of 13th Board of Directors	2023.5.4	Resolution approved the the Company's 2022 Director remuneration distribution proposal.	✓	
		Resolution approved the 2022 employee remuneration distribution of the Company managerial officers.	✓	
		Resolution approved the promotion and salary adjustment of the Company managerial officers.	✓	
		Resolution approved the amendment to the Company-Regulations Governing the Acquisition and Disposal of Assets.	✓	
		Resolution Approved the Company Amendments to Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees	✓	
		Resolution adopted the first issuance of new restricted employee shares in 2023 by the Company.	✓	
		Resolution approved the Company to purchase the Dalai Trade Plaza Factory Office on Jiankang Road, Zhonghe District.	✓	
12th meeting of 13th Board of Directors	2023.8.10	Resolution Approved the amendment to the 2023 "General Principles of Internal Control System" by the Company.	✓	
		Resolution approved the remuneration for the replacement of the Company Controller and the new Controller.	✓	
		Resolution approved the Company's disposal of Sentelic Corporation long-term securities.	✓	
13th meeting	2023.11.9	Resolution approved the the Company capital loan to the subsidiary, Lipers Enterprise Co.,	✓	

of 13th Board of Directors	Ltd.		
	Resolution approved the the Company capital loan to the subsidiary, Scope Technology Co., Ltd.	✓	
	Resolution approved the Company's disposal of Sentelic Corporation long-term securities.	✓	
	Resolution approved the amendment to the "Regulations Governing the Issuance of New Restricted Employee Shares for the First Time" by the Company.	✓	

(2) In addition to the above matters, there have been no objections or reservations from Independent Directors and there is no record or written statement of board of directors resolutions opposing or reserving other matters.

2. If there are instances of Directors avoiding motions due to conflict of interest, the names of Director, contents of the motion, causes for avoidance and voting should be specified:

Meeting Date and Session	Director Name	Proposal	Reasons for recusal and participation in voting
2023.5.4 11th meeting of 13th Board of Directors	All attending Director avoided conflict of interest	Proposed the Company's 2022 Director remuneration for approval.	In this case, CHOU WEI LIN, who serves as both the Chairperson and a Director of the Company, must abstain from participating in the discussion and voting regarding the distribution of Director remuneration, as it involves his own interests. Therefore, YEN KUO LUNG Director is appointed as the acting Chairperson, and the acting Chairperson consulted other attending Director and Independent Director to approve the proposal. In addition, the amount of remuneration distributed to Other Director was discussed, and Other Director recused from voting for their respective interests in the amount of remuneration distributed to Director, and the Chairperson of the board CHOU WEI LIN consulted the attending Director and Independent Director and approved them.
	CHOU WEI LIN HUANG JEN HU LEE KUN CHAN YU YAO KUO HOU CHIN HWA HUNG CHIN HAN	Proposed the 2022 employee remuneration distribution of the Company managerial officers for approval.	CHOU WEI LIN, the Chairperson of the Board of Directors, is the Company Chief Executive Officer . In order to discuss the amount of its own annual employee remuneration and to avoid conflicts of interest, it is necessary to avoid voting, so YEN KUO LUNG Director is appointed as the acting Chairperson. Director and Independent Director were present after the acting Chairperson consulted. Except for the corporate shareholders representative Director HUANG JEN HU and Director CHOU WEI LIN, LEE KUN CHAN, YU YAO KUO, HOU CHIN HWA, HUNG CHIN HAN is The Company Chairperson of Strategic Investment Committee, Chief Executive Officer , Chief Operating Officer, General Manager, Vice President and Controller and Senior Vice President, the amount of their annual

			employee remuneration needs to be avoided and did not participate in the voting, the rest were approved by all the directors of Director and Independent Director present.
	CHOU WEI LIN HUANG JEN HU LEE KUN CHAN YU YAO KUO HOU CHIN HWA HUNG CHIN HAN	Proposed the promotion and salary adjustment of the Company managerial officers for approval.	In this case, CHOU WEI LIN was the Chairperson and Chief Executive Office of the Company. In order to discuss his own promotion and salary adjustments, it was necessary for him to abstain from voting. Therefore, YEN KUO LUNG Director was appointed as the acting Chairperson. Director and Independent Director were present after the Deputy Chairperson consulted with the Chairperson. Except for the juridical persons representative Director HUANG JEN HU and Director CHOU WEI LIN, LEE KUN CHAN, YU YAO KUO, HOU CHIN HWA, HUNG CHIN HAN who hold positions such as Chairperson of Strategic Investment Committee, Chief Executive Officer, Chief Operating Officer, General Manager, Vice President and Controller and Senior Vice President, their own promotion and salary adjustment amount need to be avoided from voting, the rest were approved by all the attending Director and Independent Director.
2023.8.10 12th meeting of 13th Board of Directors	WU CHIA HSUN	A proposal to appoint members of the 5th the Company remuneration committee.	The Chair consulted all Directors present, including Director and Independent Director. Except for Independent Director WU CHIA HSUN who was proposed to be appointed as a member of the remuneration committee and should be recused from voting due to conflict of interest, all others were approved by all Directors present, including Directors and Independent Directors.

### 3. Implementation of board of directors evaluation

Evaluation Cycle	Evaluation period	Evaluation Scope	Evaluation Method	Evaluation content	Evaluation Result
Once a year	2023/1/1-2023/12/31	Overall board of directors	board of directors Self-evaluation	<ol style="list-style-type: none"> <li>1. Participation in the operation of the Company</li> <li>2. Improvement of the decision-making quality of board of directors</li> <li>3. Composition and structure of board of directors</li> <li>4. Selection and continuing education of Director</li> <li>5. Internal control</li> </ol>	Overall average 4.84 points (Full score: 5)
Once a year	2023/1/1-2023/12/31	Individual Director members	Director Member self-assessment	<ol style="list-style-type: none"> <li>1. Familiarity with the goals and missions of the Company</li> <li>2. Director Awareness of the duties</li> <li>3. Participation in the operation of the Company</li> <li>4. Internal relationship management and communication</li> <li>5. Expertise and continuing education of Director</li> <li>6. Internal control</li> </ol>	Overall average 4.95 points (Full score: 5)

Once a year	2023/1/1-2023/12/31	remunerati on committee	Committee Self-evaluation	1. Participation in the operation of the Company 2. Remuneration committee Awareness of the duties 3. Improvement of the decision-making quality of remuneration committee 4. Makeup of remuneration committee and election of its members 5. Internal control	Overall average 5 points (Full score: 5)
Once a year	2023/1/1-2023/12/31	Audit Committee	Committee Self-evaluation	1. Participation in the operation of the Company 2. Audit committee Awareness of the duties 3. Improvement of the decision-making quality of audit committee 4. Makeup of audit committee and election of its members 5. Internal control	Overall average 5 points (Full score: 5)

4. Goals for strengthening the functions of board of directors in the current year and the most recent years, along with evaluations of their implementation are as follows:

- (1) Actively provide information on various types of continuing education courses, and also encourage director to actively participate in various corporate governance courses, or irregularly arrange lecturers to teach in the Company, which has strengthened the functions of board of directors members.
- (2) Holding institutional investor conferences periodically has enhanced investors' recognition of the Company.
- (3) On July 22, 2021, the Company elected General Shareholders' Meeting to elect Independent Director and established audit committee. On June 15, 2023, an additional Independent Director was elected, and a meeting was held at least once a quarter. In addition, the CPA fully communicated and communicated with the CPA, provided timely and objective professional suggestions, and supervised the Company's major operational matters.
- (4) The establishment of performance targets and the implementation of "Self-Evaluation or Peer Evaluation of the Board of Director" on August 13, 2020 have enhanced operational efficiency and corportate governance.
- (5) The website of the Company features sections such as "Shareholder Zone", "Stakeholder Zone" and "Corporate Governance" providing investors with comprehensive corporate information.

(2) Operation of audit committee

A total of 4 (A) meetings of audit committee were held in the most recent year. The attendance of Independent Director was as follows:

Job Title	Name Gender	Attendance in Person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Independent Director	YEN KUO LUNG	4	0	100.00	
Independent Director	SU MING YANG	4	0	100.00	
Independent Director	HSU HSOU CHUN	4	0	100.00	
Independent Director	WU CHIA HSUN	2	0	100.00	Elected on June 15, 2023

Other matters to be recorded:

1. If any of the following circumstances occur, the dates of audit committee meetings, sessions, contents of motion, Independent Director's objections, reservations or material recommendations, the results of audit committee's Resolution, and the Company's response to audit committee's opinion should be specified.

(1) Matters referred to in Article 14-5 of Securities and Exchange Act:

Meeting Date and Session	Resolution Matter	Independent Director Contents of objections, reservations or major suggestions Item	Results of audit committee Resolution	The Company's handling of audit committee opinions
2023.3.13 9th meeting of the 1st committee	<ol style="list-style-type: none"> <li>1. Resolution adopted the Company 2022 Parent Company Only Financial Statement, Consolidated Financial Statements and Business Report.</li> <li>2. Resolution adopted the appointment of CPAs to audit or review the 2023 financial statements of the Company and their remuneration.</li> <li>3. Resolution adopted the proposal to establish the general principles of the Company pre-approving the non-assurance service policy.</li> <li>4. Resolution approved the 2022 earnings distribution plan of the Company.</li> <li>5. Resolution approved the The Company capital loan to the subsidiary, KOHO (Taiwan) Co., Ltd.</li> <li>6. Resolution Approved the amendment of the 2023 "Internal Control System" and "Internal Audit Implementation Rules" by the Company.</li> <li>7. Resolution Approved the Company 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".</li> </ol>	None	The Chair passed the matter without objection from any members in attendance.	Proposal 13th Board of Directors 10th meeting board of directors Resolution.
2023.5.4 10th meeting of the 1st committee	<ol style="list-style-type: none"> <li>1. Resolution approved the consolidated financial statements of the Company for the first quarter of 2023.</li> <li>2. Resolution approved the amendment to the Company-Regulations Governing the Acquisition and Disposal of Assets.</li> <li>3. Resolution approved the amendment to the Company-Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.</li> <li>4. Resolution adopted the first issuance of new restricted employee shares in 2023 by the Company.</li> </ol>	None	The Chair passed the matter without objection from any members in attendance.	Proposal 13th Board of Directors 11th meeting board of directors Resolution.
2023.8.10	<ol style="list-style-type: none"> <li>1. Resolution approved the consolidated financial statements of</li> </ol>	None	The Chair passed the matter	Proposal 13th Board of Directors

11th meeting of the 1st committee	<p>the Company for the second quarter of 2023.</p> <p>2. Resolution Approved the replacement of the Company Controller.</p> <p>3. Resolution Approved the amendment to the 2023 "General Principles of Internal Control System" by the Company.</p>		without objection from any members in attendance.	12th meeting board of directors Resolution.
2023.11.9 12th meeting of the 1st committee	<p>1. Resolution Approved the consolidated financial statements of the Company for the third quarter of 2023.</p> <p>2. Resolution approved the Company to add "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".</p> <p>3. Resolution approved the Company capital loan to the subsidiary, Lipers Enterprise Co., Ltd.</p> <p>4. Resolution approved the Company capital loan to the subsidiary, Scope Technology Co., Ltd.</p> <p>5. Resolution adopted the Company "2024 Audit Plan".</p> <p>6. Resolution approved the amendment to the "Regulations Governing the Issuance of New Restricted Employee Shares for the First Time" by the Company.</p>	None	The Chair passed the matter without objection from any members in attendance.	Proposal 13th Board of Directors 13th meeting board of directors Resolution.

(2) In addition to the previous matters, there have been no cases where others were not approved by the audit committee but were approved by more than two-thirds of all Director resolutions.

2. If there are Independent Director's avoidance of motions in conflict of interest, the Independent Director's name, contents of motion, causes for avoidance and voting should be specified: None.
3. Communication between Independent Director and internal internal audit officer and accountants (including major matters, methods and results of communication on the company's financial and business conditions):
  - (1) Communication between Independent Director and CPAs
    1. The CPAs attend audit committee meetings at least twice a year to report the audit results of the annual financial report and the semi-annual financial report, including the results of financial reports.
    2. Independent Director can contact the CPA at any time as needed for full communication.
    3. Independent Director Communication with CPAs:

Meeting Date	Communication matters	Communication results
2023.3.13	<p>1. The method and scope of the audit of the 2022 financial report, key audit matters, type and content of the audit report.</p> <p>2. Structure and schedule of disclosure of audit quality indicators.</p> <p>3. Application of new laws and regulations. (separate meeting)</p>	No objection.
2023.8.10	<p>1. The type and content of the consolidated financial report for the second quarter of 2023.</p> <p>2. Application of new laws and regulations. (separate meeting)</p>	No objection.

The Company and Independent Director communicate on matters including the scope and timing of the audit, audit findings and conclusions planned by key audit matters of the annual financial report, and the impact of the statutory amendments on the company, they also ensure that personnel of the accounting firm subject to the independence norms comply with the statement of independence in International Code of Ethics for Professional Accountants (IESBA Code). The Company accountants and Independent Director have maintained good communication.



(2) Communication between Independent Director and internal internal audit officer

- 1、Independent Director holds discussions with the internal audit officer every six months, and communicates with them at any time as appropriate. The internal audit officer reports to Independent Director on important audit matters of the company, and maintains good communication on the implementation and effectiveness of the audit business. Summary of separate communication between Independent Director and internal audit officer:

Meeting Date	Communication matters	Communication results
2023.05.04	Report on the implementation results of audits in March 2023.	No objection.
2023.11.09	1. Report on the implementation results of audits from July to October 2023. 2. 2024 Audit Plan.	No objection.

- 2、The internal audit officer will deliver the audit report to Independent Director for review before the end of the month following the completion of the audit of Item, and Independent Director has no objection.
- 3、The internal audit officer attended the company's board of directors and made an audit business report. Independent Director has no objection.

**(3) Corporate Governance Implementation Status and Deviations from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies**

Item	Implementation Status			Differences from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Abstract Illustration	
1. Has the Company established and disclosed Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies Corporate Governance Best Practice Principles?	✓		The Company established the “Corporate Governance Best Practice Principles” in 2017, and remains attentive to updates in laws and regulations to strengthen its organizational structure. This information is disclosed on the Company’s website and MOPS. Relevant operations are carried out in accordance with relevant important regulations.	No deviation.
2. Shareholding Structure & Shareholders Equity				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigation, and implement based on the procedure?	✓		(1) The Company has designated personnel to handle shareholders’ suggestions, doubts and disputes to ensure shareholders Equity.	No deviation.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company is managed by a professional stock agency, with dedicated personnel responsible for tracking the list of major shareholders who actually control the Company.	No deviation.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The Company has established various risk control mechanisms with affiliated companies, such as “Trading Procedures with Specific Companies, Related Parties, and Group Companies” and “Management Measures for Short-term and Long-term Securities”.	No deviation.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established “Procedures for Handling Material Inside Information” and “Insider Trading Prevention Management Operation” to avoid improper leakage of undisclosed information, and to inform insiders of relevant insider trading laws and regulations. The Company regularly conducts education and publicity on “Insider Trading Rules” and related laws and regulations for Director, managerial officers and employees; When new employees of Director and managerial officers take office, the stock affairs unit will conduct education and promotion on relevant laws and regulations.	No deviation.

Item	Implementation Status			Differences from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Abstract Illustration	
			<p>The Company notified and advised each Director not to trade company stock before the end of each quarter via e-mail in order to avoid insider's misunderstandings of Securities and Exchange Act and other equity-related laws and regulations. The relevant points are as follows:</p> <ol style="list-style-type: none"> <li>1. Before or within 18 hours after the disclosure of the monthly consolidated revenue announcement.</li> <li>2. 15 days before the announcement of the quarterly financial report.</li> <li>3. 30 days before the announcement of the annual financial report.</li> </ol>	
<p>3. Composition and Responsibilities of board of directors</p> <p>(1) board of directors Has the Company established a diversity policy, specific management objectives, and implemented them?</p> <p>(2) In addition to the remuneration committee and audit committee required by law, has the Company voluntarily established functional committees of Other?</p> <p>(3) Does the company establish Self-Evaluation or Peer Evaluation of the Board of Director and its evaluation methods, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to board of directors, and use them as a reference for individual Director salary remuneration and nomination renewal?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) Board of directors members should generally possess the knowledge, skills and qualities necessary to perform their duties. board of directors Member Diversity Policy, Specific Management Objectives and Implementation (page 29)</p> <p>(2) The Company has established a remuneration committee and an audit committee in accordance with the law, and each department is responsible for its own corporate governance operations.</p> <p>(3) The Company established the “Self-Evaluation or Peer Evaluation of the Board of Director” in 2020. Internal board of directors’ performance evaluation is conducted regularly every year, and the results of the performance evaluation are reported to the board of directors, and used as a reference for individual director salary remuneration and nomination for renewal. The 2023 board of directors’ performance evaluation was reported to the board of directors on March 13, 2024.</p> <p>(4) The Company regularly (at least once a year) evaluates the independence and suitability of the appointed accountants with reference to the audit quality indicators (AQIs), and the appointment of board of directors Resolution accountants</p>	<p>No deviation.</p> <p>The Company will establish other functional committees as necessary in the future.</p> <p>No deviation.</p> <p>No deviation.</p>

Item	Implementation Status			Differences from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Abstract Illustration	
			(see page 51 for details).	
4. Does the TWSE/TPEX listed company have a suitable and appropriate number of corporate governance personnel, and designate Corporate Governance Officer to be responsible for corporate governance-related matters (including but not limited to providing Director, information required by supervisors to perform their business, assisting Director, supervisors to comply with laws and regulations, handling matters related to the meetings of board of directors and Shareholders' Meeting in accordance with the law, and making board of directors and Shareholders' Meeting minutes)?	✓		Due to a job adjustment, the Company changed its Corporate Governance Officer from LIAO LI SHU Special Assistant to chairperson to LAI NAN CHUN Vice President as the Company's Corporate Governance Officer on March 13, 2023. The meeting affairs unit of the board of directors assisted the Corporate Governance Officer in being responsible for corporate governance-related matters, including, but not limited to providing directors with the information required for business execution, assisting directors to comply with laws and regulations, handling matters related to meetings of the board of directors and Shareholders' Meeting in accordance with the law, and making meeting minutes of the board of directors and Shareholders' Meeting, etc., Corporate Governance Officer's 2023 training situation (see page 53 for details).	No deviation.
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a spokesperson system and a communication channel with stakeholders. The Company's website includes a stakeholder area designed to address stakeholders' questions and suggestions effectively.	No deviation.
6. Does the company appoint a professional stock agency to handle Shareholders' Meeting affairs?	✓		The Company has appointed Yuanta Securities Co., Ltd., Stock Affairs Agency Department, a professional stock agency to manage matters related to Shareholders' Meeting.	No deviation.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company website is maintained and updated by dedicated personnel, and information related to the company's financial business and corporate governance is established for the reference of shareholders and the public.	No deviation.
(2) Has the Company adopted other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference, etc.)?	✓		(2) The Company appoints dedicated personnel to be responsible for the collection and disclosure of company information, and has established a spokesperson system and simultaneously releases the company's Chinese and English websites along with important information in Chinese and English to ensure that information that may affect the decision-making of shareholders and stakeholders can be disclosed in a timely and fair manner.	No deviation.

Item	Implementation Status			Differences from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Abstract Illustration	
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?		✓	(3) The Company announces and reports its annual financial statements and its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline in accordance with Article 36 of the Securities and Exchange Act.	There are slight differences from the requirements of Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, which still comply with the requirements of Securities and Exchange Act.
8. Is there any other method to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to equity, employee wellness, investor relations, supplier relations, rights of stakeholders, director and supervisor training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?				
(1) Equity and employee care	✓		(1) In addition to the joint establishment of the Company Committee with its subsidiaries, the Employee benefits/welfare Committee also implements a pension system and provides measures such as the final award. It creates a healthy and safe working environment for employees, and regularly holds salary meetings in accordance with the relevant regulations of the Basic Law and other to protect the legal rights of employees. In addition, when handling employees' personal basic information, they are also very careful.  Except for the requirements of government laws and regulations, employees' personal privacy is not disclosed; the Company also has group insurance for employees and arranges regular health checkups, values labor relations, and provides equal employment opportunities.	No deviation.
(2) Investor relations	✓		(2) The Company has set up a dedicated stock affairs unit to handle investor relations and shareholder suggestions, and honestly disclose company information in accordance with laws and regulations to protect the basic equity of investors and fulfill the company's responsibilities to shareholders.	No deviation.
(3) Supplier relations	✓		(3) The Company regularly inspects the effectiveness of supplier certification, and suppliers evaluate excellent manufacturers to give recognition, and both parties support each other to create a win-win situation; Regularly sign procurement contracts to protect the Company's interests; conduct seminars	No deviation.

Item	Implementation Status			Differences from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Abstract Illustration	
			from time to time to obtain the latest product information in real time to facilitate marketing; Regular meetings are held every month for both parties to communicate and understand market trends; Irregular meetings to discuss strategies immediately in response to market conditions. the Company has a smooth communication channel with suppliers and maintains a good relationship.	
(4) Rights of interested parties	✓		(4) The Company has a stakeholder area on the Company's website, and has a smooth communication channel with correspondent banks, creditors of other, shareholders, employees, customers, suppliers, communities and other relevant stakeholders, and respect their legal equity. In addition, the stock affairs agency of the Company "Yuanta Securities Co., Ltd." also assists in handling issues related to shareholders and stakeholders of the Company and provides advice. In addition, the Company employs a legal counsel to handle legal issues, and consults with legal counsel for advice and invites professional instructors or legal personnel to take care of the issues in order to protect the rights of stakeholders. Communication with various stakeholders has been reported in board of directors on November 9, 2023 and March 13, 2024.	No deviation.
(5) Education of Director and Supervisors	✓		(5) All Company Directors possess professional background, and have completed the refresher courses in accordance with the "Directions for the Implementation of Continuing Education for Supervisors of TWSE/TPEX Listed Companies Director." In addition, The Company also provides relevant training information from time to time for reference. This training information is as follows, and has been entered into the Market Observation Post System in accordance with the regulations (see page 53).	No deviation.
(6) Implementation of risk management policies and risk measurement standards	✓		(6) In order to strengthen cybersecurity risk management, the Company has set up a dedicated information security unit, established a cybersecurity risk management structure. It has formulated cybersecurity policies and specific management plans, which are regularly reviewed to ensure cybersecurity. The specific management plan for the Company's cybersecurity is categorized	No deviation.

Item	Implementation Status			Differences from Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Abstract Illustration	
			based on the timing of cybersecurity event, including pre-prevention, daily operation maintenance, and information security event handling.	
(7) Implementation of customer relations policies	✓		(7) The Company sets up a marketing and operating unit to provide customers with services and address their inquiries. It maintains smooth communication channels with customers, strictly abides by the relevant regulations signed with them to ensure their equity, and fosters good relationships. In addition, the Company plans to expand its service bases in Mainland China to cater to customer needs, ensuring nearby service provision and shorten delivery time.	No deviation.
(8) Purchase of Liability Insurance for Director and Supervisors	✓		(8) The Company has procured liability insurance for directors.	No deviation.
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange Corporation, and provide the priority enhancement measures.</p> <p>(1) Improvements:</p> <ol style="list-style-type: none"> <li>1 ∙ In response to the Company's future business model and the needs of diversified business development, The Company has increased the number of Independent Director to 4. In addition, as of the end of 2023, more than half of Directors do not concurrently serve as employees or managerial officers.</li> <li>2 ∙ Since 2023, the Company has prepared English versions of Shareholders' Meeting Meeting Handbook and annual financial report to strengthen information transparency.</li> </ol> <p>(2) Priority Matters for improvement:</p> <ol style="list-style-type: none"> <li>1 ∙ The board of directors is the highest decision-making level of the Company. Although the Company has increased the number of Independent Directors, in the future, it will continue to think that more than half of the members of board of directors do not have an employee or managerial officers status to strengthen corporate governance and ensure board of directors functions.</li> <li>2 ∙ From 2027, the term of office of all listed companies, Independent Director, shall not exceed three terms.</li> </ol>				

Note 1:

Evaluation of the independence and suitability report of the CPAs appointed by the Company.

#### 1. Laws and regulations

(1) According to the provisions of Article 29 of the "Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies", the company shall choose a professional, responsible and independent visa accountant to regularly check the company's financial status and internal control.

The Company shall regularly (at least once a year) evaluate the independence and suitability of the appointed certified public accountant with reference to the audit quality indicators (AQIs). If the Company has not replaced the CPAs for seven consecutive years or if the CPAs are subject to disciplinary actions or circumstances prejudicial to their independence, the Company shall evaluate the necessity of replacing the CPAs and report the evaluation results to board of directors.

(2) According to Article 68 of the Quality Control Standards No. 1 "Quality Control of Accounting Firms", the chief accountant should be rotated after a certain period (usually

not more than seven years), and at least a certain period (usually not less than two years) must be separated before returning.

2. Evaluation contents

(1) Evaluation of the relationship between the CPA and the Company

In accordance with the independence stipulated in Article 47 of the Certified Public Accountant Act and the contents of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Independence of Audit and Review", the independent and suitability evaluation Item is formulated as follows:

Items	Item	Yes	No
1	The CPA is not employed by The Company or its affiliated companies for regular work, receives a fixed salary, or serves as a Director or supervisor	✓	
2	The CPA is not a spouse, lineal relative, lineal relative by marriage, or collateral relative by blood within the second degree of kinship of the person in charge of the Company or its affiliates or managerial officers	✓	
3	The CPA, his/her spouse, and his/her minor children do not hold any shares of the Company	✓	
4	The CPA does not have a direct or material indirect financial interest in the Company or its affiliates	✓	
5	The non-audit services provided by the CPA to the Company or its affiliates will not directly affect the results of the audit	✓	
6	The CPA does not have any of the circumstances in Article 30 of Company Act	✓	
7	The CPA has not been punished by the competent authority and the CPA Association, or in accordance with Article 37, Paragraph 3 of Securities and Exchange Act	✓	
8	The CPA are not involved in the management functions of the Company or its affiliated companies to make decisions	✓	
9	Whether the CPA is qualified as an accountant to perform accounting tasks	✓	
10	The CPA has not provided the Company audit services for seven consecutive years	✓	
11	The Company Please refer to the audit quality indicators report Evaluation of the independence and suitability of CPA	✓	

(2) The Company has not changed its CPA for seven consecutive years, or has it been subject to disciplinary actions, or has its independence been jeopardized. The CPAs of The Company for the last seven years and their audit opinions are listed below:

Year	Name of accounting firm	Name of CPA	Audit Opinion
2017	Deloitte & Touche	YEH SHU JUAN, CHIANG MING NAN	unqualified opinions
2018	Deloitte & Touche	SHIH CHING PIN, CHIANG MING NAN	unqualified opinions
2019	Deloitte & Touche	SHIH CHING PIN, CHIANG MING NAN	unqualified opinions
2020	Deloitte & Touche	SHAO CHIH MING,	unqualified



		WONG YA LING	opinions
2021	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions
2022	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions
2023	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions

- (3) The Company has reported the results of the evaluation of the independence and suitability of the certified public accountant in the most recent year and up to the date of publication of the annual report to its appointment on March 13, 2023 and March 13, 2024 board of directors Resolution.

Note 2: 2023 Corporate Governance Officer Continuing Education

Continuing Education Date	Sponsoring Organization	Course title	Continuing Education Hours
2023/06/02	Taiwan Corporate Governance Association	Business litigation and Dispute Resolution Practice Discussion	3 hrs
2023/07/07	Taiwan Corporate Governance Association	Artificial intelligence explosion: technological development and application opportunities of ChartGPT	3 hrs
2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
2023/10/24	Taiwan Corporate Governance Association	Application of AI, law and audit	3 hrs
2023/11/03	Taiwan Corporate Governance Association	What is the case for litigation and litigation to write off the dispute resolution clause in the contract?	3 hrs
2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs

Note 3: Director training in 2023

Job Title	Name Gender	Continuing education Date	Sponsoring Organization	Course title	Continuing education Hours
Chairperson	CHOU WEI LIN	2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs
Vice Chairperson	LEE KUN CHAN	2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and	Promote corporate sustainable development	3 hrs

Job Title	Name Gender	Continuing education Date	Sponsoring Organization	Course title	Continuing education Hours
			Development Foundation	with “risk management”	
Corporate entity representative Director	HUANG JEN HU	2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs
Director	YU YAO KUO	2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs
Director	HOU CHIN HWA	2023/09/06	Accounting Research and Development Foundation	Common deficiencies in the preparation of corporate financial statements and compliance practices with internal audit and internal control laws and regulations	6 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs
		2023/11/15	Securities and futures institution	2023 Insider Equity Transaction Legal Compliance Publicity Briefing	3 hrs
Director	HUNG CHIN HAN	2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs

Job Title	Name Gender	Continuing education Date	Sponsoring Organization	Course title	Continuing education Hours
Corporate entity representative Director	TSAI YU CHIN	2023/05/05	Taiwan Corporate Governance Association	How Director Review Financial Reports	3 hrs
		2023/05/05	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3 hrs
		2023/12/21	The Funds of the Business Development of the Chinese Straits	Controlled Foreign Corporation (CFC) & Global Anti-Tax Avoidance	3 hrs
Independent Director	YEN KUO LUNG	2023/08/05	Securities and futures institution	Corporate Governance and Securities Regulations	3 hrs
		2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/08/12	Securities and futures institution	Corporate Governance Trends and Corporate Sustainability	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs
Independent Director	SU MING YANG	2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs
Independent Director	HSU HSOU CHUN	2023/08/04	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality and corporate compliance	3 hrs
		2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and	Promote corporate sustainable development	3 hrs

Job Title	Name Gender	Continuing education Date	Sponsoring Organization	Course title	Continuing education Hours
			Development Foundation	with “risk management”	
Independent Director	WU CHIA HSUN	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6 hrs
		2023/08/10	Accounting Research and Development Foundation	The Illegal Patterns, Legal Liabilities and Case Studies of Business Competitive Behavior	3 hrs
		2023/11/09	Accounting Research and Development Foundation	Promote corporate sustainable development with “risk management”	3 hrs

(3) The Company has set up a remuneration committee, outlining its composition and operations. On December 12, 2011, The Company approved the establishment of its remuneration committee, the establishment of Remuneration Committee Charter, and the appointment of four members of remuneration committee in accordance with the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” promulgated by the the Financial Supervisory Commission.

(4) Remuneration committee Member Information

April 27, 2024

Identity Name Gender		Conditions	Professional Qualifications and Experience	Independence	Number of public companies where Other concurrently serves as a member of remuneration committee
Independent Director (Convener)	YEN KUO LUNG	(1) Have more than 5 years of work experience in accounting and corporate business. (2) Served as Supervisor of Center Laboratories Inc., and is currently a certified public accountant with Other, see page 16 for details. (3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.	(1)Not an employee of The Company or its affiliates. (2)Not a The Company or its affiliated company’s Director or supervisor. (3)Does not hold more than 1% of the Company’s outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 shareholder of natural person. (4)Not a spouse, relative within		1

Identity Name Gender		Conditions	Professional Qualifications and Experience	Independence	Number of public companies where Other concurrently serves as a member of remuneration committee
Independent Director	SU MING YANG	(1) Have more than 5 years of work experience in business and corporate business. (2) Once held the position of Egalax_EmpiaTechnology Inc. Chairperson, and currently holds other position as detailed on page 17. (3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.	(1) Have more than 5 years of work experience in business and corporate business. (2) Once held the position of Chief Financial Officer of Siltrontech Electronics Corporation, and currently holds other position as detailed on page 17. (3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.	the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding (1) subparagraph managerial officers or (2), (3). (5)Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of The Company, or that ranks among the top five in shareholdings, or that designates representative to serve as a Director or supervisor of the Company under Article 27, paragraph 1 or 2 of Company Act. (6)Not a director, supervisor, or employee of The Company's Director, a company controlled by the same person with over half of the shares with voting rights. (7)Not a director, supervisor, or employee of a company or	None
Independent Director	HSU HSOU CHUN	(1) Have more than 5 years of work experience in accounting and corporate business. (2) Once held the position of Chief Financial Officer of Siltrontech Electronics Corporation, and currently holds other position as detailed on page 17. (3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.	(1) Have more than 5 years of work experience in accounting and corporate business. (2) Once held the position of Chief Financial Officer of Siltrontech Electronics Corporation, and currently holds other position as detailed on page 17. (3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.	(6)Not a director, supervisor, or employee of The Company's Director, a company controlled by the same person with over half of the shares with voting rights. (7)Not a director, supervisor, or employee of a company or	1

Independent Director	WU CHIA HSUN	<p>(1) Have more than 5 years of work experience in accounting and corporate business.</p> <p>(2) Independent Director of Tait Marketing &amp; Distribution Co., Ltd and Tidehold Development Co., Ltd. currently serves as a consultant of an accounting firm and holds positions in Other as detailed on page 18.</p> <p>(3) Does not meet any of the conditions stated in Article 30 of Company Act for managerial officers.</p>	<p>institution with the same person or spouse as The Company, Chairperson or General Manager.</p> <p>(8)Not a director, supervisor, supervisor, or shareholder holding 5% or more of the shares, of The Company which is a specific company or institution that has a financial or business relationship with Director</p> <p>(9)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to The Company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received remuneration, Director, supervisor, or managerial officers, or a spouse thereof.</p> <p>(10)Not having a marital relationship, or a relative within the second degree of kinship to Other Director</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of Company Act.</p>	2
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2. Information on the operation of remuneration committee

(1) The Company's remuneration committee has 4 members.

(2) The term of office of the current members: August 5, 2021 to July 21, 2024. remuneration committee held 3 meetings (A) in the most recent year. The qualifications and attendance of the members are as follows:

Job Title	Name Gender	Attendance in Person (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	YEN KUO LUNG	3	0	100.00	
Member	SU MING YANG	3	0	100.00	
Member	HSU HSOU CHUN	3	0	100.00	
Member	WU CHIA HSUN	0	0	0.00	Newly elected on August 10, 2023

Other matters to be recorded:

1、Scope of Responsibilities of remuneration committee:

- (1) Periodically reviewing "Remuneration Committee Charter" and making recommendations for amendments.
- (2) Establish and regularly reviewing policies, systems, standards and structures for the Company Director and managerial officers performance evaluation standards, annual and long-term performance goals and remuneration.
- (3) Periodically assessing the degree to which performance goals for the Company's Directors and managerial officers have been achieved, determining the types and amounts of their individual remuneration based on the results of the reviews conducted in accordance with the performance assessment standards.

2、The remuneration committee held 3 regular meetings on March 13, May 4, and August 10, 2023.

Matters discussed included:

- (1) Amendment to managerial officers' Remuneration Regulations.
- (2) Total annual employee remuneration and Director remuneration.
- (3) The ratio of employee remuneration to Director remuneration to be expensed.
- (4) Appointment, promotion and salary adjustment review of managerial officers.
- (5) Remuneration for employees of managerial officers and Director.
- (6) Review of the remuneration for the newly appointed Corporate Governance Officer, information security officer and Controller.

Results of Resolution: The above matters were reviewed or approved by remuneration committee.

Actions taken by the Company in response to the opinion of remuneration committee: Presented to the board of directors and approved by all attending Director.

3、If board of directors does not adopt or amend the recommendations of remuneration committee, it should state the date, period, proposal content, board of directors Resolution results and the company's handling of remuneration committee opinions (such as the salary remuneration approved by board of directors is better than the recommendation of remuneration committee, the difference and reasons should be stated): None.

4、If any member had objections or reservations about the resolutions of remuneration committee and there are records or written statements, the date, period, proposal content, the opinions of all members and the handling of the opinions of the members should be stated: None.



(5) Implementation of sustainable development and differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

1. The Company actively cooperates with environmental protection such as greening, energy saving, carbon reduction and garbage classification, and has established the "Labor Safety and Health Work Code" to maintain employee safety.

2. The implementation of sustainable development is described as follows:

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by board of directors to be handled by senior management, and is supervised by board of directors?		✓	The Company has not established a governance structure dedicated to promoting sustainable development nor has it allocated resources for a dedicated (part-time) unit to promote sustainable development.	In the future, the Company will establish a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development as needed.
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		✓	The Company has not set up a dedicated unit to conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies in this regard.	In the future, the Company will set up a dedicated unit to be responsible for the company's related risk management and risk measurement execution operations as needed.
3. Environmental issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		(1) The Company is located in the office space. In line with government policies and the operation of the Big Management Committee, the Company continues to import and waste	No deviation.

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Abstract Illustration							
(2) Does the company endeavor to utilize all resources more efficiently and use Supplies s which have a low impact on the environment?	✓		<p>separation, reduction and resource recycling activities.</p> <p>(2) The Company strives to promote electronic operations and reduce the usage of paper for documents. In addition, the Company does not engage in production activities in Taiwan, and there are no harmful environmental factors such as air pollution, water disposal, toxicity, or noise emissions affecting the environment. However, efforts to decrease the environmental impact caused by living and office activities persist.</p>	No deviation.						
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant countermeasures?	✓		(3) In response to climate change, the Company allows male employees to take no action during summer to conservve electricity and reduce the carbon emissions associated with extensive air conditioning usage on the environment.	No deviation.						
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or Other waste management?	✓		<p>(4) The statistical data of the Company's greenhouse gas emissions, water consumption and total weight of waste over the past two years have been disclosed on the company's website. However, the Company has not yet established relevant management policies. The statistics of greenhouse gas emissions for the last two years are as follows:</p> <table border="1" data-bbox="689 1865 1182 2056"> <thead> <tr> <th>Year</th> <th>Year 2022</th> <th>Year 2023</th> </tr> </thead> <tbody> <tr> <td>Electricity consumption (kWh)</td> <td>231,146</td> <td>232,836.53</td> </tr> </tbody> </table>	Year	Year 2022	Year 2023	Electricity consumption (kWh)	231,146	232,836.53	<p>The Company has relevant statistics every year and will formulate relevant management policies as needed in the future.</p> <p>In addition, the 2022 greenhouse gas inventory has been completed and disclosed on the Company's</p>
Year	Year 2022	Year 2023								
Electricity consumption (kWh)	231,146	232,836.53								

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies website.												
	Yes	No	Abstract Illustration													
			<table border="1"> <tr> <td>Electricity CO2 emissions (kg)</td> <td>114.42</td> <td>115.25</td> </tr> <tr> <td>Water consumption (m<sup>3</sup>)</td> <td>1,738.45</td> <td>1664.20</td> </tr> <tr> <td>Water consumption CO2 emissions (kg)</td> <td>405.1</td> <td>387.4</td> </tr> <tr> <td>Waste Total weight (kg)</td> <td>4,590</td> <td>4,225</td> </tr> </table> <p>Note: The scope of the inventory covers Nichidenbo companies/Xindian and Zhonghe.</p>	Electricity CO2 emissions (kg)	114.42	115.25	Water consumption (m <sup>3</sup> )	1,738.45	1664.20	Water consumption CO2 emissions (kg)	405.1	387.4	Waste Total weight (kg)	4,590	4,225	
Electricity CO2 emissions (kg)	114.42	115.25														
Water consumption (m <sup>3</sup> )	1,738.45	1664.20														
Water consumption CO2 emissions (kg)	405.1	387.4														
Waste Total weight (kg)	4,590	4,225														
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>(1) In order to protect the human rights of employees and stakeholders, Nichidenbo recognizes and follows the internationally recognized human rights conventions, including the UN Universal Declaration of Human Rights, UN Global Compact, the United Nations Guiding Principles on Business and Human Rights and various human rights frameworks and spirit of the International Labor Organization conventions, and never participates in any actions that deserve and abandon human rights, and formulates human rights policies based on the guiding principles of the above documents to implement human rights protection. Nichidenbo continuously evaluates various human rights policies and proposes specific measures and mitigation</p>	No deviation.												

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
(2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.) and appropriately reflect operating performance or results in employee remuneration?	✓		measures by regularly paying attention to major social issues, monitoring data and conducting surveys. Human rights policies and practices, see page 68 for details.  (2) The Company has established "Work Rules", "Employee Performance Evaluation Measures", "Employee Reward and Punishment Measures" and "Employee Welfare Measures Implementation Measures" and other regulations to clearly stipulate remuneration, vacation, reward and punishment standards and welfare measures, in order to grow together with the Company's operations and comply with corporate social responsibility.	No deviation.
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) The Company conducts regular testing and maintenance of fire safety equipment and access control security to strengthen the safety protection of the working environment, and regularly carries out the cleaning and disinfection of various facilities in the workplace to ensure the hygiene and comfort of the working environment. In addition, the "Code of Practice for Occupational Safety and Health" is established, and fire drills and employee health checks are regularly held, and there are contracted medical staff to provide on-site services, strengthening employees' awareness of safety and health. In 2023, there were 2 occupational accidents, involving	No deviation.

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
(4) Does the company provide its employees with career development and training sessions?	✓		<p>2 individuals, accounting for 1.34% of the total number of employees at the end of 2023. The Company has advocated to employees importance of traffic safety during commuting and discourages involvement in corrupt practices.</p> <p>In 2023, there were no fires, consequently no casualties. This accounts for 0% of the total number of employees at the end of 2023.</p> <p>The Company's safety measures include:</p> <ul style="list-style-type: none"> <li>Regularly test and maintain firefighting equipment</li> <li>Cooperate with the management committee to declare annually and regularly</li> <li>Fire drills and fire manager training</li> <li>Various fire prevention measures and disaster responses</li> <li>Addressing related matters related to safety and health.</li> </ul>	No deviation.

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
(5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant Equity policies and appeal procedures for consumer protection?	✓		learning platforms such as physical lectures, external training, and online learning videos, we continue to improve the Company training plan, and expect employees to strengthen their own professional skills through continuous education and training. In addition, the department responsible for training will provide various course information from time to time. For example, the Company is a member of the Taipei Electronic Components Association, and employees are encouraged to participate in relevant education and training.	No deviation.
(6) Does the company have a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how is it implemented?	✓		(5) In order to comply with the regulations and comply with international standards, the Company's products are provided by major suppliers with EU RoHS certification and some products have halogen-free certificates.  (6) The Company attaches great importance to environmental protection and the maintenance of social responsibility. Although it has not established a supplier management policy, it has selected companies that value integrity equally to suppliers and customers, regularly evaluated the suitability and concerned whether suppliers and customers have records of environmental and social responsibility impacts. Although the contract with the main supplier does not stipulate	No deviation.

Promote Item	Implementation			Differences from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
			the terms of environmental and social responsibility, the supplier also provides the company's environmental maintenance certification to the Company.	
5. Does the Company refer to internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the Company, such as sustainability report? Do the reports above obtain assurance from a third party verification unit?	✓		The Company sustainability report was compiled in accordance with Global Reporting Initiative (GRI) standards, and also disclosed the Sustainability Accounting Standards indicators issued by Sustainability Accounting Standards Board (SASB) in the United States, as well as the Task Force on Climate-related Financial Disclosures Recommendations (TCFD) information of Financial Stability Board (FSB). The Company also commissioned a third-party verification agency, BSI, to verify the content of this report in accordance with the AA1000 AS guarantee standards V3, and use Type I and Moderate Assurance as the verification basis to ensure that the content of this report complies with GRI standards, and will be uploaded to Market Observation Post System and the Company's website before September 30, 2023.	No deviation.
6. If the Company has established its sustainable development code of practice in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the operational status and any differences: The Company has established the “Corporate Social Responsibility Best Practice Principles” in 2017, and amended the name of “Corporate Social Responsibility Best Practice Principles” to “Sustainable Development Best Practice Principles” on March 23, 2022 by board of directors. Considering the current situation of the company and the provisions of the law, it will be revised gradually and implemented without major differences.				
7. Other helps to understand the implementation of sustainable development: 1. Promote and implement environmental protection concepts. 2. Pay attention to social care, help and support disadvantaged groups in society in a timely manner.				

- Human rights policies and practices

Human Rights Policy	Evaluation Aspect	Specific measures and mitigation measures
Prohibition of child labor and prohibition of forced labor	<ul style="list-style-type: none"> <li>◆ Child labor is prohibited.</li> <li>◆ Confirm the identity and age at the time of registration, and will not be hired if it is not legal.</li> <li>◆ The Company has established a system of regular working hours and extension of working hours in accordance with the law, and does not force labor.</li> </ul>	<ol style="list-style-type: none"> <li>1. It is forbidden to hire child labor under the age of 16, and any form of forced labor, and improper employment discrimination is strictly prohibited.</li> <li>2. The Company does not compel or coerce any unwilling personnel to perform labor services, and the daily and weekly normal working hours and extended working hours, vacations, special vacations, other leave and extended working hours of employees are in compliance with laws and regulations.</li> <li>3. If it does not meet the minimum age requirement of the law, it will not be employed.</li> </ol>
Eliminate discrimination, respect diversity and ensure equality	<ul style="list-style-type: none"> <li>◆ Provide employee suggestion channels.</li> <li>◆ Evaluation criteria are based on employee performance and professional skills.</li> <li>◆ Diversity and equality in talent recruitment, recruitment and reward.</li> </ul>	<ol style="list-style-type: none"> <li>1. Develop diverse and inclusive (D&amp;I) corporate policies and strategies, and actively establish a diversified, equal and friendly corporate culture and working environment to enhance corporate image and the Company's Goodwill.</li> <li>2. Provide equal job opportunities and treatment without discrimination on the basis of race, skin color, gender, religion, political affiliation, nationality, or social origin.</li> <li>3. Equity, including minimum wage, working hours (including overtime), insurance, vacation, pension system, contract termination advance notice period, freedom of association and group negotiation Equity, etc.</li> <li>4. The Company conducts employee performance appraisal on a regular basis every year, and links the appraisal results to salary adjustment, promotion, reward, transfer, etc.</li> <li>5. Implement the "Act of Gender Equality in Employment" and protect the right of employees to take parental leave.</li> <li>6. Labor-management meetings are held on a quarterly basis to facilitate two-way communication and consultation on issues such as promotion of labor-management cooperation, labor-management relations coordination, improvement of labor conditions, and employee welfare planning.</li> </ol>
Prohibition of unlawful infringement	<ul style="list-style-type: none"> <li>◆ Complaint investigation system</li> </ul>	<ol style="list-style-type: none"> <li>1. The Company does not tolerate any workplace bullying by managers of the Company, and does not tolerate workplace violence by the Company</li> </ol>



<p>and promotion of a harassment-free environment</p>	<p>and handling methods.</p> <ul style="list-style-type: none"> <li>◆ Set up a dedicated hotline and e-mail to handle complaints, and publicly disclose relevant information in the workplace.</li> </ul>	<p>employees or suppliers, customers, and unfamiliar.</p> <ol style="list-style-type: none"> <li>2. We prohibit harassment and are committed to creating a work environment that is safe, equal and free from discrimination.</li> <li>3. The Company has sexual harassment prevention, complaint investigation and disciplinary measures, prevention plan for unlawful infringement in the performance of duties, and Bylaws to Report Cases of Illegal and Unethical Conduct.</li> <li>4. Employees can report through dedicated mailboxes and labor-management meetings, and can also directly appeal to senior executives to implement labor rights.</li> </ol>
<p>Implement occupational health and safety</p>	<ul style="list-style-type: none"> <li>◆ Occupational safety and health of employees.</li> <li>◆ Physical workplace safety.</li> <li>◆ Health management and medical consultation.</li> <li>◆ Diversified clubs and employee activities.</li> <li>◆ Child care subsidies for employees' children.</li> <li>◆ Flexible shift system.</li> </ul>	<ol style="list-style-type: none"> <li>1. There are safety and health management personnel responsible for supervising the handling and implementation of occupational safety and health management plans.</li> <li>2. Arrange for employees to conduct occupational safety and health education and training.</li> <li>3. Regularly inspect various appliances and equipment used in the workplace, and not to use equipment and appliances that do not meet safety standards or have not been verified.</li> <li>4. There are special personnel such as fire prevention administrators and first aid personnel to strengthen the safety protection measures of employees in the workplace.</li> <li>5. Organize fire drills every six months, set up and organize self-defense fire brigades, and plan safe escape routes in the community.</li> <li>6. Annual regular fire equipment inspection and reporting.</li> <li>7. The Company arranges regular health checkups for employees and contracted medical staff to provide on-site health-related services every year, and regularly holds health seminars to care for the health status of employees.</li> <li>8. Diversified club activities (such as the bowling club, the badminton club, the iron club, the bicycle club and the aerobic dance club) and irregular family days, employee domestic and foreign travel, to promote employee interaction and communication and team spirit.</li> <li>9. To allow employees to balance work with family life or study needs, the Company provides flexible shift options.</li> </ol>

		10. Provide a breastfeeding friendly environment, and provide childcare subsidies for children under 12 years of age every year.
Protection of personal information and privacy	<ul style="list-style-type: none"> <li>◆ Regularly review and store personal data servers.</li> <li>◆ Strengthen the control of personnel entering and leaving the computer room.</li> <li>◆ Established cyber security task force and established cyber security risk management framework.</li> <li>◆ Regular information security inspection and enhancement of software and hardware equipment.</li> </ul>	<ol style="list-style-type: none"> <li>1. Set up a dedicated unit for information security, with a dedicated information security supervisor and a dedicated information security personnel, responsible for the promotion of cyber security policies, the planning, monitoring and implementation of cyber security management operations.</li> <li>2. Regularly update the anti-virus software and strengthen the hardware firewall to prevent viruses.</li> <li>3. Data backup and recovery tests are conducted regularly, and simulation exercises are conducted regularly for disaster recovery.</li> <li>4. Properly handle personnel account and authority management, and regularly check system authority settings to prevent the leakage of confidential information.</li> <li>5. The Company information department personnel regularly check whether the storage personal data server is attacked and stolen data.</li> <li>6. Strengthen the control of personnel entering and leaving the computer room to prevent the outflow of important personal information.</li> <li>7. Implement employee education and training to improve employees' awareness and ability of information security and personal information protection.</li> </ol>

• Human Rights Training

Nichidenbo conducts human rights protection-related training for employees annually to promote human rights policies, improve human rights protection awareness, and reduce the possibility of related risks. In 2023, the total education and training hours (including human rights education and training) amounted to 1,595.38 hours, with an average of 10.71 hours of training per person, including the following training related to human rights protection:

- 1、Occupational safety and health training:  
Employees are obligated to undergo occupational safety and health education and disaster prevention training, and conduct necessary on-the-job training and regular re-training in accordance with the occupational safety and health education and training rules.
- 2、Disaster drill education and training:  
Regularly conduct accident education and training. Through accident investigation and analysis methods, employees can understand the cause and reduce the occurrence of accidents, so as to strengthen the health and safety of all employees.
- 3、Information security education and training:

Strengthen employee information security education and training, improve all employees' information security awareness, and continue to improve the cycle process with PDCA (Plan-Do-Check-Act) to strengthen various information security systems.

4、Compliance education and training:

Compliance with regulatory requirements and legal and compliant operations are the most basic responsibilities of an enterprise, and are also the key to sustainable operations. Through annual education and training of various regulations, we ensure that employees are aware of and aware of the latest regulations, and strengthen their legal compliance and ethical awareness.

Breakdown of Donation expense in 2023

Unit: NT \$

Donation expense unit	Donation expense Amount
World Vision Taiwan	60,000
Chensenmei Social Welfare Foundation, Taoyuan County	60,000
Foundation of Helping Underprivileged Students of Taipei City Department of Education	500,000
Fund of Excellent Underprivileged Students, Education Department, New Taipei City Government	2,000,000
New Taipei Municipal Da Guan Elementary and Junior High School	80,700
Social Welfare Department, New Taipei City Government—rehabilitative bus	2,379,048
Total	5,079,748

(6) The Company's Climate-related Information

1. Implementation of climate-related information

Item	Implementation																						
<p>1. Describe Board of Directors and the management's supervision and governance of climate-related risks and opportunities.</p>	<p>The Board of Directors is the highest unit in climate change management and is responsible for confirming the effective implementation of annual climate-related risk management (including climate change-related issues), and reviewing the risks and opportunities related to climate change and the corresponding short, medium, and long-term goals and implementation results. Nichidenbo has started conducting greenhouse gas inventory in accordance with the ISO14064-1: 2018 standard since 2023. The stock affairs unit of Nichidenbo is responsible for compiling the potential impact of various issues on the organization internally and externally, and each responsible unit is responsible for identifying and evaluating climate change risks and responding to climate impact. After identifying the climate-related impacts, the senior executives meet to discuss climate-related risks and opportunities, focusing on hazards that may be caused by risks, in order to adjust and mitigate climate financial risks, and identify corresponding climate financial opportunities.</p>																						
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finance (short, medium, and long-term) of the enterprise.</p>	<p>Climate-related risks and financial impacts</p> <table border="1" data-bbox="562 746 2080 1334"> <thead> <tr> <th data-bbox="562 746 692 895">Type</th> <th data-bbox="692 746 842 895">Climate-related Risks</th> <th data-bbox="842 746 934 895">Impact period</th> <th data-bbox="934 746 1303 895">Risk description</th> <th data-bbox="1303 746 1498 895">Potential operational and financial impacts</th> <th data-bbox="1498 746 2080 895">Adaptation and response measures</th> </tr> </thead> <tbody> <tr> <td data-bbox="562 895 692 1334" rowspan="2">Transition Risk</td> <td colspan="5" data-bbox="692 895 2080 932" style="text-align: center;">Policies and regulations</td> </tr> <tr> <td data-bbox="692 932 842 1334">Local regulations</td> <td data-bbox="842 932 934 1334">Mid-term</td> <td data-bbox="934 932 1303 1334"> <ul style="list-style-type: none"> <li>Climate Change Response Act in Taiwan</li> </ul> </td> <td data-bbox="1303 932 1498 1334"> <ul style="list-style-type: none"> <li>Suppliers' carbon expenses are passed on to the Company, increasing operating costs</li> <li>Potential fines</li> </ul> </td> <td data-bbox="1498 932 2080 1334"> <ul style="list-style-type: none"> <li>Since 2023, the Company has introduced the ISO14064-1 greenhouse gas inventory standard methodology.</li> </ul> </td> </tr> </tbody> </table>						Type	Climate-related Risks	Impact period	Risk description	Potential operational and financial impacts	Adaptation and response measures	Transition Risk	Policies and regulations					Local regulations	Mid-term	<ul style="list-style-type: none"> <li>Climate Change Response Act in Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers' carbon expenses are passed on to the Company, increasing operating costs</li> <li>Potential fines</li> </ul>	<ul style="list-style-type: none"> <li>Since 2023, the Company has introduced the ISO14064-1 greenhouse gas inventory standard methodology.</li> </ul>
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		Laws and standards on energy-saving products	Long-term	<ul style="list-style-type: none"> <li>Under the Renewable Energy Development Act, large electricity users with a contracted capacity of more than 5,000kW are required to self-provide 10% green electricity within 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Despite not being a major power user, the Company has continued to replace energy-saving products and carried out carbon reduction measures from 2019 to 2023. The cost of replacing air conditioners totaled approximately NT\$2.3 million.</li> </ul>
	Reputation					
		Goodwill Impairment	Short-term	<ul style="list-style-type: none"> <li>The public and stakeholders are increasingly concerned about climate change issues and whether corporate organizations are committed to low-carbon transition</li> </ul>	<ul style="list-style-type: none"> <li>The impairment of Goodwill will lead to difficulties in sales</li> </ul>	<ul style="list-style-type: none"> <li>Continue to cooperate with suppliers (original manufacturers) that are committed to carbon reduction to create a sustainable supply chain.</li> <li>Invest in marketable securities of companies related to sustainability, not investing in companies with high carbon emissions, and meet the stakeholders' expectations and commitments of Net Zero.</li> </ul>
	Type	Climate-related Risks	Impact period	Risk description	Potential operational and financial impacts	Adaptation and response measures
	Physical Risk	Immediate				
		Extreme weather events such as typhoons, floods, and droughts	Short-term	<ul style="list-style-type: none"> <li>If it is within the main scope of influence, employees will not attend work (no-pay natural disaster leave)</li> <li>Possible suspension or interruption of transportation services</li> </ul>	<ul style="list-style-type: none"> <li>The increase in the probability of product damage will cause company burden of</li> </ul>	<ul style="list-style-type: none"> <li>In response to the possible impact of extreme weather on operations, Nichidenbo provides product insurance to pass on the risk of cargo loss; in 2023, the Company purchased cargo transportation insurance and fire insurance (including real estate, office equipment, other</li> </ul>

			<ul style="list-style-type: none"> <li>If there are rainstorms and floods, sea and air cargo may become damp or damaged</li> </ul>	loss and insurance	equipment) for goods, with the insured amount of approximately NT\$827,000.
Long-term					
	Changes in rainfall (precipitation) patterns	Mid-term	<ul style="list-style-type: none"> <li>Flooding caused</li> </ul>	<ul style="list-style-type: none"> <li>Possible increase in the loss rate of goods, resulting in an increase in cost of warehousing</li> </ul>	<ul style="list-style-type: none"> <li>Use scenario simulation tools to assess physical climate risks.</li> <li>Cooperate with third-party manufacturers to purchase sand bags, water pumps, and other machines to reduce the risk of flooding.</li> <li>Formulate contingency measures for water and electricity shortages to effectively shorten recovery time and maintain the Company's normal operations.</li> <li>Continue to optimize the warehousing management system, keep abreast of the status of goods and logistics, and improve efficiency and flexibility.</li> <li>Continue to maintain good communication with customers, coordinate incoming/outgoing conditions of goods and customer needs in real time to cope with the problem of temperature rise affecting product storage.</li> </ul>
	Annual average temperature increase	Long-term	<ul style="list-style-type: none"> <li>Rising temperature affects the storage of goods</li> <li>A higher cooling intensity is required for air conditioning</li> <li>Decrease in life span of office-related equipment</li> </ul>	<ul style="list-style-type: none"> <li>Increase in cost of warehousing</li> <li>Increase in electricity expenses</li> <li>Increase in equipment procurement expenses</li> </ul>	
The impact period is defined as: short-term, within 1-3 years; medium-term, within 3-10 years; long-term, over 10 years.					
Climate-related opportunities and financial impacts					

	Type	Climate-related opportunities	Impact period	Potential operational and financial impacts	Adaptation and response measures
	Resource efficiency	<ul style="list-style-type: none"> <li>• Paper and waste recycling and reuse</li> <li>• Switch to electrical equipment with higher efficiency</li> <li>• Reduce water consumption</li> </ul>	Short/medium-term	<ul style="list-style-type: none"> <li>• Reduced purchase amount of consumables</li> <li>• Reduced electricity consumption and carbon emissions</li> <li>• Reduced water costs</li> </ul>	<ul style="list-style-type: none"> <li>• All Nichidenbo products are customized according to customer needs, with different sizes and packaging requirements. In response to circular economy, the original boxes used for restock and existing materials should be used for packaging materials for shipping (cardboard boxes), pallets, and protective fillers as much as possible, so as to implement the circular economy model.</li> <li>• From 2019 to 2023, the water-cooled air conditioners with high-power consumption will be replaced by high-performance Grade 1 split type air conditioners, which will significantly reduce electricity consumption. The replacement of equipment will total a cost of NT\$2,300,893.</li> <li>• Since the replacement of the cooling tower in 2022, the water consumption has decreased by 4.3% compared with the previous year. Optimize the warehouse management system and move towards the goal of paperless picking slips and shipping notices.</li> <li>• Since 2019, we have gradually reduced energy consumption through virtualization of physical hosts, with a total of 28 units as of now.</li> </ul>

	Market	<ul style="list-style-type: none"> <li>In response to the international environmental protection and carbon reduction trends, the market and consumers' demand for products in the fields of energy saving (low power consumption) and sustainability (such as electric vehicles, energy storage, etc.) has increased, which has an indirect impact</li> </ul>	Medium/long-term	<ul style="list-style-type: none"> <li>Work with original manufacturers to provide key components that can improve energy efficiency (such as MLCC), expand into new markets, professional agencies, and product line portfolio, gradually increasing revenue</li> </ul>	<ul style="list-style-type: none"> <li>The main manufacturer, Panasonic, has begun to develop energy-saving and smart home appliances. Nichidenbo plans business models for new markets, and gradually increases the agency of goods such as electric vehicles, energy storage equipment, and network communication.</li> </ul>
	Resilience	<ul style="list-style-type: none"> <li>Consolidate climate change risks and treatment methods to enhance the company's response capabilities</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Strengthen corporate resilience, reduce losses caused by climate change, and reduce customer losses</li> </ul>	<ul style="list-style-type: none"> <li>Continue to identify corporate operational risks due to climate change and strengthen corporate resilience.</li> </ul>
	The impact period is defined as: short-term, within 1-3 years; medium-term, within 3-10 years; long-term, over 10 years.				
3. Describe the impact of extreme weather events	For the financial impact of extreme climate events and transition actions, please refer to the sections headed "Potential operational and financial impacts" and "Adaptation and response measures" in the preceding table.				



and transition actions on finance.												
4. Describe how the identification, assessment and management process of climate risks are integrated into the overall risk management system.	The climate change risk management process has been integrated into general risk management, including identification, assessment, management, recovery, adaptation, and other steps. The Company’s responsible units observe the latest trends and evaluate climate change risks from time to time to understand specific potential financial impacts as the basis for policy formulation and goals, and establish a sound climate management procedure.											
5. If the resilience in the face of climate change risks is evaluated using scenario analysis, the use of scenarios, parameters, assumptions, analysis factors, and major financial impacts shall be explained.	<p>Physical scenario</p> <p>According to the RCP climate scenario selected by the Company, the stock affairs unit evaluates the impact of climate disasters that may occur in 2.2 °C ~ 4.4 °C, and then simulate the climate scenario of RCP 2.6 ~ RCP 8.5 according to public climate model/graph websites such as “Taiwan Climate Change Projection Information and Adaptation Knowledge Platform” and “3D Disaster Potential Map”.</p> <p>The IPCC RCP climate scenario type and related indicators adopted by the Company</p> <table border="1" data-bbox="555 774 2078 1045"> <thead> <tr> <th data-bbox="555 774 987 839">Scenario</th> <th data-bbox="987 774 1574 839">RCP 2.6</th> <th data-bbox="1574 774 2078 839">RCP 8.5</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 839 987 904">Warming range</td> <td data-bbox="987 839 1574 904">~ 2.2°C</td> <td data-bbox="1574 839 2078 904">~ 4.4°C</td> </tr> <tr> <td data-bbox="555 904 987 1045">Climate-related Data Indicators</td> <td data-bbox="987 904 1574 1045">Maximum rainfall per day 215.1mm Annual average temperature of 22.8 degrees</td> <td data-bbox="1574 904 2078 1045">Maximum rainfall per day 263.6mm Annual average temperature of 25 degrees</td> </tr> </tbody> </table> <p>Transition scenario</p> <p>Nichidenbo estimates the financial impact of future electricity costs based on the NDCs (Nationally Determined Contributions) of the Paris Agreement and scenario analysis of relevant domestic regulations (such as the Climate Change Response Act and the Renewable Energy Development Act). With the goal of 50% reduction in greenhouse gas emissions for the BAU by 2030, if the proportion of renewable energy in Taiwan increases from 5.6% in 2019 to 40% by 2030 as planned by the national energy policies, due to the higher cost of renewable energy in Taiwan, the unit price of Taiwan Power Company’s electricity is expected to increase from NT\$2.63/kWh in 2019 to NT\$3.88/kWh b 2030, the cost of Nichidenbo’s purchased electricity will increase.</p>			Scenario	RCP 2.6	RCP 8.5	Warming range	~ 2.2°C	~ 4.4°C	Climate-related Data Indicators	Maximum rainfall per day 215.1mm Annual average temperature of 22.8 degrees	Maximum rainfall per day 263.6mm Annual average temperature of 25 degrees
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	<p>If estimated based on the purchased electricity of 232,836.53 kWh in 2023, the energy cost may increase to NT\$903,406 by 2030. Based on the results of this scenario analysis, Nichidenbo will continue to implement various energy-saving measures to reduce the potential impact of purchased electricity. We also reduce energy consumption and water consumption by replacing equipment with energy-saving and water-saving equipment in the office area and promoting low-carbon emission guidelines.</p>
<p>6. If there is a transition plan to manage climate-related risks, explain the content of the plan, and the indicators and goals used to identify and manage physical risks and transition risks.</p>	<p>In order to reduce the impact of risks that may be caused by climate change and achieve the goal of energy conservation and carbon reduction, indicators are used to manage risks and opportunities related to climate change:</p> <ul style="list-style-type: none"> <li>● Energy conservation and carbon reduction: The Company has been promoting various energy conservation and carbon reduction measures for a long time, and plans to reduce carbon emissions by 3 ~ 5% by 2027 with 2022 as a baseline. In 2023, electricity, water resources, and waste had reduced by 12.84% compared to the total in 2022. The increase or decrease ratios and measures are described as follows: <ul style="list-style-type: none"> <li>■ Use of electricity: Select energy-saving products with Green Mark for lighting equipment, turn off air-conditioning and lighting in meeting rooms where meetings are not being held; during lunch break, only necessary lighting is kept in the office and public areas, and it is estimated that the annual electricity consumption will be saved by 1% every year in the future; the electricity consumption in 2023 is 232,836.53 kWh, which is roughly the same as that in 2022.</li> <li>■ Water resources: Promote water conservation, limit the amount of running water in sinks at public toilets, replace old equipment, and give priority to the use of faucets and toilets with "Water Label". It is estimated that the annual water consumption will be saved by 1% every year in the future. The water consumption is 1,664.20 kiloliters in 2023, which is a decrease of 4.27% compared with 2022.</li> <li>■ Waste: Advocate waste reduction policies, use double-sided printing or reuse the back of paper whenever possible for official documents and paper usage. The brand used in photocopy paper has a FSC label, and it is expected to reduce recyclable waste by 1% per year; the total weight of recyclable waste in 2023 is 4.23 metric tons, which is a 7.84% reduction compared to the actual amount in 2022.</li> </ul> </li> </ul>
<p>7. If the internal carbon pricing is used as a planning tool, the price setting basis should be stated.</p>	<p>The Company currently does not use internal carbon pricing as a planning tool, which will be evaluated and introduced according to actual needs in the future.</p>
<p>8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual</p>	<ol style="list-style-type: none"> <li>1. The Company's settings for climate-related targets, as detailed in Item 6 above.</li> <li>2. The Company currently does not use carbon offset and Renewable Energy Certificates (RECs), which will be introduced according to actual needs in the future.</li> </ol>

<p>achievement progress, and other information should be explained; if carbon offset or Renewable Energy Certificate (RECs) are used to achieve the relevant goals, the source and quantity of the carbon offset credit or the quantity of the Renewable Energy Certificate (RECs) should be stated.</p>	
<p>9. Greenhouse gas inventory and assurance status, reduction targets, strategies and concrete action plans (please fill out 1-1 and 1-2).</p>	<p>See 1-1 and 1-2 for details.</p>

## 1-1 The Company's greenhouse gas inventory and verification status in the last two years

### 1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million dollars), and data coverage for the last two years.

Total emissions (unit: tons CO <sub>2</sub> e)		Year 2022	Year 2023
Scope 1	Gasoline for company vehicles	17.53	18.01
	Refrigerant	5.55	5.92
	Septic tank	13.20	13.09
	Fire extinguisher	0	23.46
Scope 2	Purchased electricity	114.42	115.25
Scope 3	Upstream transportation and distribution	12.19	44.39
	Purchased Products and Services (Water Supply)	0.41	0.39
	Fuel and energy related activities (excluding activities in Scope 1 or Scope 2)	26.98	27.27
	Downstream transportation and distribution	149.15	209.48
Total GHG emissions		339.43	457.26
Turnover (NT\$ million dollars)		1,915	1,820
Carbon emission intensity		0.18	0.25

#### Explanation:

- The energy-related data (water and electricity consumption) of greenhouse gasses is calculated based on the actual payment of Nichidenbo Corporation.
- The source of conversion factor is the Greenhouse Gas Emission Factor Management Table, version 6.0.4, published by the Environmental Protection Bureau.
- The method of compiling the amount of greenhouse gasses is operational control.
- The Global Warming Potential (GWP) of various greenhouse gasses is based on the valuation from the sixth assessment report of the IPCC.
- Gas types include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons.
- The screening principle for upstream transportation and distribution is ninety percent of the amount of purchases from suppliers of the current year.
- The 2023 electricity carbon emission factor is calculated at 0.495kg CO<sub>2</sub>e /kWh.
- Scope 3 indirect emission factors are quantified based on the Carbon Footprint Information Platform.
- Formula used to calculate carbon emission intensity: total greenhouse gas emissions (metric tons CO<sub>2</sub>e)/turnover (NT\$million).
- The base year of greenhouse gas emissions is 2022, the reason for choosing that year as the base year is that it is the first greenhouse gas emission inventory introduced by Nichidenbo.
- The increase in Scope 1 in refrigerant emissions in 2023 is mainly due to the purchase of 3 fire extinguishers in the current year.
- The increase in Scope 3 emissions in 2023 was mainly due to the increase in downstream transportation calculation.

### 1-1-2 Greenhouse gas assurance information

Describe the assurance status for the most recent two years as of the publication date of the annual report, including the assurance scope, assurance body, assurance standards, and assurance opinions.

According to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies", as the Company has a paid-in capital of less than NT\$5 billion, a greenhouse gas inventory should be completed by 2026 and a assurance verification should be completed by 2028. Therefore, there is no assurance information for the most recent two years.

(7) Ethical Corporate Management and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

1. The Company The management team adheres to the principle of integrity management to deepen the corporate culture of integrity management and sound development, and to build a good business operation structure.
2. The implementation of ethical corporate management is described as follows:

Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company established an ethical corporate management policy approved by board of directors, and specified in its rules and external documents the ethical corporate management policy and practices and the commitment of board of directors and senior management to rigorous and thorough implementation of such policy?	✓		(1) The Company has established “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and “Procedures for Ethical Management and Guidelines for Conduct” in 2017 to comply with Company Act, relevant regulations for TWSE/TPEX listed companies, and Other business conduct-related laws and regulations as the basic premise to implement ethical management.	No deviation.
(2) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best	✓		(2) The Company has established the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” which covers the preventive measures for the acts in the second paragraph of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”. By establishing a good corporate governance, risk control mechanism and sound internal regulations, it prevents the occurrence of dishonest acts, so as to create a sustainable business environment for the Company.	No deviation.

Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
Practice Principles for TWSE/TPEX Listed Companies”?				
(3) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓		(3) " Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies "and "Bylaws to Report Cases of Illegal and Unethical Conduct "serve as the basis for the implementation of integrity management to strengthen the integrity management and moral concepts of the company's managers and implement them.	No deviation.
2. Implementation of Ethical Corporate Management (1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company conducts business activities in a fair and transparent manner. Prior to any commercial transactions, the Company will first take into consideration the legality of its suppliers, customers, or other counterparties and whether any of them have a record of unethical conduct, in order to avoid any dealings with persons so involved.	No deviation.
(2) Has the Company set up a dedicated unit under board of directors to promote ethical corporate management and regularly (at least once a year) report to board of directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(2) In October 2020, the Company was approved by chairperson to establish an integrity management promotion team and set up relevant operating measures. In addition to General Manager as the Chairperson, the head of the business department of the following units is a member and his or her responsibilities, and at least once a year, the chairperson shall report the operation and implementation to board of directors: 1. Corporate governance unit: responsible for the	No deviation.

Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
			<p>operation of the meeting of the promotion of integrity management, ensuring legal compliance and the effectiveness of regulations and education and training.</p> <p>2. Personnel and legal unit: Promote the importance of integrity and legal compliance and education and training on a regular and irregular basis.</p> <p>3. Head of each business department: cooperate in the implementation and implementation of integrity management and fraud prevention measures, and are regularly supervised and audited.</p> <p>The Ethical Corporate Management Promotion Team held a meeting on October 23, 2023. In addition to formulating the 2024 annual plan, it reported the content of the annual plan implemented during 2023, and reported the implementation of the promotion of the ethical corporate management policy on November 9, 2023 in the board of directors.</p>	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) The Company Regulations Governing Procedure for Board of Directors Meetings stipulates that Director or the corporate represented by it shall explain the important content of its interest in the current board of directors if it is harmful to the interests of the company, it shall not participate in the discussion and voting, and shall evade during discussion and voting, and shall not exercise its voting rights on behalf of	No deviation.

Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
			another director.	
(4) Has the company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit formulated relevant audit plans based on the assessment results of the risk of dishonesty, and checked the compliance of the plan to prevent dishonesty, or entrusted an accountant to perform the audit?	✓		(4) The Company has established an internal control system. In order to ensure the continuous effectiveness of the design and implementation of the system, auditors conduct annual review and revision operations to establish a good corporate governance and risk control mechanism.	No deviation.
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The Company regularly conducts education and publicity on “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and related laws and regulations for Director, managerial officers and employees; When new employees of Director and managerial officers take office, the stock affairs unit and legal unit shall provide education and promotion of relevant laws and regulations.  In 2023, the Company has provided educational guidance to all new employees on the relevant laws and regulations of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and	No deviation.



Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
			<p>“Insider Trading Rules”, and held educational training for about 51 employees on September 22, 2023, with the theme of “Intellectual Property and Corporate Governance Integrity Promotion Conference”. The content of the course is about 1.5 hours, including “Intellectual Property Rights Promotion”, “Corporate Governance Integrity Promotion”, “Integrity Promotion”, “Internal Material Information”, “Prevention of Insider Trading” and “Corporate Governance Related Procedures and Measures”. After the course, the course briefing and audio-visual files have been placed in the The Company internal system for employees to read at any time, and new employees are also required to receive 1.5 hours of online mandatory courses when they report to work.</p>	
<p>3. Operation of the Company’s whistleblowing system</p> <p>(1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p> <p>(2) Has the Company established standard operating procedures</p>	<p>✓</p> <p>✓</p>		<p>(1) The Company has implemented "Employee Reward and Punishment Measures" and "Bylaws to Report Cases of Illegal and Unethical Conduct", and appropriate personnel are responsible for handling reported matters.</p> <p>(2) The Company established the "Bylaws to Report Cases of Illegal and Unethical Conduct"</p>	<p>No deviation.</p> <p>No deviation.</p>

Item	Implementation Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Abstract Illustration	
for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (3) Does the company provide proper whistleblower protection?	✓		in 2017, which specifies the acceptance unit, reporting channels and handling procedures.  (3) The Company website has a stakeholder contact mailbox, all of which can anonymously report misconduct.	No deviation.
4. Strengthening information disclosure Does the company disclose the content of its Market Observation Post System on its website and the effectiveness of its promotion?	✓		The Company provides annual report information on the website to disclose the implementation of the company's integrity management.	No deviation.
5. If the Company has its own Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the difference between its operation and the established code: The Company has established the " Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies " in 2017. In order to comply with the company's spirit of integrity management and to protect the shareholders Equity, the relevant systems and measures formulated by the Company are in line with the spirit of integrity management practices and are implemented.				
6. Other helps to understand the Company's important information on the implementation of ethical corporate management: (such as the Company's review and revision of its Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies): Please refer to the "Corporate Governance" section of the Company's website.				

(8) Corporate Governance Guideline and Regulations:

<https://www.ndb.com.tw/corporategovernance/majorinternalpolicies>

<https://mops.twse.com.tw> and click on Corporate Governance for inquiry.

(9) Other Important Information Regarding Corporate Governance:

<https://www.ndb.com.tw>

(10) The implementation of the internal control system shall disclose the following matters

1. Statement of Internal Control

**Nichidenbo Corporation**  
**Statement of Internal Control System**

Date: March 13, 2024

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2023: The Company

1. The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of The Company board of directors and managerial officers. The Company has established this system. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and protection of the safety of Assets), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three Item standards; In addition, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, The Company's internal control system has a self-monitoring mechanism. Once a defect is identified, The Company will take corrective action.
3. The Company judges whether the design and implementation of the internal control system is effective based on Rules for Handling the Establishment of Internal Control Systems by Public Offering Company (hereinafter referred to as "Rules for Handling" ) which stipulates the effectiveness of the internal control system Item. The internal control system adopted by "Rules for Handling" judges that Item is based on the process of management control, and the internal control system is divided into 5 components: (1) Control environment, (2) Risk assessment, (3) Control operations, (4) Information and communication, and (5) Each component further contains several Items. Please refer to "Item" for details.
4. The Company has adopted the above internal control system to judge Item, and evaluate the effectiveness of the design and implementation of the internal control system.
5. The Company, based on the evaluation results of the preceding paragraph, believes that the design and implementation of the internal control system of The Company on December 31, 2023 (including the supervision and management of subsidiaries), including the understanding of the effectiveness and efficiency of operations, the degree of achievement of objectives, the reliability, timeliness, transparency of reporting, and compliance with relevant regulations and relevant laws and regulations, are effective and can reasonably ensure the achievement of the above objectives.
6. This Statement is an integral part of The Company' s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by The Company board of directors on March 13, 2024, where 0 of the 11 attending members expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Nichidenbo Corporation

Chairperson: CHOU WEI LIN

General Manager: YU YAO KUO

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(11) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(12) Important Resolution of Shareholders' Meeting and board of directors in the most recent year and as of the printing date of the annual report:

1. Shareholders' Meeting Key Resolution and Implementation

Meeting Date	Key Resolution Matters	Implementation
2023.6.15	1、Adoption 2022 Financial Statements.	The Company announced the "Shareholders' Meeting Important Resolution" on June 15, 2023.
	2、2022 earnings distribution of adoption	A cash dividend of NT \$5.5 per share was distributed, and the ex-dividend base date was set on July 12, 2023, and the cash dividend was fully paid on July 28, 2023.
	3、Approved the amendment to "Articles of Incorporation".	It has been disclosed in the "Corporate Governance/Important Regulations" section of the Company's website, and has been approved by the Ministry of Economic Affairs on July 3, 2023 with the approval letter No. 11230121920.
	4、Approved the amendment to "Rules of Procedure for Shareholders Meetings".	It has been disclosed in the "Market Observation Post System/Rules for Formulating Relevant Regulations on Corporate Governance" and on the "Corporate Governance/Major Regulations" section of the Company's website.
	5、Approved the amendment to "Procedures for Election of Directors".	It has been disclosed in the "Market Observation Post System/Rules for Formulating Relevant Regulations on Corporate Governance" and on the "Corporate Governance/Major Regulations" section of the Company's website.
	6、Approved the amendment to "Regulations Governing the Acquisition and Disposal of Assets".	It has been disclosed in the "e-book/annual report and Shareholders' Meeting related information" of Market Observation Post System and "corporate governance/important regulations" of the Company's website.
	7、Approved the amendment to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees".	It has been disclosed in the "e-book/annual report and Shareholders' Meeting related information" of Market Observation Post System and "corporate governance/important regulations" of the Company's website.
	8、Passed the first issuance of new restricted employee shares in 2023.	On October 11, 2023, the issuance of 4,000,000 shares was declared effective at No. 1120357371, and no actual issuance has been made as of April 27, 2024.
	9、Addition of the 13th The Company Independent Director.	Election results: Independent Director: WU CHIA HSUN

Meeting Date	Key Resolution Matters	Implementation
	10、Approval of lifting the restriction of Director non-competition.	Announced on June 15, 2023 as important news.

## 2. Important board of directors Resolution

board of directors	Meeting Date	Key Resolution Matters
10th meeting of 13th Board of Directors	2023.3.13	<ol style="list-style-type: none"> <li>1. Resolution approved the Company 2022 Parent Company Only Financial Statement, Consolidated Financial Statements and Business Report.</li> <li>2. Resolution approved the appointment of an accountant to audit or review the 2023 financial report of the Company and its remuneration.</li> <li>3. Resolution Approved the general principles of pre-approving the non-assurance service policy of the Company.</li> <li>4. Resolution approved the 2022 earnings distribution plan of the Company.</li> <li>5. Resolution approved the amendment to the salary and remuneration related measures of the Company managerial officers.</li> <li>6. Resolution approved the distribution of the Company's 2022 employee remuneration and Director's remuneration.</li> <li>7. Resolution approved the 2023 employee remuneration and Director remuneration expensed ratio case with the Company.</li> <li>8. Resolution approved the remuneration for the replacement of the former Company Corporate Governance Officer with the new officer.</li> <li>9. Resolution approved the application of the Company to various financial institutions for financing quotas and increase of quotas.</li> <li>10. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, Lipers Enterprise Co., Ltd.</li> <li>11. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, Scope Technology Co., Ltd.</li> <li>12. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, Advance Electronic Supply Inc.</li> <li>13. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, TONSAM Corporation.</li> <li>14. Resolution approved the endorsement and guarantee case of the Company for its subsidiary KOHO (Taiwan) Co., Ltd.</li> <li>15. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, KOHO (Taiwan) Co., Ltd.</li> <li>16. Resolution approved the loan of funds from the Company to its subsidiary, KOHO (Taiwan) Co., Ltd.</li> <li>17. Resolution approved the cancelation of the limit of capital loan by the Company to the subsidiary, Lipers Enterprise Co., Ltd.</li> <li>18. Resolution approved the cancelation of the credit line of the Company to</li> </ol>

board of directors	Meeting Date	Key Resolution Matters
		<p>the subsidiary, Advance Electronic Supply Inc.</p> <p>19. Resolution Approved the Company to revise the 2023 "Internal Control System" and "Internal Audit Implementation Rules".</p> <p>20. Resolution approved the the Company 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".</p> <p>21. Resolution approved the 2023 business plan of the Company.</p> <p>22. Resolution approved the amendment of “Corporate Governance Best Practice Principles” by the Company.</p> <p>23. Resolution approved the the Company to add “Directives for the Continuing Education of Directors”.</p> <p>24. Resolution approved the amendment of “Sustainable Development Best Practice Principles” by the Company.</p> <p>25. Resolution approved the election of the 13th the Company Independent Director and the acceptance of shareholders' nomination of candidates for Independent Director.</p> <p>26. Resolution approved the list of candidates nominated by the Company board of directors for Independent Director.</p> <p>27. Resolution passed the the Company review of Independent Director candidate qualifications.</p> <p>28. Resolution approved the lifting of the restriction of the new Independent Director non-competition by the Company.</p> <p>29. Resolution adopted the Company to determine the time, place, method, convening reasons, closing the transfer period and acceptance of shareholders' proposal rights and related matters of the 2023 General Shareholders' Meeting.</p>
11th meeting of 13th Board of Directors	2023.5.4	<p>1. Resolution approved the consolidated financial statements of the Company for the first quarter of 2023.</p> <p>2. Resolution approved the 2022 Director remuneration distribution plan of the Company.</p> <p>3. Resolution approved the 2022 employee remuneration distribution of the Company managerial officers.</p> <p>4. Resolution approved the promotion and salary adjustment of the Company managerial officers.</p> <p>5. Resolution approved the application for various financing lines and additional lines of credit from various financial institutions through the Company.</p> <p>6. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, Scope Technology Co., Ltd.</p> <p>7. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, VIC-DAWN Enterprise Co., Ltd.</p>

board of directors	Meeting Date	Key Resolution Matters
		<ol style="list-style-type: none"> <li>8. Resolution approved the amendment of “Regulations Governing the Acquisition and Disposal of Assets” by the Company.</li> <li>9. Resolution approved the amendment of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees” by the Company.</li> <li>10. Resolution approved the amendment of “Articles of Incorporation” by the Company.</li> <li>11. Resolution approved the amendment of “Rules of Procedure for Shareholders Meetings” by the Company.</li> <li>12. Resolution approved the amendment of “Procedures for Election of Directors” by the Company.</li> <li>13. Resolution approved the issuance of the first new restricted employee shares in 2023 by the Company.</li> <li>14. Resolution approved the Company to purchase the Dalai Trade Plaza Factory Office on Jiankang Road, Zhonghe District.</li> <li>15. Resolution adopted the Company to determine the time, place, method, convening reasons, closing the transfer period and acceptance of shareholders' proposal rights and related matters of the 2023 General Shareholders' Meeting.</li> </ol>
12th meeting of 13th Board of Directors	2023.8.10	<ol style="list-style-type: none"> <li>1. Resolution approved the consolidated financial statements of the Company for the second quarter of 2023.</li> <li>2. Resolution approved the Company to amend the 2023 “General Principles of Internal Control System.”</li> <li>3. Resolution approved the amendment to the salary and remuneration related measures of the Company managerial officers.</li> <li>4. Resolution approved the establishment of the the Company information security dedicated unit and the remuneration of the new information security dedicated supervisor.</li> <li>5. Resolution approved the remuneration for the replacement of the Company Controller and the new Controller.</li> <li>6. Resolution approved the amendment to he Company “Approval Authorization Table”.</li> <li>7. Resolution approved the amendment to the Company “Remuneration Committee Charter”.</li> <li>8. Resolution approved the appointment of the 5th the Company remuneration committee members.</li> <li>9. Resolution approved the application of the Company to various financial institutions for financing quotas and increase of quotas.</li> <li>10. Resolution approved the Company to provide endorsement/guarantee for its subsidiary, Scope Technology Co., Ltd.</li> <li>11. Resolution approved the Company to provide endorsement/guarantee for</li> </ol>

board of directors	Meeting Date	Key Resolution Matters
		<p>its subsidiary, KOHO (Taiwan) Co., Ltd.</p> <p>12. Resolution approved the joint endorsement and guarantee for Nichidenbo Suzhou Trading Co., Ltd. and Nichidenbo (Shenzhen) Trading Co., Ltd. by the Company.</p> <p>13. Resolution approved that the Company has disposed of Honey Hope Honesty Enterprise Co., Ltd. short-term securities.</p> <p>14. Resolution approved that the Company has disposed of Sentelic Corporation long-term securities.</p>
13th meeting of 13th Board of Directors	2023.11.9	<p>1. Resolution approved the consolidated financial statements of the Company for the third quarter of 2023.</p> <p>2. Resolution approved the Company to add “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties”.</p> <p>3. Resolution approved the application for various financing lines and additional lines of credit from various financial institutions through the Company.</p> <p>4. Resolution approved the cancelation of the quota of capital loan from the Company to the subsidiary company, Advance Electronic Supply Inc.</p> <p>5. Resolution approved the cancelation of the limit of capital loan by the Company to the subsidiary, Lipers Enterprise Co., Ltd.</p> <p>6. Resolution approved the cancelation of the limit of capital loan by the Company to the subsidiary, Scope Technology Co., Ltd.</p> <p>7. Resolution approved the loan of funds from the Company to its subsidiary, Lipers Enterprise Co., Ltd.</p> <p>8. Resolution approved the loan of funds from the Company to its subsidiary, Scope Technology Co., Ltd.</p> <p>9. Resolution approved that the Company has disposed of Sentelic Corporation long-term securities.</p> <p>10. Resolution approved the the Company “2024 Audit Plan”.</p> <p>11. Resolution approved the amendment of “Procedures for Handling Material Inside Information” by the Company.</p> <p>12. Resolution approved the amendment to the “Regulations Governing the First Issuance of New Restricted Employee Shares” by the Company.</p>

(13) Major contents of any dissenting opinions on record or stated in a written statement made by Director or Supervisors regarding board of directors’s adoption of important Resolution in the most recent year up to the publication date of this annual report: None.

(14) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's Chairperson, General Manager, Controller, Financial officer, internal internal audit officer, Corporate Governance Officer, and R&D officer:



April 27, 2024

Job title	Name gender	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Corporate Governance Officer	LIAO LI SHU	2020.05.11	2023.03.13	On March 13, 2023, board of directors re-appointed Miss LAI NAN CHUN as Corporate Governance Officer.
Controller	HOU CHIN HWA	2019.12.17	2023.09.01	On August 10, 2023, board of directors re-appointed Miss KU HSIN PING as Controller.

## 5. Information on CPA Professional Fees

(1) Amount of audit fees and non-audit fees paid to the certified public accountants, their affiliated firms and affiliated companies, and the content of non-audit services:

Unit: NT \$thousands

Name of Accounting Firm	Name of CPA	CPA Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Deloitte & Touche Accounting firm	SHAO CHIH MING WONG YA LING	2023.01.01 ~ 2023.12.31	3,277		3,277	
	SHAO CHIH MING	2023.01.01 ~ 2023.12.31		485	485	
	XU XIAO TING	2023.01.01 ~ 2023.12.31		201	201	
	CHEN HUI MING	2023.01.01 ~ 2023.12.31		12	12	

Note: Non-audit fees include NT \$12 thousand for business registration, NT \$295 thousand for tax certification report, NT \$60 thousand for direct deduction method report, NT \$201 thousand for transfer pricing report, NT \$30 thousand for employee salary inspection fee for non-supervisory positions, and NT \$100 thousand for issuing new restricted employee shares.

- 1、When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
- 2、When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more: None.

## 6. Information on replacement of CPA: None.

**7. Chairperson, General Manager and managerial officers of the Company who are responsible for financial or accounting affairs have worked in the firm of the certified public accountant or its affiliates within the last year, their names, titles and the periods of working in the firm of the certified public accountant or its affiliates: None.**

**8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by Director, Supervisors, managerial officers, and Shareholders with a Stake of More than 10% during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report**

(1) Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by Directors, Supervisors, managerial officers, and Shareholders with a Stake of More than 10%

Unit: Shares

Job Title	Name Gender	2023		Current year up to As of April 27, 2024	
		Shares Held Increase (decrease)	Shares Pledged Increase (decrease)	Shares Held Increase (decrease)	Shares Pledged Increase (decrease)
Chairperson & Chief Executive Officer	CHOU WEI LIN	0	0	0	0
Vice Chairperson & Chief Operating Officer	LEE KUN CHAN	0	0	0	0
Director	Zong Xin Investment Co., Ltd.	0	0	0	0
	HUANG JEN HU (Note 1)	0	0	0	0
	HUANG PEI CHING (Note 1)	0	0	0	0
Director & General Manager	YU YAO KUO	0	0	5,000	0
Director & Vice President	HOU CHIN HWA	0	0	0	0
Director	Civic Textile Co., Ltd.	0	0	0	0
	TSAI YU CHIN	0	0	0	0
Director and related parties Senior Vice President	HUNG CHIN HAN	(15,000)	0	0	0
Independent Director	YEN KUO LUNG	0	0	0	0
Independent Director	SU MING YANG	0	0	0	0
Independent Director	HSU HSOU CHUN	0	0	0	0
Independent Director	WU CHIA HSUN (Note 2)	0	0	0	0
Strategic investment Committee Chairperson	HUANG JEN HU	0	0	0	0
Vice President	LIAO LI SHU	72,000	0	0	0
Vice President & Corporate Governance Officer	LAI NAN CHUN	20,000	0	0	0
Assistant Vice	YANG WEN CHI	3,000	0	3,000	0

President					
Assistant Vice President	HSU CHI PING	(345,000)	0	0	0
Assistant Vice President	LYI PO YI	0	0	0	0
Financial officer	HSU SHU HUI	5,000	0	0	0
Assistant Vice President	LIN TSAN WEI (Note 3)	0	0	0	0
Controller	KU HSIN PING (Note 4)	0	0	0	0

Source: Based on the shareholding information on the last book closure date on April 27, 2024.

Note 1: Director re-appointed HUANG PEI CHING as representative on December 20, 2023.

Note 2: On June 15, 2023, Shareholders' Meeting elected a new seat of Independent Director WU CHIA HSUN.

Note 3: LIN TSAN WEI has been appointed new insiders since July 1, 2023.

Note 4: KU HSIN PING has been appointed new insiders since September 1, 2023.

(2) Directors, Supervisors, managerial officers and shareholders holding more than 10% of the shares

April 27, 2024; Unit: Shares

Job Title	Name Gender	Reason for Transfer	Transactions Date	Transactions Counterparty	Relationship between the counterparty and the Company, Director, the supervisor, managerial officers and shareholders holding more than 10% of the shares	Shares	Transactions Price
Assistant Vice President	HSU CHI PING	Gift	2023.6.19	Yeh Pi-Ling	Husband and Wife	340,000	None
				Hsu Po- Hsuan	Father and Son	40,000	None

(3) Information on the counterparty of any equity pledge by Director, supervisor, managerial officers, or shareholder with a stake of more than 10%, who is a related party: None.

**9. Information on the relationship between any of the top ten shareholders  
(related party, spouse, or kinship within the second degree)**

April 27, 2024; Unit: Shares

Number	Name	Shares held		Shares held by spouse and minor children		Shares held through nominees		Names and relationships of the Corporation's top ten shareholders who are related parties, spouses or relatives within the second degree of relationship of each other		Remark
		Shares	Shareholdin ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Title (or Name)	Relation	
1	WT Microelectronics Co., Ltd. Representative : CHENG WEN TSUN	31,000,000	14.58	N/A	N/A	N/A	N/A	None	None	
2	WPG Investment Co., Ltd. Representative: HUANG,WEI-HSIANG	5,849,000	2.75	N/A	N/A	N/A	N/A	None	None	
3	Zong Xin Investment Co. Ltd.	5,630,000	2.65	N/A	N/A	N/A	N/A	Golden Tree Technology Co., Ltd.	Note 2	
	Representative : HUANG PEI CHING	0	0	0	0	0	0			
4	Golden Tree Technology Co., Ltd.	4,400,000	2.07	N/A	N/A	N/A	N/A	Zong Xin Investment Co., Ltd.	Note 2	
	Representative : HUANG PEI WEN	120,000	0.06	0	0	0	0			
5	Yuanta Commercial Bank in custody for Nichidenbo employees with voting and dividend distribution rights	4,000,000	1.88	N/A	N/A	N/A	N/A	None	None.	
6	CHOU WEI LIN	3,220,000 Note1	1.51	630,000 Note1	0.30	0	0	None	None	
7	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Star Funds series Vanguard Total International Stock Index Fund	2,959,000	1.39	N/A	N/A	N/A	N/A	None	None	

Number	Name	Shares held		Shares held by spouse and minor children		Shares held through nominees		Names and relationships of the Corporation's top ten shareholders who are related parties, spouses or relatives within the second degree of relationship of each other		Remark
		Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Title (or Name)	Relation	
8	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Funds	2,439,460	1.15	N/A	N/A	N/A	N/A	None	None	
9	Tiger Venture Capital Ltd Representative : WU QIAN HUI	2,164,000	1.02	N/A	N/A	N/A	N/A	None	None	
10	LEE KUN CHAN	1,730,532	0.81	260,000	0.12	0	0	None	None	

Source: The shareholding ratio is based on the shareholding data on the last book closure date on April 17, 2023, and is calculated based on the total number of issued shares of 212,657,150 shares.

Note 1: The number of retained decision-making trust shares of CHOU WEI LIN and its spouse, Cheng, Teng-Yun, are 1,500,000 and 630,000 shares, respectively.

Note 2: Zong Xin Investment Co., Ltd. representative HUANG PEI CHING and Golden Tree Technology Co., Ltd. representative HUANG PEI WEN are within second-degree relatives.

**10. The number of shares held by the Company, the Company's Director, supervisors, managerial officers and the business directly or indirectly controlled by the Company in the same reinvested business, and combined to calculate the shareholding ratio of total**

April 27, 2024; Unit: Shares

Investee (Note)	The Company Investment		Investments by Director, Supervisors, managerial officers and directly or indirectly controlled businesses		Total Investment	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Nichidenbo (Mauritius) Ltd.	5,050,000	100.00	0	0.00	5,050,000	100.00
VIC-DAWN Enterprise Co., Ltd.	14,296,603	95.31	0	0.00	14,296,603	95.31
Lipers Enterprise Co., Ltd.	31,788,710	99.34	0	0.00	31,788,710	99.34
Scope Technology Co., Ltd.	53,016,276	100.00	0	0.00	53,016,276	100.00
Advance Electronic Supply Inc.	37,224,808	100.00	0	0.00	37,224,808	100.00
TONSAM Corporation	15,000,000	100.00	0	0.00	15,000,000	100.00
Lipers (Hong Kong) Enterprise Co., Ltd.	11,000,000	100.00	0	0.00	11,000,000	100.00
KOHO (Taiwan) Co., Ltd.	2,550,000	85.00	0	0.00	2,550,000	85.00

Note: Investments accounted for using equity method

# IV. Fundraising

## 1. Capital and Shares

### (1) Share Capital Source

April 27, 2024

Unit: NT \$; Shares

Year/Month	Issue price	Share capital approved		Share capital		Remark		
		Shares	Amount	Shares	Amount	Source of Share capital	Capital Increased by Assets Other than Cash	Other
82.01	1,000	10,000	10,000,000	10,000	10,000,000	Founding 10,000,000	None	-
85.09	1,000	20,000	20,000,000	20,000	20,000,000	Proceeds from issuing shares 10,000,000	None	-
86.12	1,000	25,000	25,000,000	25,000	25,000,000	Capital increase from earnings 5,000,000	None	-
87.12	1,000	28,000	28,000,000	28,000	28,000,000	Capital increase from earnings 3,000,000	None	-
88.04	1,000	38,000	38,000,000	38,000	38,000,000	Shares issued for pursuant to acquisitions 10,000,000	None	Note 1
89.09	68	5,000,000	50,000,000	5,000,000	50,000,000	Proceeds from issuing shares 12,000,000	None	Note 2
90.05	10	15,000,000	150,000,000	15,000,000	150,000,000	Retained earnings and capital surplus capital increase 100,000,000	None	Note 3
90.12	13.44	17,650,000	176,500,000	17,650,000	176,500,000	Proceeds from issuing shares 26,500,000	None	Note 4
91.04	10	21,180,000	211,800,000	18,532,500	185,325,000	Capital surplus Capital increase 8,825,000	None	Note 5
91.10	16.80	21,180,000	211,800,000	21,000,000	210,000,000	Proceeds from issuing shares 24,675,000	None	Note 6
92.08	10	33,000,000	330,000,000	24,421,000	244,210,000	Capital increase from earnings 34,210,000	None	Note 7
93.09	10	55,000,000	550,000,000	28,474,850	284,748,500	Surplus and capital surplus transferred to capital 40,538,500	None	Note 8
94.03	10	55,000,000	550,000,000	29,793,418	297,934,180	Conversion of convertible bonds 13,185,680	None	Note 9
94.06	10	55,000,000	550,000,000	36,886,285	368,862,850	Conversion of convertible bonds 70,928,670	None	Note 10
94.08	10	55,000,000	550,000,000	40,239,990	402,399,900	Capital increase from earnings	None	Note 11

Year/Month	Issue price	Share capital approved		Share capital		Remark		
		Shares	Amount	Shares	Amount	Source of Share capital	Capital Increased by Assets Other than Cash	Other
						33,537,050		
94.08	10	55,000,000	550,000,000	40,708,497	407,084,970	Conversion of convertible bonds 4,685,070	None	Note 12
95.09	10	80,000,000	800,000,000	47,900,397	479,003,970	Surplus to capital increase 71,919,000	None	Note 13
95.10	36	80,000,000	800,000,000	55,900,397	559,003,970	Proceeds from issuing shares 80,000,000	None	Note 14
96.07	10	100,000,000	1,000,000,000	68,819,597	688,195,970	Surplus to capital increase 129,192,000	None	Note 15
97.08	10	100,000,000	1,000,000,000	75,242,797	752,427,970	Capital increase from earnings 64,232,000	None	Note 16
99.03	10	100,000,000	1,000,000,000	75,702,797	757,027,970	Exercise of employee share options 4,600,000	None	Note 17
99.06	10	100,000,000	1,000,000,000	75,721,797	757,217,970	Exercise of employee share options 190,000	None	Note 18
99.08	10	150,000,000	1,500,000,000	88,251,273	882,512,730	Surplus and capital surplus transferred to capital 125,294,760	None	Note 19
99.08	10	150,000,000	1,500,000,000	88,303,273	883,032,730	Exercise of employee share options 520,000	None	Note 20
100.03	10	150,000,000	1,500,000,000	88,528,273	885,282,730	Exercise of employee share options 2,250,000	None	Note 21
100.07	10	150,000,000	1,500,000,000	104,020,721	1,040,207,210	Surplus and capital surplus transferred to capital 154,924,480	None	Note 22
100.08	10	150,000,000	1,500,000,000	104,088,721	1,040,887,210	Exercise of employee share options 680,000	None	Note 23
101.03	10	150,000,000	1,500,000,000	104,307,721	1,043,077,210	Exercise of employee share options 2,190,000	None	Note 24
101.07	10	150,000,000	1,500,000,000	114,508,494	1,145,084,940	Surplus to capital increase 102,007,730	None	Note 25 Stocks
101.12	10	150,000,000	1,500,000,000	114,601,494	1,146,014,940	Exercise of	None	Note 26

Year/Month	Issue price	Share capital approved		Share capital		Remark		
		Shares	Amount	Shares	Amount	Source of Share capital	Capital Increased by Assets Other than Cash	Other
						employee share options 930,000		
102.05	10	150,000,000	1,500,000,000	115,199,494	1,151,994,940	Exercise of employee share options 5,980,000	None	Note 27
102.07	10	150,000,000	1,500,000,000	128,747,434	1,287,474,340	Surplus to capital increase 135,479,400	None	Note 28
102.11	10	150,000,000	1,500,000,000	129,153,434	1,291,534,340	Exercise of employee share options 4,060,000	None	Note 29
103.08	10	150,000,000	1,500,000,000	144,651,847	1,446,518,470	Surplus to capital increase 154,984,130	None	Note 30
103.10	10	180,000,000	1,800,000,000	159,018,380	1,590,183,800	Acquisition of shares of other companies 143,665,330	None	Note 31
104.08	10	180,000,000	1,800,000,000	166,969,299	1,669,692,990	Surplus to capital increase 79,509,190	None	Note 32
107.08	10	180,000,000	1,800,000,000	178,657,150	1,786,571,500	Surplus to capital increase 116,878,510	None	Note 33
108.08	10	250,000,000	2,500,000,000	178,657,150	1,786,571,500	Increase in authorized capital	-	Note 34
111.08	10	250,000,000	2,500,000,000	182,657,150	1,826,571,500	New restricted employee shares 40,000,000	None	Note 35
111.10	10	250,000,000	2,500,000,000	212,657,150	2,126,571,500	Proceeds from private funds 300,000,000	None	Note 36

Note 1: Approval Document No.: Ministry of Construction (Provincial Government), April 22, 1999, No. 1155910.

Note 2: Approval Document No.: Ministry of Economic Affairs, September 28, 2000, No. 89500456

Note 3: Approval Document No.: Ministry of Economic Affairs, May 23, 2001, No. 09001173990.

Note 4: Approval Document No.: Ministry of Economic Affairs, December 31, 2001, No. 09001507840

Note 5: Approval Document No.: Securities and Futures Commission (Ministry of Finance), April 16, 2002, No. 115410.

Note 6: Approval Document No.: Securities and Futures Commission (Ministry of Finance), October 7, 2002, No. 0910154417.

Note 7: Approval Document No.: Securities and Futures Commission (Ministry of Finance), August 12, 2003, No. 0920136452.

Note 8: Approval Document No.: Securities and Futures Commission (Ministry of Finance), June 18, 2004, No. 0930127303.

Note 9: Approval Document No.: Ministry of Economic Affairs, April 19, 2005, No. 09431987220.

Note 10: Approval Document No.: Ministry of Economic Affairs, July 20, 2005, No. 09432470660.

Note 11: Approval Document No.: Securities and Futures Commission (Executive Yuan), June 16, 2005, No. 0940124270.

Note 12: Approval Document No.: Ministry of Economic Affairs, September 15, 2005, No. 09432832700.

Note 13: Approval Document No.: Securities and Futures Commission (Executive Yuan), August 3, 2006, No. 0950134249.

Note 14: Approval Document No.: Securities and Futures Commission (Executive Yuan), August 10, 2006, No. 0950134267.

Note 15: Approval Document No.: Securities and Futures Commission (Executive Yuan), July 2, 2007, No. 0960033352.

Note 16: Approval Document No.: Securities and Futures Commission (Executive Yuan), July 2, 2008, No. 0970033084.

Note 17: Approval Document No.: Ministry of Economic Affairs, April 16, 2010, No. 09901074880.

Note 18: Approval Document No.: Ministry of Economic Affairs, July 8, 2010, No. 09901143700.



Note 19: Approval Document No.: Ministry of Economic Affairs, August 24, 2010, No. 09901190360.  
 Note 20: Approval Document No.: Ministry of Economic Affairs, September 16, 2010, No. 09901211530.  
 Note 21: Approval Document No.: Ministry of Economic Affairs, April 12, 2011, No. 10001070460.  
 Note 22: Approval Document No.: Ministry of Economic Affairs, August 15, 2011, No. 10001187370.  
 Note 23: Approval Document No.: Ministry of Economic Affairs, September 19, 2011, No. 10001216000.  
 Note 24: Approval Document No.: Ministry of Economic Affairs, April 9, 2012, No. 10101059940.  
 Note 25: Approval Document No.: Ministry of Economic Affairs, August 23, 2012, No. 10101175740.  
 Note 26: Approval Document No.: Ministry of Economic Affairs, January 4, 2013, No. 10101261310.  
 Note 27: Approval Document No.: Ministry of Economic Affairs, May 24, 2013, No. 10201097630.  
 Note 28: Approval Document No.: Ministry of Economic Affairs, August 9, 2013, No. 10201164280.  
 Note 29: Approval Document No.: Ministry of Economic Affairs, November 28, 2013, No. 10201242460.  
 Note 30: Approval Document No.: Ministry of Economic Affairs, August 22, 2014, No. 10301175810.  
 Note 31: Approval Document No.: Ministry of Economic Affairs, October 30, 2014, No. 10301226010.  
 Note 32: Approval Document No.: Ministry of Economic Affairs, August 26, 2015, No. 10401178640.  
 Note 33: Approval Document No.: Ministry of Economic Affairs, August 24, 2018, No. 10701106050.  
 Note 34: Approval Document No.: Ministry of Economic Affairs, August 2, 2019, No. 10801088280.  
 Note 35: Approval Document No.: Ministry of Economic Affairs, August 8, 2022, No. 11101151850.  
 Note 36: Approval Document No.: Ministry of Economic Affairs, October 25, 2022, No. 11101202940.

April 27, 2024; Unit: Shares

Type of Shares	Share capital approved			Remark
	Outstanding shares	Unissued Shares	total	
Registered common shares	182,657,150 (Listed stock)	287,342,850	500,000,000	(Note)
	30,000,000 (private placement)			

Note: Share capital was approved to include 10,000,000 shares for issuance of corporate bonds with warrants, preferred shares with warrants, and shares converted from stock warrants.

General information about the reporting system: Not applicable.

(2) Shareholder structure

April 27, 2024

Shareholder structure	Government Agencies	Financial institution	Other	Individuals	Foreign institutions and foreigners	Total
Number of people (person)	0	4	243	43,353	124	43,724
Number of shares held (shares)	0	302,210	67,818,009	125,407,110	19,129,821	212,657,150
Shareholding ratio (%)	0.00	0.14	31.89	58.97	9.00	100.00

Source: Taiwan Depository & Clearing Corporation (TDCC) is based on the shareholding information on the last book closure date on April 27, 2024.

(3) Shareholding Distribution Status

1. Ordinary shares (par value of NT \$10 per share)

April 27, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Number of shares held (shares)	Shareholding ratio (%)
1 to 999	19,616	1,162,317	0.55
1,000 to 5,000	19,525	39,194,321	18.43
5,001 to 10,000	2,543	19,726,201	9.28
10,001 to 15,000	728	9,012,340	4.24
15,001 to 20,000	413	7,596,548	3.57
20,001 to 30,000	349	8,799,103	4.14
30,001 to 40,000	137	4,913,755	2.31
40,001 to 50,000	111	5,060,919	2.38
50,001 to 100,000	167	11,882,025	5.59
100,001 to 200,000	63	8,576,629	4.03
200,001 to 400,000	30	8,582,426	4.04
400,001 to 600,000	9	4,613,889	2.17
600,001 to 800,000	11	7,581,182	3.56
800,001 to 1,000,000	4	3,553,624	1.67
1,000,001 and above	18	72,401,871	34.04
total	43,724	212,657,150	100.00

Source: Taiwan Depository & Clearing Corporation (TDCC), based on the shareholding information on the last book closure date on April 27, 2024.

2. Preferred Shares: None.

(4) List of major shareholders: All shareholders with a stake of 5% or greater will be listed. If there are less than 10 shareholders, disclose the names of the top ten shareholders, the number of shares and stake held by each shareholder on the list.

April 27, 2024

Name of Major Shareholders	Shares	Number of shares held (shares)	Shareholding ratio (%)
WT Microelectronics Co., Ltd.		31,000,000	14.58
WPG Investment Co., Ltd.		5,849,000	2.75
Zong Xin Investment Co. Ltd.		5,630,000	2.65
Golden Tree Technology Co., Ltd.		4,400,000	2.07
Yuanta Commercial Bank in custody for Nichidenbo employees with voting and dividend distribution rights		4,000,000	1.88
CHOU WEI LIN (Note)		3,220,000 (Note1)	1.51
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Star series Funds Vanguard Total International Stock Index Fund		2,959,000	1.39

JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Funds	2,439,460	1.15
Tiger Venture Capital Ltd	2,164,000	1.02
LEE KUN CHAN	1,730,532	0.81

Source: Taiwan Depository & Clearing Corporation (TDCC), based on the shareholding information on the last book closure date on April 27, 2024.

Note: Includes 1,500,000 shares of CHOU WEI LIN 'trust account with financial institutions with discretion reserved.

(5) Market Price, Net Worth, Earnings, and Dividends per Share in the Last Two Years

Unit: NT \$; Shares

Item		Year		Current year up to April 27, 2024 (Note 8)	
		2022	2023		
Per share Market value	Highest	51.40	64.50	63.80	
	Lowest	42.10	51.20	56.00	
	Average (Note 1)	51.70	57.69	59.83	
Net Worth per Share	Before dividend	31.05	29.32	27.73	
	After appropriation	25.55	(Note 2)	NA	
EPS	Weighted Average Shares		185,725,643	208,657,150	208,657,150
	EPS (Note3)	Before retrospective adjustment	8.02	3.39	1.24
		After retrospective adjustment	8.02	(Note 2)	NA
Dividen ds Per Share	Cash dividends (NT \$)		5.50	3.40 (Note 4)	NA
	Free Share allotment	Surplus allotment	-	-(Note 4)	NA
		Capital surplus share allotment	-	-(Note 4)	NA
	Accumulated Undistributed Dividends		-	-	NA
Analysi s of return on investm ent	Price/Earnings Ratio (Note 5)		6.40	16.74	NA
	Price/Dividend Ratio (Note 6)		9.33	16.69	NA
	Cash dividend yield (Note 7)		10.71	5.99	NA

If there is a capital increase from earnings or capital surplus, the market price and cash dividend information will be retrospectively adjusted according to the number of issued shares.

Note 1: The average market price of each year is calculated based on the transaction value and volume of each year.

Note 2: The figures after distribution are adjusted based on the distribution of Shareholders' Meeting Resolution in the following year.

Note 3: Earnings per share is calculated based on the weighted average number of shares. If there is a capital increase from earnings or a capital increase from capital surplus, it will be retroactively adjusted according to the proportion of capital increase.

Note 4: On March 13, 2024, board of directors Resolution distributed cash dividends of NT \$723,034 thousand to shareholders.

Note 5: Price/Earnings Ratio: Average Market Price/Earnings per Share.

(The average closing price per share in 2022 was NT \$51.34; Average closing price per share in 2023 was NT \$56.74)

Note 6: Price/Dividend Ratio: Average Market Price/Cash Dividends per Share.

Note 7: Cash dividend yield: Cash dividend per share/average closing price per share for the year.

Note 8: The net value per share and earnings per share are the data that have not been reviewed by CPAs as of the first quarter of 2024. The remaining columns are based on the current year data as of April 27, 2024.

(6) Dividend Policy and Implementation Status

1. Dividend Policy of Articles of Incorporation

Article 21: If there is a surplus in the annual final accounts of the Company, taxes shall be paid first to make up for previous losses, and 10% shall be allocated to the legal reserve, unless the legal reserve has reached the company's paid-in capital. In addition, depending on the company's operational needs and legal requirements, provisions or reversals of special reserve shall be made. The total amount of dividends distributed each year shall not be less than 50% of the distributable earnings of the current year, and board of directors shall draft a surplus distribution plan for resolution at the Shareholders' Meeting.

In accordance with Article 240 of Company Act, the Company authorizes board of directors to attend by more than two-thirds of the Director, and more than half of the Director's Resolution to distribute dividends and bonuses or all or part of Legal reserve and capital surplus stipulated in Article 241 of Company Act, in the form of cash, and report to Shareholders' Meeting, which shall not be subject to resolutions.

Article 21-1: The Company will consider the environment factors and its growth stage, in response to future capital needs and long-term financial planning, in addition to the distribution of earnings in accordance with Article 21 of Articles of Incorporation, the cash dividend distributed to shareholders in the current year shall not be less than 30% of the total amount of shareholders' dividends.

2. Proposed dividend distribution of Shareholders' Meeting

The Company distributed cash dividends of NT \$723,034 thousand to shareholders in board of directors Resolution on March 13, 2024, and will report to the Shareholders' Meeting on June 25, 2024.

(7) The impact of proposed bonus shares of Shareholders' Meeting on the Company's operating performance and earnings per share: Not applicable

(8) Employees' and Director's remuneration

1. Percentages or ranges of employee remuneration and Articles of Incorporation remuneration under Articles of Incorporation

Article 20: If the Company makes a profit in a year, it shall set aside not less than five% as employee remuneration and not more than three% as Director remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Recipients of shares and cash may include employees of the Company's affiliated companies who meet certain conditions.

2. Basis for estimating the amount of employee remuneration and Director remuneration, calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

(1) Basis for estimating the amount of employee remuneration and Director remuneration for the current period

No less than 5% and no more than 3% of the profits of the Company are appropriated as employee remuneration and Director remuneration, respectively.

(2) Basis for calculating the number of shares to be distributed as employee remuneration

Based on the closing price on the previous day of board of directors Resolution.

(3) Accounting treatment for any discrepancy between the actual amount distributed and the estimated figures

Changes in accounting estimates are accounted for in the following year.

3. Remuneration distribution approved by board of directors

(1) On March 13, 2024, board of directors resolved to remunerate NT \$60,583 thousand and NT \$12,982 thousand to employees and directors in cash.

If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.

(2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a Percentage of the sum of the after-tax net income of parent company only financial statement and total employee remuneration of total for the current period: Not applicable as no employee remuneration is distributed in stocks.

4. The actual distribution of the remuneration of employees, Director and Supervisors in the previous year (including the number of shares distributed, the amount and the share price), and if it is different from the remuneration of recognized employees, Director and Supervisors, the amount of the difference, the reason for the difference and the treatment of the difference should be stated.

On March 13, 2023, the Company distributed NT \$121,401 thousand and NT \$26,014 thousand of employee remuneration and Director remuneration for 2022 to board of directors resolution. As of the publication date of the annual report, the actual distributed employee and Director remuneration were NT \$121,401 thousand and NT \$26,014 thousand, respectively. There was no difference in the actual distribution.

(9) Repurchase of shares by Companyself: None.

**2. Issuance of corporate bonds: None.**

**3. Preferred Shares: None.**

**4. Global Depository Receipts: None.**

**5. Employee Stock Options: None.**

**6. Issuance of New Restricted Employee Shares:**

(1) The company has not fully met the vested conditions for the issuance of new restricted employee shares and the impact on shareholders equity

April 27, 2024

Type of new restricted employee shares	The 1st meeting Employee restricted shares in 2022	The 1st meeting Employee restricted shares in 2023
Approval date and total number of shares	July 12, 2022 4,000,000 shares	October 11, 2023 4,000,000 shares
Issuance date	July 22, 2022	Not yet issued
Shares issued Restricted employee shares	4,000,000 shares	0 share
May be issued Restricted employee shares	0 share	4,000,000 shares

Type of new restricted employee shares	The 1st meeting Employee restricted shares in 2022	The 1st meeting Employee restricted shares in 2023
Issue price	Issued at par NT \$21.93 per share	board of directors authorizes Chairperson to set 50% of the closing price of the common stock on the issue date.
Ratio of the number of new restricted employee shares issued to the total number of shares issued	2.24% (Note 1)	0%
Employee restricted shares Vesting conditions	<p>It must also meet the following conditions for the company's overall performance and individual performance of employees.</p> <p>(1) Overall performance of the Company: The following requirements for earnings per share (EPS) shall be met.</p> <ol style="list-style-type: none"> <li>1、 The average value of earnings per share (EPS) in the last three years before the expiration of the vesting period is higher than the average value of the same industry in the same three years.</li> <li>2、 Peers referred to above include Honey Hope Honesty, PODAK, Howteh, Zenitron and WPG.</li> <li>3、 The aforementioned earnings per share refer to Consolidated Financial Statements-Consolidated Statements of Comprehensive Income-Basic earnings per share.</li> </ol> <p>(2) Personal performance of employees</p> <ol style="list-style-type: none"> <li>1、 40% of the restricted stock vests if the employee has not violated any laws, regulations, the Company's employment contract, confidentiality agreement, non-competition agreement, the Company's work rules and other relevant regulations and agreements, and the two-year performance appraisal is at least 81 points after two years of employment and the first two years.</li> </ol>	<p>(1) An employee who, after subscribing for the new restricted employee shares (i.e., the record date of the capital increase), is still in service until the expiry of the following schedule, may separately achieve the following shareholding ratios with vesting conditions:</p> <ol style="list-style-type: none"> <li>1、 Over 2 years: 40% of the shares are vested.</li> <li>2、 Over 3 years: 30% of the shares can be vested.</li> <li>3、 Over 4 years: 30% of the shares can be vested.</li> </ol> <p>(2) The Company has the right to repurchase and cancel the new restricted employee shares that have been subscribed but have not met the vested conditions at the original issue price in the event of any material negligence such as breach of labor contract, work rules or the Company's regulations since the subscription of the new restricted employee shares.</p>

Type of new restricted employee shares	The 1st meeting Employee restricted shares in 2022	The 1st meeting Employee restricted shares in 2023
	<p>2、30% of the restricted stock is vested in the third year when the employee's right to restricted stock is expired and the performance reaches 81 points or more in the third year. In the third year, there was no violation of laws and regulations, the company's employment contract or confidentiality and non-competition agreement, the company's work rules and other relevant norms and agreements, and 30% of the shares are vested.</p> <p>3、Remain employed by the Company after subscribing for new restricted employee shares for four years and having an annual performance score of 81 or more in the fourth year. No violation of laws, employment contract or confidentiality agreement with the Company, non-competition agreement, or work rules of the Company occurred in the fourth year, and 30% of the shares were vested.</p>	
<p>Employee restricted shares Restricted rights of</p>	<p>(1) The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall be sold, pledged, transferred, gifted, encumbered, or disposed of as Other, except for inheritance.</p> <p>(2) Shareholders' Meeting voting rights and election rights: It shall be executed by the trust custodian institution in accordance with relevant laws and regulations.</p> <p>(3) New restricted employee shares that do not meet the vesting conditions may still participate in stock and cash dividends, which are the same as the common shares issued by the Company, but do not have the</p>	<p>(1) The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall be sold, pledged, transferred, gifted, encumbered, or disposed of as Other, except for inheritance.</p> <p>(2) Shareholders' Meeting voting rights and election rights: It shall be executed by the trust custodian institution in accordance with relevant laws and regulations.</p> <p>(3) New restricted employee shares that do not meet the vesting conditions may still participate in stock and cash dividends, which are the same as the common shares issued by the Company, but do not have the</p>

Type of new restricted employee shares	The 1st meeting Employee restricted shares in 2022	The 1st meeting Employee restricted shares in 2023
	right to subscribe for shares of proceeds from issuing shares.	right to subscribe for shares of proceeds from issuing shares.
Employee restricted shares Custody situation	In trust for safekeeping	In trust for safekeeping
Handling of employees who have not met the vested conditions after being allocated or subscribed for new shares	The Company will repurchase its shares at the original issue price and cancel them, provided that the shares and dividends derived therefrom are not required to be returned or returned by employees.	The Company will repurchase its shares at the original issue price and cancel them, provided that the shares and dividends derived therefrom are not required to be returned or returned by employees.
Number of New Restricted Employee Shares Retrieved or Bought Back	0 share	0 share
Number of employee restricted stocks released	0 share	0 share
Number of Unreleased New Restricted Shares	4,000,000 shares	0 share
Number of Unreleased New Restricted Shares Percentage of total issued shares	1.88% (Note 2)	0%
Impact on shareholder Equity	<p>(1) Based on the calculation of the total issuance amount and issuance conditions in the issuance method, the estimate is temporarily based on the closing price of NT \$44.70 of the Company on July 4, 2022, and it is estimated that the expensed amounts in 2022 ~ 2026 are approximately NT \$13,969 thousand, NT \$33,525 thousand, NT \$26,075 thousand, NT \$11,920 thousand and NT \$3,911 thousand, respectively.</p> <p>(2) Based on the 178,657,150 outstanding shares of the Company issued at the time of issuance, it is estimated that the possible expensed amount to the earnings per share dilution is approximately NT \$0.08, NT \$0.19, NT \$0.15, NT \$0.07 and NT \$0.02, respectively.</p> <p>(3) The overall assessment on the dilution of the earnings per share of the Company in the future is still limited, and there is no significant impact on the shareholders of Equity.</p>	<p>(1) Possible expenses: The Company shall measure the fair value of the shares on the grant date (the issue date) and recognize the relevant expenses over the vesting period by year. In 2023, the maximum number of new restricted employee shares to be issued by General Shareholders' Meeting Resolution is 4,000,000 shares, which will be issued at a consideration. The issue price is 50% of the closing price of the ordinary shares on the issue date as authorized by board of directors Chairperson. The estimated expensable amount is approximately NT \$112,640 thousand (estimated based on the closing price of the ordinary shares of the Company on April 25, 2023 of NT \$56.30). Based on the vesting conditions, the estimated expensed amounts for 2023 ~ 2027 are NT \$21,120 thousand, NT \$42,240 thousand, NT \$30,976 thousand, NT \$14,080 thousand and NT \$4,224 thousand, respectively.</p> <p>(2) The dilution of the Company's earnings per share and the impact of Other on</p>



Type of new restricted employee shares	The 1st meeting Employee restricted shares in 2022	The 1st meeting Employee restricted shares in 2023
		<p>shareholders Equity: Based on the current total number of issued shares of The Company of 212,657,150 shares, it is estimated that the total number of shares that may be subscribed for through the issuance of new shares with restricted employee rights is 4,000,000 shares, accounting for approximately 1.88% of the total number of issued shares. It is estimated that the possible amount of expenses to be expensed will be diluted to earnings per share of approximately NT \$0.10, NT \$0.20, NT \$0.15, NT \$0.07 and NT \$0.02, which is still limited to the dilution of earnings per share of the Company, so there is no significant impact on shareholders equity.</p>

Note 1: Based on 178,657,150 shares issued as registered with Ministry of Economic Affairs on August 24, 2018.

Note 2: Based on 212,657,150 shares issued as registered with Ministry of Economic Affairs on October 25, 2022.

(2) managerial officers and the names and acquisition status of the top ten employees who have acquired new shares with restricted employee rights as of the publication date of the annual report

April 27, 2024; Unit: shares; NT \$

	Job Title	Name Gender	Number of new restricted employee shares acquired	Ratio of the number of new restricted employee shares acquired to the total number of issued shares	Restrictions removed				Restrictions not removed			
					Number of Restricted Shares Released	Issuance Price	Issued Amount	Ratio of released restricted shares to total issued shares	Number of Restricted Shares Unreleased	Issue price	Issued Amount	Number of Restricted Shares Unreleased As a Percentage of Total Shares Issued
Managerial    Officers	Chief Executive Officer	CHOU WEI LIN	3,080,000	1.45%	0	0	0	0	3,080,000	21.93	67,544,400	1.45%
	Member of the Strategic Investment Committee	HUANG JEN HU										
	Chief Operating Officer	LEE KUN CHAN										
	General Manager	YU YAO KUO										
	Senior Vice President	HUNG CHIN HAN										

	Special Assistant, Chairperson	LIAO LI SHU										
	Vice President	HOU CHIN HWA										
	Vice President	LAI NAN CHUN										
	Assistant Vice President	YANG WEN CHI										
	Assistant Vice President	HSU CHI PING										
	Assistant Vice President	LYI PO YI										
Employees	Vice President	YU O CHIANG	920,000	0.43%	0	0	0	0	920,000	21.93	20,175,600	0.43%
	Vice President	JIAN O YI										
	Senior Assistant Vice President	SUN O KE										
	Senior Assistant Vice President	CHEN O GUANG										
	Senior Assistant Vice President	YANG O CONG										
	Senior Assistant Vice President	CHOU O TING										
	Assistant Vice President	SU O CANG										
	Senior Assistant Vice President	YANG O HUI										

Note 1: The total number of issued shares refers to the number of shares listed in the change registration information of Ministry of Economic Affairs.

Note 2: The first employee restricted stock in 2023 was declared effective on October 11, 2023, but has not yet been issued.

## 7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

## 8. Financing Plans and Implementation:

### (1) Content of the plan:

1. The Company on June 15, 2022, General Shareholders' Meeting Resolution approved the issuance of proceeds from issuing shares private placement of common stock within the limit of 30,000,000 shares in accordance with Article 43-6 of Securities and Exchange Act, which shall be handled once or twice within one year from the date of approval of Shareholders' Meeting Resolution.
2. The Company has completed a private placement of 30,000,000 common shares at a price of NT \$44.02 per share, with a total amount of NT \$1,320,600,000. Through this private placement, both parties will be able to carry out strategic cooperation and generate synergy in new market development, customer promotion and exchange of warehousing and logistics resources. It is expected that the strategic cooperation between the two parties will enhance each other's value-added capabilities in the supply chain to increase the competitiveness of the Company and improve operational efficiency.

### (2) Implementation:

The private placement funds were fully received on October 7, 2022 and the issuance was completed on November 11, 2022.

The use of private placement funds to enrich working capital has been completed in accordance with the plan in the third quarter of 2023, and a quarterly report on the use of private placement securities was completed in the private placement area on October 5, 2023.

# V Business Overview

## 1. Business Activities

### (1) Business Scope

#### 1. Main contents

- (1) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- (2) CC01040 Lighting Equipment Manufacturing.
- (3) CC01070 Wireless Communication Mechanical Equipment Manufacturing.
- (4) CC01080 Electronics Components Manufacturing.
- (5) CC01110 Computer and peripheral equipment manufacturing.
- (6) CC01990 Other Electrical Machinery and Electronic Equipment Manufacturing.
- (7) CZ99990 Unclassified Other Industrial Products Manufacturing.
- (8) F106010 Hardware Wholesale Business.
- (9) F113020 Electrical Appliances Wholesale Business.
- (10) F113070 Telecommunications Equipment Wholesale.
- (11) F119010 Electronic Materials Wholesale Business.
- (12) F213060 Telecommunication Equipment Retail Business.
- (13) F219010 Electronic Materials Retail Business.
- (14) F401010 International Trading.
- (15) I301010 Information Software Services.
- (16) ZZ99999 may engage in any business not prohibited or restricted by law, except for those subject to special approval.

#### 2. Business proportion

Unit: NT \$thousands

Main products	2023	
	Amount	Proportion in revenue (%)
MLCC	4,909,421	46.07
Solid Capacitor	2,086,479	19.58
Electrolytic Capacitor	1,415,214	13.28
Semiconductor IC	976,223	9.16
LED	325,806	3.06
Other	942,566	8.85
total	10,655,709	100.00

#### 3. Current products (services)

- (1) Nichidenbo, Nichidenbo (Shenzhen) and Nichidenbo Suzhou mainly distribute electronic components of NIPPON CHEMI-CON, Panasonic and Sumida.
- (2) VIC-DAWN mainly sells its own brand, KTS Battery series, and distributes electronic components of AIC tech, FCL COMPONENTS and ALPSALPINE.
- (3) Lipers, Scope and Advance mainly represent SAMSUNG, KEMET, KYOCERA AVX, TDK, EVERLIGHT, Rubycon, GENESYS and own brand UWA electronic components.
- (4) TONSAM mainly distributes electronic components of Nisshinbo Micro Devices and AsahiKASEI MICRODEVICES.
- (5) KOHO (Taiwan) mainly distributes the full range of electronic components of Panasonic.

#### 4. New Products (Services) To Be Developed

In addition to expanding the sales of various components in the original various markets, The Company will not only expand the expansion of new markets and the increase of new products, but also actively deepen the mainland and overseas local markets (such as Vietnam, Thailand, India, etc.). These initiatives aim to increase product opportunities and enhance competitiveness.

##### (2) Industry overview:

###### 1. Current status and development of the industry

Passive components are indispensable electronic component widely used in products such as PC, mobile phones, tablet computers, servers, network communication, household equipment and automobiles. Among these components, MLCC are favored for their physical characteristics including high voltage resistance, high heat resistance, wide operating temperature range and low loss rate when used in high frequency applications, Their chip-oriented nature also contributes to smaller size, lower price and higher stability, making them suitable for mass production.

In the first half of 2023, the overall market inventory level of the Passive components industry experienced destocking. Demand for products related to 5G, networking, automotive and other sectors experienced an urgent order effect, stabilizing the market demand and prices of MLCC, chip resistors and the overall market. In the second half of 2023, in addition to the stable demand in the automotive market, the demand in other industries was revised downward. In the face of market changes, end customers adjusted their inventory levels, prompting Passive components factories to adjust their utilization rates to address the decline in order visibility. The overall market inventory status continued to improve inventory corrections and turnover. Major manufacturer's continuous adjustment of production capacity yielded results, moving supply-side inventory toward a healthier level. However, while the current supply and demand situation has gradually stabilized, the prices of high-end products remain relatively stable. In contrast, there are signs of gradual recovery in demand for low-and medium-end products.

On the other hand, electronic component manufacturers face fierce competition in supplying components for 5G smart phones. Japanese manufacturers holding a market share advantage in 4G products are striving to maintain a their lead over competitors in China and Taiwan through MLCC miniaturization technology. In addition, in recent years, component manufacturers in Japan and Korea have gradually shifted their technical resources to cultivate the automotive industrial control market, resulting in the demand for MLCC in the mobile phone market and consumer product market in mainland China becoming the main battlefield for Taiwanese and Chinese manufacturers. The Passive components industry in Taiwan has developed new business opportunities by strengthening new applications in the future such as 5G, Internet of Things and automotive.

China's policy of building a large number of 5G base stations and electric vehicles have clearly defined the industry's direction. Benefiting from the increase in 5G and electric vehicle-related applications, the price of Passive components has remained stable, which in turn drives the growth of the global Passive components industry. In addition, Taiwan's Passive components industry has enhanced competitiveness in recent years, in addition to stepping into niche products, it has also increased the diversity and strength of product lines through mergers and

acquisitions. In general, in 2023, benefiting from the increasing application of networking, game consoles, electric vehicles (EV) and automotive electronics, 5G and automotive applications have promoted strong demand for Passive components. Among them, the demand for MLCC from electric vehicles has increased significantly, and the demand for high-end polymer capacitors and automotive-grade aluminum capacitors has also increased significantly.

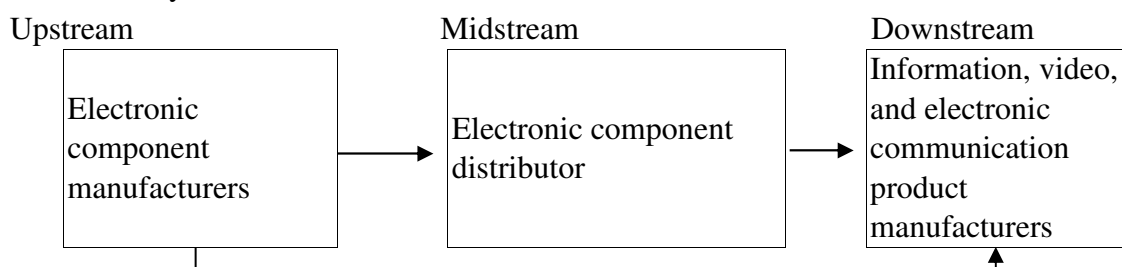
In 2024, the Company will focus on related applications such as automotive, telecommunications equipment, networking devices, low-orbit satellites, 5G-6G, IoT, AI, etc., adopting high-end product specifications such as vehicle specifications, high frequency, high capacity, high pressure, high temperature to respond to high computing high-performance products. High-unit-price products will drive the increase in ASP average transaction price.

Looking forward to 2024, Passive components demand will gradually recover, and the market inventory adjustment period will be coming to an end in the first half of the year. In the second half of the year, the supply demand will gradually return to normal due to the application of new energy products such as network communication, automotive, AI and other high-end specifications. The global Passive components production value is expected to grow by about 2% to 3% in 2024 compared to 2023.

2. Correlation among upstream, midstream and downstream of the industry

The professional distributors of electronic components play the role of a bridge between the upstream electronic component manufacturers and the downstream finished product manufacturers in the production and sales division structure of the electronic information industry, and maintain the relationship of integration and common growth. For the upstream manufacturers, a complete marketing communication network can be constructed to save marketing costs. For downstream manufacturers, they can quickly provide the components they need, so that they can reduce the cost of self-stocking and design, and reduce operational risks. The midstream distributors can integrate the needs of the downstream industry to purchase from the upstream manufacturers to obtain a greater price advantage, and then use the systematic Inventories management and diversified distribution brands to sell the products to the downstream industry. The professional division of labor can effectively improve the operating efficiency and industrial competitiveness of the electronics industry.

The links between the upstream, midstream and downstream sectors of the industry are listed as follows:



3. Various development trends of products

Passive components are indispensable electronic component widely used in PCs, mobile phones, home appliances, servers,-network communication equipment, automobiles and other products. As countries have successively set a time schedule for the retirement of fuel vehicles and have successively proposed subsidies and incentives for electric vehicles, major brand car manufacturers have accelerated their investment in the electric vehicle market. The future growth of the demand in

the electric vehicle market is expected. The development of electric vehicles and AI technology has become the two main driving forces for the growth of automotive MLCC demand. In recent years, electric vehicles have become more accessible due to their affordable pricing, modular designs and advancements in autonomous driving technology. Major manufacturers have gradually expanded their high-end product fields such as automotive and industrial specifications, and continue to develop and design to meet market demand. The supply side will be adjusted and more production capacity will be invested in response; In addition, the demand for network communication equipment and servers has increased significantly, further increasing the demand for high-end Passive components. Overall, benefiting from the rapid development of AI technology in various industries, the overall market demand continues to increase. The forward-looking Passive components is extremely high, and the future demand for products is expected to show a growth trend.

#### 4. Product competition

The Company specializes in the professional sales and distribution of electronic components. The main sales and distribution products are capacitors, resistors, inductors and protective parts in Passive components sector. Among the listed (over-the-counter) companies, Holy Stone, Honey Hope Honesty and PODAK are more similar to the Company. In addition, manufacturers and the Company are more similar to those of Taiwan Chinsan Electronic, Lelon and Jamicon. The following is an analysis of the Company and its competitor's operating items:

Major competitors	Item	Product Item
Nichidenbo	Electronic Components	Passive components, aluminum Electrolytic Capacitor, Solid Capacitor , MLCC and Inductor, etc.
Holy Stone	Electronic Components	Passive components, active components, system module, etc.
Honey Hope Honesty	Electronic Components	MLCC, Inductor, etc.
PODAK	Electronic Components	Passive components, active components, etc.
Taiwan Chinsan Electronic	Electronic Components	Aluminum Electrolytic Capacitor.
Lelon	Electronic Components	Aluminum Electrolytic Capacitor, aluminum foil and electronic materials, etc.
Jamicon	Electronic Components	Aluminum Electrolytic Capacitor, filter, DC motor fan, etc.

Source: Annual reports of Market Observation Post System companies.

#### (3) Future R&D plans and estimated R&D expenses:

The Company operates as a professional electronic parts distributor. Its main business is agency trading and it does not engage in R&D activities.

#### (4) Long-term and short-term business development plans

##### 1. Short-term plan

##### (1) Marketing strategy

- ① Strengthen business characteristics to become the most distinctive distributor of electronic components.
- ② Employ experienced market development talents.

Strengthen the market development unit, fully grasp the market pulse, and assist the marketing unit to promote products to provide customers with more complete services.

③ Well-trained business ambassadors and a professional management team

The Company has been established for more than 30 years. The Company's senior executives are all professionals from the Passive components industry. The Company continues to strengthen its business expertise, which has an absolute advantage in the promotion of current products and the bidding for new product distribution rights in the future.

④ Products covering various electronic industries

Our products have entered 3C electronics, industrial, automotive, medical electronics and other industries, and we continue to increase our market share through the sales network of point-of-sales, so as to grasp more customers.

(2) Operational strategy

① Enhanced employee training

Employees training is prioritized to cultivate skills and loyalty, ensuring sustainable business operations.

② Enhanced computer operating system

Improve the information operating system, strengthen the integration of various units, and enhance the overall competitiveness of the enterprise.

(3) Product Expansion Strategy

Currently, the company and its subsidiaries mainly represent electronic parts and components of nippon chemi-con, panasonic, aic tech, kemet, kyocera avx, samsung and everlight, and will use market development experience to strive for the distribution rights of other products.

(4) Financial strategy

The Company upholds the highest principle of prudent financial operations and maintains good interaction with banks to meet the needs of future expansion of the scale of operations.

2. Long-term plan

(1) Marketing strategy

① The Company aims to extend its marketing experience from Taiwan to establish a robust marketing network in the Asia-Pacific region.

② Building strong relationships with key customers, the Company aims to become their primary supplier of electronic components.

(2) Operational strategy

① The Company integrates resources from its investee companies for comprehensive planning, enhancing organizational efficiency.

② Nichidenbo's long-term goal is to become an internationally recognized enterprise.

(3) Product strategy

① Continuously introducing key components to enhance the integrity of the agency products.

② Adjusting the product portfolio in line with the development trends of the industry to increase operational profitability.

(4) Financial strategy

The Company aims to maintain a certain level of profitability and share the results with the investing public.

## 2. Market and Sales Overview

### (1) Market Analysis

#### 1. Sales Regions of Main Products:

- (1) The Company's main products are Capacitor (MLCC, Electrolytic Capacitor, Solid Capacitor and Film Capacitors, etc.), Semiconductor IC and LED, etc.
- (2) The Company products are mainly sold in Greater China, Asia Pacific and India, with local operating locations established to serve nearby customers.

#### 2. Market share:

The Company adheres to its business philosophy of "Integrity is the foundation; service is the principle; growth is the goal; and co-prosperity is the essence". It actively expands its range of agency products, and strengthens overseas channel marketing bases in line with the future market development direction to increase the company's market share.

#### 3. Future Market Supply And Demand And Growth

Passive components are indispensable electronic component widely used in all electronic products such as PC, power supply, mobile phones, tablet computers, servers, network communication equipment, automobiles, etc. The application scope of The Company products covers all electronic products. The distribution of major sales markets in 2023 is as follows:

Market category	Operating revenue	Percentage of Operating revenue (%)	Market category Description
Information	2,249,774	21.11	All information-related industries such as industrial computers (IPC), servers, motherboards, laptops, graphics cards, and network cameras.
OEM	2,211,082	20.75	Professional OEM for various OEM products.
Power supply	2,175,855	20.42	Industries related to power supply, UPS, inverters, and solar power.
Communication	992,185	9.31	All communication-related industries such as mobile phones, network communications and cloud equipment.
Consumer Market	392,193	3.68	TV, game console, medical, signage, home appliance and other related industries.
Other	2,634,620	24.73	Automotive electronics, industrial control equipment, IOT, Other industries.
Total	10,655,709	100.00	

- (1) From the demand side, it is expected that the demand of Passive components will still grow in 2024 mainly due to the following factors:

With the continuous growth of automotive electronics, artificial intelligence technology, the high-end server industry, energy storage equipment, solar power generation, 5G communication and other important trends, it is foreseeable that automatic applications, global information networks, communication products, consumer electronics products will also grow steadily in the future, especially related products of artificial intelligence applications will flourish. In addition, the high economic growth of emerging countries has greatly increased their demand for industrial computer (IPC) related products. The development of the above industries will drive market demand and bring new business opportunities and challenges; In recent years, emerging industries such as automotive electronics, energy conservation, artificial intelligence, 5G



communication applications and other products have rapidly risen, providing the market with diverse range of product choices and development opportunities. The growth of these emerging industries has not only led to an increase in the demand for products themselves, but has also driven the development of related industries and technologies, providing momentum for future product innovation and market development.

- (2) From the supply side, in recent years, with changes in market demand, product development has gradually moved towards the direction of high performance and high computing. The demand for high-end specification products is also gradually increasing. The increasing popularity of AI in various industries has expanded the demand for related components, and the demand for Passive components has also increased accordingly. Among them, the 5G application of smart phones and automotive-related demand play the main growth momentum, and the number of Passive components used has increased significantly, driving the overall demand to continue to rise, which also further promotes the continuous expansion of leading manufacturers, and the supply situation is stable.

#### 4. Competitive niche, favorable and unfavorable factors for development prospects and countermeasures

##### (1) Competitive niche

① The distribution products from internationally renowned manufacturers, ensuring complete and reliable products with trustworthy quality. The products distributed by the Company and its subsidiaries come from internationally renowned manufacturers such as NIPPON CHEMI-CON, Panasonic, AIC tech, KEMET, KYOCERA AVX, and SAMSUNG. These internationally renowned manufacturers excel in product quality and technical expertise due to their professional technology and core components, which sets them apart from domestic manufacturers. Therefore, although the prices of components produced by these internationally renowned manufacturers are relatively high, their market demand is still quite stable, which guarantees the market demand of the Company products. In addition, as internationally renowned manufacturers have professional technology and R & D capabilities that align with market trends, enabling them to introduce new products with competitive advantages. Through its long-term and stable cooperation with these international manufacturers, the Company secures the agency of new products, enhancing its competitiveness in the market. The Company has been engaged in the distribution and sales of electronic components for more than 30 years, exhibits keen insight into market changes. Its primary focus is on capacitors in the Passive components market. The Company has cultivated the Capacitor market for many years, demonstrating precise channel management and fostering strong partnerships with major supply factories. As a result, the Company provides downstream customers with complete product specifications and more reliable quality.

##### ② Complete Marketing Channel Network

Marketing channels serve as one of the important factors for the survival of professional distributors. The Company has engaged in distribution and trading for more than 30 years, and has established a wide range of marketing channels and awareness, and expects to provide customers with complete solutions and perfect real-time services to reduce the inventory pressure of

downstream manufacturers, so to establish a good relationship with customers. In addition, the Company can promptly provide services and support for the latest products and technologies, further deepening its long-term partnership with customers. In addition to its marketing base in Taiwan, the Company has set up overseas subsidiaries to be oversee market expansion in Hong Kong and mainland markets. In addition, considering the increasing demand in Europe and Asia and its importance, it has been deployed southbound by the marketing personnel in the Asia-Pacific region to actively expand the product sales business, so as to grasp the development trend of customers at any time and provide timely services. In response to the needs of downstream customers who set up factories overseas and increase the flexible application of spot dispatching, the Company has set up a wide range of distribution bases with a complete marketing system to form a strong sales channel, which can effectively enhance the substantial competitiveness of both the Company and customers. In addition, due to the expansion of the service market scale, it also increases its strength in competing with foreign suppliers for new product line agents.

### ③ Complete Logistics Operation System

In recent years, the rapid evolution of electronic products has presented challenges for customers in inventory management, leading to increased demand for electronic component agents. The Company has introduced a computerized inventory management system in recent years, which can control the procurement and shipment status in real time, and respond to various management information in real time. In Hong Kong and mainland China, the Company manages its inventory and shipment operations through logistics companies. Under the operation of its complete information management and warehousing management system, it can achieve order confirmation, tally, and delivery services in the shortest time, and meet customer needs in real time to increase the company's competitive advantage.

### ④ Widespread Use of Products in Various Electronic Fields.

Since Capacitor is the basic component of various electronic products, in recent years, the vigorous demand for upstream Passive components has been driven by the booming development of communication equipment, AI artificial intelligence technology, cloud equipment, energy-saving products and automotive electronics. In the future, Capacitor is poised to grow in tandem with these markets, with significant room for expansuin in the Capacitor market.

The Company's sales and distribution encompass a diverse range of applications markets, including industrial machinery equipment, computer power supply, cloud equipment, communication equipment, power supply, electronic products for use, and LED lighting application markets. As various industries are inevitably affected by international and regional seasonal needs, there is a different business cycle. However, the electronics industry covered by the Company is relatively wide and less affected by a single industry cycle.

### ⑤ Professional Management Team

The main management team of the Company boasts extensive marketing experience among its middle and high-level executives, many of whom have previously held positions with well-known international electronic component manufacturers. With over 20 years of collvective experience in the marketing field of Passive components, these individuals have cultivated invaluable

expertise and established strong networks within related industries and product domains. As a result, they possess the ability to effectively navigate the industrial landscape and anticipate market trends, enabling them to provide customers with real-time and professional services. Consequently, the Company's professional management team holds a distinct advantage in both promoting current products and securing distribution rights for new products in the future.

⑥ The industry with vertical division of labor makes the value of the distributor become more important

The Company has complete logistics and inventory management, and can achieve order confirmation, goods preparation and timely delivery services in the shortest time. In addition to providing customers with information on new products and new industry development areas to assist customers in planning new products, it also transfers downstream market information to upstream suppliers, so that distributors play the role of bridge in the upstream and downstream industries of electronic information. Under the industrial structure of this vertical division of labor, distributors, upstream suppliers and downstream manufacturers form business partners, which makes the value of distributors become more important.

(2) Favorable and unfavorable factors of development prospects and countermeasures

① Favorable factors

A. Products distributed by internationally renowned manufacturers are guaranteed

Whether the products distributed by professional distributors are competitive is one of the important factors for professional distributors to compete with competitors in the market. The products distributed by the Company and its subsidiaries are products of internationally renowned manufacturers such as NIPPON CHEMI-CON, Panasonic, AIC tech, KEMET, KYOCERA, AVX and SAMSUNG, etc., and these internationally renowned manufacturers have professional technology and core components, so their product quality is refined and the technical level is also high, and domestic manufacturers are still unable to compete with them. Therefore, although the prices of components produced by these internationally renowned manufacturers are relatively high, their market demand is still quite stable, which is also to ensure the market demand of the Company products. Additionally, internationally renowned manufacturers continuously introduce new products with market competitiveness, enabling the Company to secure distribution rights for these products through its long-term and stable cooperation with these manufacturers, thus enhancing its competitiveness in the market.

B. Extensive marketing channels and comprehensive marketing services that have been cultivated for many years

Marketing channels are one of the important factors for the survival of professional distributors. The Company has engaged in distribution and trading for more than 30 years, and has established a wide range of marketing channels and awareness, and aims to provide customers with complete solutions and perfect real-time services to alleviate inventory pressures for downstream manufacturers, and to foster strong customer

relationships. In addition, the Company can immediately provide services and support for the latest products and technologies, and deepen the long-term partnerships with customers.

C. Wide range of product applications, less affected by a single industry boom

Since Capacitor is the basic component of various electronic products, in recent years, the vigorous demand for upstream Passive components has been driven by the booming market for communication equipment, AI artificial intelligence technology, cloud equipment and energy-saving products. Looking forward to the future, Capacitor market will have considerable room for growth as the above-mentioned markets grow together. The Company distributes and sells products across industrial machinery, power supply, cloud equipment, communication equipment, power supply, electronic products and LED lighting.

Different industries inevitably have different business cycles, but the electronics industry covered by The Company is relatively wide and is less affected by the prosperity of a single industry.

D. The vertical separation of industries makes the value of distributors more important.

The distributor has complete logistics and inventory management, and can achieve timely order processing, preparation and delivery services. In addition, the distributor can provide customers with relevant information on new products and new industry development fields to assist customers in planning new products, and also pass downstream market information to upstream suppliers, so that the distributor plays the role of an intermediate bridge in the upstream and downstream industries of electronic information. Under the industrial structure of this vertical division of labor, the distributor, the upstream suppliers and downstream manufacturers form business partners, making the value of the distributor more important. The Company has a well-established value chain to provide customers with a full range of solutions.

E. Complete delivery operation system

In recent years, electronic products have changed rapidly, and most customers have difficulties in the inventory of electronic components, and rely on the assistance of electronic component agents to increase the business opportunities for agents. The Company swiftly confirm orders, provides tallying and delivery services, leveraging its robust information and warehouse management systems to maintain a competitive edge.

F. Strong management team

The senior managers at the Company possess over 20 years of experience in the marketing field of Passive components. Most of them have been trained by the internationally renowned Passive components manufacturers, and have considerable integration and industry experience in terms of philosophy, values and aspirations, contribute to the advancement of the Company's business objectives.

② Unfavorable Factors and Countermeasures

A. Vendor (customer) Relocation

The the industrial structure of vertical division of labor, coupled with low production costs in mainland China and a vast domestic demand market has prompted domestic manufacturers to relocate their operations to mainland

China. In addition, the trend of low prices has driven the fierce competition in the global market, which has caused manufacturers to move out to reduce production costs. In recent years, China has faced multiple shocks such as economic factors and geopolitics, while factories around the world have gradually transformed from China to the global market, factories and production capacity have also begun to shift to Other countries.

Countermeasures:

- a. Increase overseas marketing locations and develop talents, collect information to keep abreast of market trends, actively seek cooperation opportunities with foreign manufacturers, strive for business opportunities, and flexibly adjust sales strategies to meet market demand and improve competitiveness. At the same time, participate in relevant industry alliances established by domestic Electrical and Electronic Manufacturers' Association and other units to promote technical exchange; make long-term investments in manpower and technology to enhance marketing talent.
- b. Disseminate the Company's product and service information globally through electronic media and the internet to bolster the company's image and market position. In addition, utilize the internal enterprise internet for resources sharing and reuse, ensuring smooth and convenient transmission and communication of messages to improve the overall efficiency and competitiveness.
- c. Accelerate the construction of computerization upgrade and plan enterprise resources to improve operational and management efficiency.

#### B. Risks of Exchange Rate Changes

The Company's future expansion into overseas sales and purchases exposes it to risks associated with exchange rate fluctuations.

Countermeasures:

- a. Collect information on exchange rate changes at all times to fully grasp exchange rate trends.
- b. Adopt a natural hedging approach, wherever foreign currency payables arising from purchases from major suppliers are directly paid by foreign currency receivables arising from sales, minimizing the net foreign currency position.
- c. When offering quotations to customers, consider the possible impact of exchange rate changes, and adopt more conservative and stable exchange rates as the basis for quotations, to reduce the impact on the Company's profitability.
- d. Utilize pre-sale forward foreign exchange to avoid risks arising from exchange rate changes.

## (2) Main product applications and production processes

### 1. Main products and their important uses:

Item	Main Products	Usage
Capacitor	MLCC, Electrolytic Capacitor, Solid Capacitor and Film Capacitors, etc.	Power supplies, motherboards, XDSL, electronic ballasts, graphics cards, UPS, cloud equipment, industrial machinery equipment, IPC, automotive electronics, ECO green energy, IOT network, AI, 5G communication applications, etc.

Item	Main Products	Usage
Semiconductor IC	Integrated Circuit (IC)	Data storage device, communication market, consumer electronics, etc.
LED	Lamp, SMD, Backlight, Digit/Dot Matrix Display, High Power, Flash and Lighting	Electronic toys, electrical products, industrial instruments, notebook computers, set-top boxes, ADSL, cable modems, backlight modules for mobile phones/TVs/monitors/laptops, Flash modules for mobile phones, LED lighting products--LED light bulbs, flat-panel lights, T5/T8 lamps, streetlights, recessed lights, etc.
Other	Battery, Resistor, etc.	Motherboards, notebook computers, industrial computers, industrial control equipment, business machines, e-books, game consoles, 3C electronic products, etc.

2. Production process of main products: The Company is mainly engaged in professional distribution of electronic components. Some Semiconductor IC products provide IC design, primarily focusing on circuit design, software and firmware integration, and customized function development with customers. Subsequently, production and back-end processing are outsourced, and the products are then sold to customers.

(3) Supply Status of Major Raw Materials:

The main business of the Company is the professional distribution and sales of electronic components. The wafer packaging and testing of some Semiconductor IC products are provided and produced by well-known domestic manufacturers, ensuring good supply and stable quality.

(4) List of major suppliers and customers

1. Information on suppliers accounting for 10% or more of the Company's total procurement amount in either of the 2 most recent fiscal years

Unit: NT \$thousands

Item	Year 2022				Year 2023				2024 up to the previous quarter			
	Company Name	Amount	Percentage of net purchases for the year (%)	Relationship with the issuer	Company Name	Amount	Percentage of net purchases for the year (%)	Relationship with the issuer	Company Name	Amount	Percentage of net purchases as of the previous quarter of the current year (%)	Relationship with the issuer
1	Company A	3,179,401	36.94	None	Company A	3,570,474	41.35	None	Company A	713,620	33.28	None
2	Company B	1,359,569	15.79	None	Company B	1,399,011	16.20	None	Company B	356,200	16.61	None
	Other	4,068,731	47.27		Other	3,665,513	42.45		Other	1,074,262	50.11	
	Net Purchase	8,607,701	100.00		Net Purchase	8,634,998	100.00		Net Purchase	2,144,082	100.00	

Reason for change: The supply situation of the Company suppliers is good, and there is no significant change.

2. A list of any clients accounting for 10% or more of the Company's total sales amount in either of the 2 most recent fiscal years

Unit: NT \$thousands

Item	Year 2022				Year 2023				2024 up to the previous quarter			
	Company Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the issuer	Company Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the issuer	Company Name	Amount	Percentage of net sales in the current year up to the previous quarter (%)	Relationship with the issuer
1	Company A	1,785,404	17.10	None	Company A	1,585,926	14.88	None	-	-	-	-
	Other	8,655,325	82.90		Other	9,069,783	85.12		Other	2,854,625	100.00	
	Net sales	10,440,729	100.00		Net sales	10,655,709	100.00		Net sales	2,854,625	100.00	

Reason for change: The supply situation of the Company to customers is good, and there is no significant change.

(5) Production volume and value in the last two years

The main business of the Company is the professional distribution and sales of electronic components, and some products are outsourced, so it is not applicable.

(6) Sales volume and value in the last two years

Unit: thousand units; NT \$thousands

Year  Sales volume and value  Main Products	2022				2023			
	Domestic sales		External sales		Domestic sales		External sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
MLCC	5,570,043	985,964	26,230,359	3,914,931	4,345,646	1,052,120	23,289,400	3,857,301
Solid Capacitor	187,752	1,013,703	109,029	590,280	269,181	1,462,489	123,879	623,990
Electrolytic Capacitor	98,267	542,011	144,502	856,778	53,076	449,198	129,393	966,016
Semiconductor or IC	118,952	256,257	176,952	941,502	142,695	228,924	123,563	747,299
LED	112,415	107,464	386,816	265,811	79,830	82,162	336,401	243,644
Other	352,731	370,197	454,191	595,831	188,214	302,269	501,300	640,297
Total	6,440,160	3,275,596	27,501,849	7,165,133	5,078,642	3,577,162	24,503,936	7,078,547

### 3. Employees

**The number of employees, average service years, average age and academic distribution ratio of the Group in the last two years and up to the date of publication of the annual report**

April 27, 2024

Item		Year		2022		2023		Current year up to April 27, 2024	
Members Employees Individuals Number	Sales and Marketing			285		281		287	
	Administration			72		72		73	
	Research and Development			0		0		0	
	total			357		353		360	
Average age				40.45		41.23		41.2	
Average years of service				10 years and 2 months		10 years and 6 months		10 years and 6 months	
Education distribution ratio	PhD			—	—	—	—	—	—
	Masters			13	3.64%	17	4.82%	18	5%
	College			300	84.04%	294	83.29%	301	83.61%
	High school			43	12.04%	41	11.61%	40	11.11%
	Below senior high school			1	0.28%	1	0.28%	1	0.28%



Note: The employee information from 2022 does not include the affiliated company Sentelic , which was disposed on July 31, 2022.

#### **4. Environmental Protection Expenditure**

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any remuneration paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being taken or to be taken.

- (1) The Company has no significant environmental issues or penalties in the most recent year and up to the date of publication of the annual report.
- (2) Estimated amounts and countermeasures that may occur at present and in the future  
The Company is mainly engaged in the professional distribution and sales of electronic components. The company does not have internal processes and production operations, making it a low-pollution and low-risk industry. In addition, in response to the European Union's Restriction of Hazardous Substances Directive (RoHS) and REACH, each product distributed by the Company is strictly controlled by the supplier and complies with various specifications related to RoHS and REACH.

#### **5. Labor Relations**

- (1) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests under Equity.

The Company adheres to the business philosophy of mutual prosperity, providing a competitive salary package, diverse care and welfare benefits, profit-sharing with employees, and committing to creating a friendly workplace environment with equality, diversity and tolerance.

##### **1. Employee welfare measures (personnel)**

- (1) Employee insurance: In addition to the labor insurance and national health insurance required by the government, the company also provides a comprehensive group insurance plan, including accidental death and disability, accident insurance and travel insurance, providing employees with more complete insurance coverage and protection.
- (2) Health checkup: The Company organizes health checkup and monthly on-site interviews and consultations with the occupational nurses, tracking and managing employees with abnormal health checkup data.
- (3) Car loans: The Company provides a preferential loan for capital expenditure on car purchases by employees due to their duties.
- (4) Nursing (pumping) rooms and child care subsidies: The Company provides breastfeeding (pumping) environment and reduces the burden on employees' children, providing childcare subsidies for children under 12 years of age every year.
- (5) Mobile phone expense subsidy: Employees are subsidized monthly by the Company as they bring their own mobile phones to perform their duties.

- (6) Private computer equipment for business use subsidy: employees provide private computer equipment for business use, and the Company provides a monthly subsidy.
- (7) Flexible working hours: In order to create a friendly working environment, where employees can balance work and family life or educational needs, the Company provides flexible working hours.
- (8) Employee travel subsidies: The Company organizes 1 ~ 2 employee trips each year, and the Company and Employee benefits/welfare Committee provide subsidies based on the income and expenditure of the current year.
- (9) Annual and holiday bonuses and allowances: In addition to the three-festival gift money or gift vouchers, the Company and the Employee benefits/welfare Committee also provide subsidies such as wedding gifts, childbirth gifts, hospitalization allowances and funeral allowances.
- (10) Club activities: In order to enrich employees' leisure activities after work, promote employee interaction and team spirit, encourage the establishment of associations that promote physical and mental health and education, the Company and the Employee benefits/welfare Committee provide subsidies.
- (11) Birthday party: The Company and Employee benefits/welfare Committee hold a birthday dinner every two months in principle and provide birthday gifts.

2. Employee education and training

- (1) The Company education and training are divided into pre-employment training and on-the-job training, etc., and employees are expected to strengthen their own professional skills through continuous education and training. In addition, the department responsible for training will periodically provide various course information from for employees to participate in.
- (2) Implementation of internal and external training and continuing education for employees in the most recent year:

Unit: hour

Employee category	Calculation method	Male	Female	Subtotal
Supervisors	Actual number of employees during the Reporting Period (A1)	68	47	115
	Training hours during the Reporting Period (B1)	854.89	660.39	1515.28
	Average training hours during the Reporting Period (B1/A1)	12.57	14.05	13.18
Non-manager	Actual number of employees during the Reporting Period (A2)	86	152	238

	Training hours during the Reporting Period (B2)	919.27	1457.74	2377.01
	Average training hours during the Reporting Period (B2/A2)	10.69	9.59	9.99
Total	Reporting Period Hours (Q)	1774.16	2118.13	3892.29
	Total number of employees at the end of the Reporting Period (R)	154	199	353
	Average training hours per employee (Q/R)	11.52	10.64	11.03

### 3. Employee retirement system

The employee retirement system applicable to the Company and its subsidiaries varies according to the operating areas of each company:

#### (1) Companies operating in Taiwan:

① Under the pension system of the country's "Labor Standards Act", which is a defined benefit retirement plan, pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

② Under the pension system of country's "Labor Pension Act", which is a government-managed defined contribution retirement plan. 6% of the employee's monthly salary is allocated to the individual account of the Labor Insurance Bureau.

(2) For companies operating in China and Hong Kong, the employee retirement method is a defined contribution system, and it accrues based on a certain percentage of the salary in accordance with local government regulations.

### 4. Labor-management agreements and various employee Equity maintenance measures

The Company treats its employees fairly, honestly, and in good faith, strengthens employee welfare measures, and holds regular labor-management meetings as a communication channel between employees and the Company. Therefore, the labor-management relationship of the Company has been good for many years. In the future, it is expected to continue to uphold this good tradition, maintain good and harmonious labor-management relations with employees, and work together for the Company's operations without labor disputes.

### 5. Code of Conduct and Ethics for Employees

(1) The Company has formulated the "Work Rules" for employees as the guidelines for employees' behaviors. When the work rules are revised due to changes in the labor law, they are also reported to the competent authority

and announced to employees in accordance with the regulations, so that employees can clearly understand the code of conduct in the workplace. In the event that an employee is subject to a sufficient reward or punishment, appropriate reward or punishment shall be made in accordance with the "Employee Reward and Punishment Regulations" stipulated in the Company.

- (2) New employees of the Company sign a service contract with the Company. The main content is that the business secrets obtained by employees during their tenure shall be kept confidential and Computer software shall be legally used.
- (3) The Company has established the "Guidelines for the Adoption of Codes of Ethical Conduct" to regulate the ethical conduct of all subordinate personnel of the Company. The Company attaches great importance to and requires employees to act in accordance with the ethical and honest principles, and actively develops various internal management measures in accordance with government laws and regulations to be known and complied with by employees.
- (4) The Company has established Insider Trading Rules to regulate the confidentiality of internal material information before it is publicly disclosed, the prohibition of buying and selling, and the content, time, method, personnel, etc. of the public, and timely educates and promotes relevant regulations for director, managerial officers and employees, establishing a good handling and disclosure mechanism, avoiding improper disclosure of information, and ensuring the occurrence and correctness of the information published externally.

#### 6. Workplace Equality and Diversity

- (1) The Company creates a friendly workplace environment with equality, diversity and tolerance. By making good use of the diversity and equal rights of the labor force and accepting the different cognition, values, interpersonal relationships and social levels of all people, every worker is able to achieve the best performance, which is conducive to the sustainable operation and value creation of the enterprise.
- (2) The Company is committed to a workplace environment that is free from discrimination, bullying, harassment, defamation, infringement and violence, and does not discriminate against job seekers or employees based on their gender or sexual orientation. We gradually cultivate the concept of equality and diversity in the company culture.
- (3) The Company has not encountered any cases of sex, race discrimination nor has it violated human rights. Employees are not considered differently based on race, class, language, thought, religion, party affiliation, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, physical and mental disability, blood type, etc. The promotion and training of all employees are also equal, without bias based on background.

#### 7. Work Environment And Employee Safety Protection Measures

- (1) Cooperate with the park management committee to regularly test and maintain fire safety equipment and the maintenance of various public

equipment, and cooperate with government regulations to completely prohibit smoking in the building.

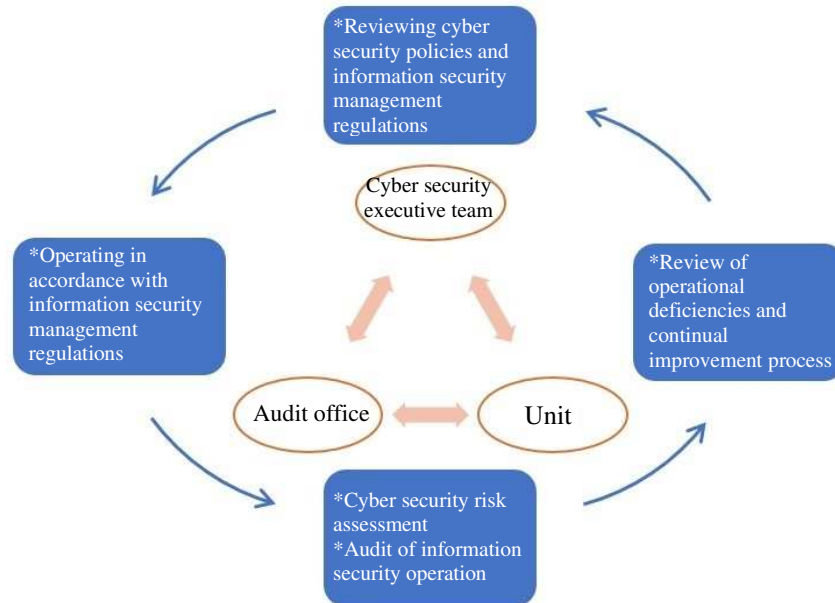
- (2) In addition to the security management of the park, access control security is set up to strengthen the security protection of the Company.
  - (3) Formulate the "Code of Practice for Occupational Safety and Health" and set up labor safety and health management personnel to coordinate the planning, supervision and implementation of labor safety and health affairs, and strengthen the personal safety protection measures of employees in the workplace.
  - (4) Regularly hold fire drills in accordance with government laws and regulations to strengthen employees' awareness of fire safety at home and in the workplace to ensure the personal safety of employees.
  - (5) Regularly implement the cleaning and disinfection of various facilities in the workplace, and arrange epidemic prevention and disinfection in response to the epidemic to ensure the hygiene and comfort of the working environment.
  - (6) The Company regularly organizes employee health checkups and takes care of good health for employees.
- (2) Any losses suffered by the company in the most recent years and up to the annual report publication date due to labor disputes (including any violations of Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future along with measures being taken or to be taken.
1. Since the establishment of the Company, there have been no labor disputes that are sufficient to affect the Company's financial and business normal operations.
  2. Estimated losses at present and in the future and countermeasures  
The Company provides a variety of channels to promote communication between employers and employees, deeply understand employees' satisfaction with the management and welfare system, and maintain good labor relations. The Company has a good labor-management relationship, and there have been no labor disputes and related losses.

## **6. Cyber Security Management**

In order to strengthen the risk management of cyber security, a dedicated information security unit has been established, along with the implementation of a cyber security risk management framework, the cyber security policies and specific management plans have been formulated, and resources have been invested in the management of cyber security. The cyber security policies are regularly reviewed to ensure robustness.

- (1) Cyber Security Risk Management Framework, cyber security policies, specific management plans and resources invested in cyber security management, etc.
  1. Cyber Security Risk Management Framework:  
The information security unit regularly reviews cyber security management policies and related measures. The members of each unit are indeed implemented in accordance with the relevant regulations. Regular inspections of servers and other equipment are conducted during daily operations to detect problems in

real-time. Cyber security risk assessment are performed and collaboration with the audit unit ensures the correctness and effectiveness of operations. Immediate improvements are implemented in response to errors, vulnerabilities, and risks, establishing a continuous improvement management cycle for cyber security.



## 2. Cyber Security Policy

### (1) Purpose

This policy is formulated to strengthen the risk management of cyber security and ensure the security of data, systems, equipment and networks.

### (2) Cyber Security Target

Ensure the correctness, availability, integrity and confidentiality of The Company's information operations. Mitigate the threat of internal and external information security incidents. In the event of an accident, respond quickly and resume normal operations in the shortest possible time to minimize damage.

### (3) Cyber security management measures

- ① Established a dedicated information security unit to formulate cyber security policies and specific management plans to ensure cyber security.
- ② Handle personal information prudently in accordance with the Personal Data Protection Act.
- ③ Personal computers and servers are required to set passwords, install anti-virus software, and update the virus pattern from time to time.
- ④ Comply with intellectual property rights related regulations, managing private computer equipment to ensure authorized software installation.
- ⑤ Important data should be backed up and the validity of the backup data should be confirmed regularly.
- ⑥ Develop a disaster recovery plan to facilitate rapid recovery of system operations in the event of an information security incident.

⑦ Implement cyber security awareness campaigns periodically to strengthen colleagues' awareness of information security and legal concepts.

(4) Review and amendments

This policy is implemented after the approval of the Group's General Manager, and the same applies to amendments.

3. Specific management plan

(1) The Company considers that information security insurance an emerging insurance category. The current information security risk management program effectively protects cyber security. Therefore, after evaluation by the deicated information security unit, it will not purchase information security insurance for the time being.

(2) The specific management plan for the Company's cyber security is divided by the time point of cyber security events, which include pre-prevention, daily operation maintenance, and information security event handling. The specific management plan is as follows:

Type	Explanation	Contents
Information collection and information security joint defense	Joined the TWCERT/CC Alliance	Collect TWCERT information security information from time to time. Vulnerability remediation is carried out according to the information security report. TWCERT courses are attended by dedicated information security personnel to enhance information security protection capabilities.
External intrusion prevention	Install firewall and anti-virus software	Set up a network firewall. Install anti-virus software on servers and computer hosts. Automatically update the anti-virus software virus code. Perform weekly scan of antivirus software and computers.
Data leakage prevention	Account and Authority Management	Personnel account review and management. Regularly check the system permission settings.
Daily operation maintenance	Data backup and related inspection	Data backup, heterogeneous backup and remote storage are carried out according to the nature of the data. Regular data recovery tests. Daily server host inspection and system testing. Regular computer check.
Information Security Incident Handling	Formulation of relevant operating procedures and recovery plan	Establish procedures for responding to and reporting information security incidents. Formulate disaster recovery plans. If there is no event, regular simulation exercise is conducted.

Subsequent review and improvement of the disaster recovery plan implementation report.

4. Resources invested in the management of cyber security

- (1) Set up a dedicated unit for information security.
- (2) Formulate the “Procedures for Handling and Reporting Information Security Incident.”
- (3) Conduct inventory and risk assessment of the information and communication system.
- (4) Conduct penetration tests on core information and communication systems.
- (5) Conducting social engineering exercises.
- (6) Complete the “regular examination of the authority settings of the operating system”.
- (7) Complete “computer inspection”.
- (8) Conduct 9 sessions of information security promotion.

(2) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security events, the possible impacts therefrom, and measures being taken or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In the most recent year and up to the date of publication of the annual report, The Company has not violated cyber security, resulting in major information security incidents such as customer information leakage and fines. There were also no complaints of judicial actions against the Company due to violation of customer personal data protection or loss of customer data.

**7. Important Contracts**

Supply/distribution contracts, technical cooperation contracts, engineering contracts, Long-term borrowings contracts, and Other contracts that are still effective as of the date of publication of the annual report and expire in the most recent year that are sufficient to affect the important contracts of shareholders Equity:

April 27, 2024

Nature of contract	Contracting Party	Contract Start/End Date	Main contents	Restrictive clauses
Insurance contract	Tokio Marine Newa Insurance Co., Ltd.	2024.3.31 ~ 2025.3.31	Directors and Officers Liability Insurance	The cumulative liability limit during the insurance period is US \$10,000,000.
Supplier Agency contract	Taiwan Chemi-Con Corporation	2021.4.1 ~ 2024.3.31. If there is no objection from both parties, the expiration date will be automatically extended to 2027.3.31.	Agency and distribution of Capacitor products	None
Supplier Agency contract	Panasonic Industrial Devices Sales Taiwan Co., Ltd.	2024.4.1 ~ 2025.3.31	Agency and distribution of electronic components	None
Supplier Agency contract	Samsung Electro-Mechanics (Shenzhen) Co., Ltd.	2013.1.1 ~ 2013.12.31, automatically renews for one year upon expiry perpetually if one party does not	Sales agent of its products	None



Nature of contract	Contracting Party	Contract Start/End Date	Main contents	Restrictive clauses
		express a willingness to do so.		
Supplier Agency contract	Genesys Logic Co., Inc.	2022.1.1 ~ 2024.12.31	Sales agent of its products	None
Supplier Agency contract	Samsung Electro-Mechanics Pte. Ltd.	2020.2.14 ~ 2021.2.13, if one party does not express a willingness to renew the contract 30 days before the expiration date, the contract may be extended for another year automatically, and thereafter the same.	Sales agent of its products	None
Endorsement and guarantee contract	Panasonic Industrial Devices Sales Taiwan Co., Ltd	Three years from 2024.2.1.	Acting as the guarantor for the subsidiary, KOHO (Taiwan) Co., Ltd.	The guaranteed amount is NT \$130,000,000.

# VI Financial Overview

## 1. Condensed statements of income of Assets Liabilities and total for the past five years

(1) Condensed Assets Liabilities Table

1. Consolidated financial report

Unit: NT \$thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)					Current year up to March 2024 (Note 2)	
	2019	2020	2021	2022	2023		
Current assets	5,951,955	6,479,924	7,533,514	8,150,016	8,068,120	8,041,016	
Non-current financial assets at fair value through profit or loss	2,572	-	-	-	-	-	
Non-current financial assets at fair value through other comprehensive income	82,857	72,509	98,711	93,384	96,979	-	
Non-current financial assets at amortized cost	228,124	241,307	259,565	178,879	178,930	165,818	
Investments accounted for under the equity method	-	-	-	-	-	482,509	
Property, plant and equipment	654,252	652,290	632,565	614,455	678,453	676,610	
Assets	61,976	44,368	34,700	9,046	30,899	28,945	
Investment property	187,674	186,884	196,356	191,465	190,222	190,011	
Intangible assets	58,673	54,837	42,386	56,727	52,658	52,021	
Deferred tax assets	79,191	54,542	54,358	64,362	77,961	59,264	
Other Assets	4,625	14,662	14,528	7,485	8,954	7,730	
Total assets	7,311,899	7,801,323	8,866,683	9,365,819	9,383,176	9,703,924	
Current liabilities	Before dividend	2,754,306	3,138,425	3,846,029	2,616,807	2,979,932	3,625,324
	After appropriation	3,379,606	3,692,262	4,560,658	3,786,421	3,702,966	-
Non-current liabilities	133,763	147,028	142,684	109,990	129,130	135,515	
Total liabilities	Before dividend	2,888,069	3,285,453	3,988,713	2,726,797	3,109,062	3,760,839
	After appropriation	3,513,369	3,839,290	4,703,342	3,896,411	3,832,096	-
Equity attributable to owners of parent	4,189,442	4,162,294	4,475,183	6,603,396	6,234,046	5,896,669	
Share capital	1,786,572	1,786,572	1,786,572	2,126,572	2,126,572	2,126,572	
Capital surplus	429,685	478,163	475,353	1,621,500	1,625,096	1,625,096	
Retained Surplus	Before dividend	1,804,935	1,789,960	2,181,792	2,963,635	2,524,736	2,240,302
	After appropriation	1,179,635	1,236,123	1,467,163	1,794,021	1,801,702	-

Item	Year	Financial Summary for The Last Five Years (Note 1)					Current year up to March 2024 (Note 2)
		2019	2020	2021	2022	2023	
Other equity interest		168,250	107,599	31,466	(108,311)	(42,358)	(95,301)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		234,388	353,576	402,787	35,626	40,068	46,416
Equity Total Amount	Before dividend	4,423,830	4,515,870	4,877,970	6,639,022	6,274,114	5,943,085
	After appropriation	3,798,530	3,962,033	4,163,341	5,469,408	5,551,080	-

Note 1: Financial information for the last five years has been audited and certified by CPAs.

Note 2: The financial information as of March 31, 2024 has not been reviewed by CPAs.

## 2. Parent Company Only Financial Statement

Unit: NT \$thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,164,826	1,314,402	1,303,108	3,355,296	2,878,425
Non-current financial assets at fair value through other comprehensive income		82,857	72,509	88,711	93,384	96,979
Non-current financial assets at amortized cost		3,490	150	150	150	150
Investments accounted for using equity method		3,323,818	3,246,952	3,740,887	3,692,149	3,540,130
Property, plant and equipment		188,976	189,125	186,637	184,304	182,588
Investment property		84,939	84,637	84,336	84,035	154,289
Intangible assets		969	713	744	872	537
Deferred tax assets		13,540	11,058	9,687	13,425	14,573
Other Assets		806	805	800	815	826
Total assets		4,864,221	4,920,351	5,415,060	7,424,430	6,868,497
Current liabilities	Before dividend	606,745	654,491	828,571	727,634	540,125
	After appropriation	1,232,048	1,208,328	1,543,200	1,897,248	1,263,159
Non-current liabilities		68,031	103,566	111,306	93,400	94,326
Total liabilities	Before dividend	674,779	758,057	939,877	821,034	634,451
	After appropriation	1,300,079	1,311,894	1,654,506	1,990,648	1,357,485
Share capital		1,786,572	1,786,572	1,786,572	2,126,572	2,126,572
Capital surplus		429,685	478,163	475,353	1,621,500	1,625,096

Item \ Year		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Retained Surplus	Before dividend	1,804,935	1,789,960	2,181,792	2,963,635	2,524,736
	After appropriation	1,179,635	1,236,123	1,467,163	1,794,021	1,801,702
Other equity interest		168,250	107,599	31,466	(108,311)	(42,358)
Treasury shares		-	-	-	-	-
Equity Total Amount	Before dividend	4,189,442	4,162,294	4,475,183	6,603,396	6,234,046
	After appropriation	3,564,142	3,608,457	3,760,554	5,433,782	5,511,012

Note 1: Financial information for the last five years has been audited and certified by CPAs.

(2) Condensed total Income Statement

1. Consolidated financial report

Unit: NT \$thousands, except earnings per share (NT \$)

Item \ Year		Financial Summary for The Last Five Years (Note 1)					Current year up to March 2024 (Note 2)
		2019	2020	2021	2022	2023	
Operating revenue		8,820,029	9,241,488	10,359,963	10,440,729	10,655,709	2,854,625
Gross profit from operations		1,455,854	1,600,562	1,748,334	1,780,241	1,642,209	495,375
Operating profit		790,026	886,630	1,021,215	892,421	873,188	289,919
Non-operating income and expenses		28,589	(2,326)	1,429	127,922	49,505	43,589
Continuing operations Net profit before tax		818,615	884,304	1,022,644	1,020,343	922,693	333,508
Continuing operations Net Profit		615,754	627,543	772,495	790,601	720,306	264,755
Profit (loss) from discontinued operations		-	-	105,872	759,899	-	-
Net Profit (loss)		615,754	627,543	878,367	1,550,500	720,306	264,755
Other comprehensive income (Net after tax)		114,931	(50,512)	51,106	(63,955)	59,027	119,327
Total comprehensive income		730,685	577,031	929,473	1,486,545	779,333	384,082
Net income attributable to Owners of parent company		593,240	599,758	819,419	1,488,045	706,306	258,446
Net income attributable to Non-controlling interests		22,514	27,785	58,948	62,455	14,000	6,309
total total profit and loss attributable to Owners of parent company		705,203	549,676	869,546	1,424,081	765,463	377,734
total total profit and loss attributable to Non-controlling interests		25,482	27,355	59,927	62,464	13,870	6,348
Earnings per share (Note 3)		3.32	3.36	4.59	8.02	3.39	1.24

Note 1: Financial information for the last five years has been audited and certified by CPA.

Note 2: The financial information as of March 31, 2024 has not been reviewed by CPA.

Note 3: The number of shares issued through capitalization of retained earnings and capital increase of capital surplus is retrospectively adjusted for each year for comparison of earnings per share for each year.

## 2. Parent Company Only Financial Statement

Unit: NT \$thousands, except earnings per share (NT \$)

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		1,602,378	1,880,070	2,315,539	1,915,945	1,820,389
Gross profit from operations		284,457	370,330	496,046	449,101	356,502
Operating profit		95,338	184,410	256,854	116,121	117,957
Non-operating income and expenses		574,180	553,144	611,790	734,770	658,478
Continuing operations Net profit before tax		669,518	737,554	868,644	850,891	776,435
Continuing operations Net Profit		593,240	599,758	768,974	781,032	706,306
Profit (loss) from discontinued operations		-	-	50,445	707,013	-
Net Profit (loss)		593,240	599,758	819,419	1,488,045	706,306
Other comprehensive income (Net after tax)		111,963	(50,082)	50,127	(63,964)	59,157
Total comprehensive income		705,203	549,676	869,546	1,424,081	765,463
Earnings per share (Note 2)		3.32	3.36	4.59	8.02	3.39

Note 1: Financial information for the last five years has been audited and certified by CPA.

Note 2: The number of shares issued through capitalization of earnings and capital increase of capital surplus is retrospectively adjusted for each year for comparison of earnings per share for each year.

### (3) Names of CPAs and their audit opinions for the last five years

Year	Name of Accounting Firm	Name of CPA	Audit Opinion
2023	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions
2022	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions
2021	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions
2020	Deloitte & Touche	SHAO CHIH MING, WONG YA LING	unqualified opinions
2019	Deloitte & Touche	SHIH CHING PIN, CHIANG MING NAN	unqualified opinions

## 2. Financial analysis for the last five years

### (1) Financial analysis for the last five years

#### 1. Consolidated financial report

Item		Year		Financial Analysis for the Last 5 years (Note 1)					Current year up to March 2024 (Note 2)
		2019	2020	2021	2022	2023			
Financial structure%	Debt to asset ratio	39.49	42.11	44.98	29.11	33.13	38.75		
	Ratio of long-term capital to property, plant and equipment	696.61	714.85	793.69	1,098.37	943.80	898.39		
Solvency%	Current ratio	216.09	206.47	195.87	311.44	270.74	221.80		
	Quick ratio	160.01	154.27	132.08	222.70	205.68	174.08		
	Interest protection multiples	28.81	48.28	72.90	26.51	12.74	15.94		
Operating performance	Receivables turnover rate (times)	3.01	3.22	3.22	3.13	3.22	3.25		
	Average collection days for receivables	121.26	113.35	113.35	116.61	113.35	112.30		
	Inventories turnover rate (times)	3.29	4.63	4.09	3.50	4.03	4.87		
	Accounts payable turnover (times)	7.59	7.95	7.72	8.47	9.62	9.54		
	Average days for sale of goods	110.94	78.83	89.24	104.28	90.57	74.94		
	Property, plant and equipment turnover rate (times)	13.48	14.14	16.12	16.74	16.48	16.85		
	Total Assets Turnover (times)	1.09	1.22	1.24	1.14	1.13	1.19		
Profitability	Return on assets (%)	7.94	8.50	10.67	17.35	8.35	11.84		
	Return on equity (%)	13.26	14.03	18.70	26.92	11.15	17.33		
	Pre-tax income to paid-in capital (%)	45.82	49.49	57.24	47.98	43.38	62.73		
	Net Profit Margin (%)	6.98	6.79	8.47	14.85	6.75	9.27		
	Earnings per share (NT \$) (Note 3)	3.32	3.36	4.59	8.02	3.39	1.24		
Cash flow	Cash flow ratio (%)	46.76	14.78	0.71	36.39	32.16	42.94		
	Cash flow fair ratio (%)	89.53	77.14	55.62	57.44	70.02	82.06		
	Cash reinvestment ratio (%)	3.15	-3.86	-11.64	3.75	-3.53	14.66		
Leverage	Leverage Operating Leverage	1.37	1.37	1.32	1.45	1.38	1.30		
	Financial Leverage	1.03	1.02	1.01	1.04	1.09	1.08		

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. The decrease in interest coverage ratio was mainly due to the increase in interest expenses.
2. The decrease in return on assets, return on equity, net profit margin and EPS was mainly due to the decrease in net profit after tax.
3. The increase in cash flow fair ratio was mainly due to the increase in net cash flows from operating activities.
4. The decrease in cash reinvestment ratio was mainly due to the increase in cash dividends in the current year.

Note 1: Financial information for the last five years has been audited and certified by CPAs.

Note 2: The financial information as of March 31, 2024 has not been reviewed by CPAs.

Note 3: The number of shares issued through capitalization of retained earnings and capital increase of capital surplus is retrospectively adjusted for each year for comparison of earnings per share for each year.

## 2. Parent Company Only Financial Statement

Item \ Year		Financial Analysis for the Last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure%	Debt to asset ratio	13.87	15.40	17.35	11.05	9.23
	Ratio of long-term capital to property, plant and equipment	2,252.91	2,255.57	2,457.43	3,633.55	3,465.92
Solvency%	Current ratio	191.97	200.82	157.27	461.12	532.91
	Quick ratio	133.65	162.75	124.12	392.42	488.65
	Interest protection multiples	77.66	273.86	441.26	110.49	72.65
Operating performance	Receivables turnover rate (times)	2.65	3.20	3.48	2.88	3.30
	Average collection days for receivables	137.73	114.06	104.88	126.73	110.60
	Inventories turnover rate (times)	3.03	4.84	6.78	3.69	3.73
	Accounts payable turnover (times)	7.41	7.90	6.81	5.98	8.23
	Average days for sale of goods	120.46	75.41	53.83	98.91	97.85
	Property, plant and equipment turnover rate (times)	8.53	9.94	12.32	10.33	9.92
	Total Assets Turnover (times)	0.29	0.38	0.44	0.29	0.25
Profitability	Return on assets (%)	11.08	12.30	15.88	23.27	10.00
	Return on equity (%)	13.44	14.36	18.97	26.86	11.00
	Pre-tax income to paid-in capital (%)	37.47	41.28	48.62	40.01	36.51
	Net Profit Margin (%)	37.02	31.90	35.38	77.66	38.79
	Earnings per share (NT \$) (Note 2)	3.32	3.36	4.59	8.02	3.39
Cash flow	Cash flow ratio (%)	25.00	20.60	37.33	-1.87	99.47
	Cash flow fair ratio (%)	16.66	18.39	20.02	15.56	24.49
	Cash reinvestment ratio (%)	-24.21	-11.74	-5.43	-11.01	-10.24
Leverage	Leverage Operating Leverage	1.71	1.37	1.35	2.20	1.77
	Financial Leverage	1.10	1.01	1.00	1.07	1.10

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- 1、The increase in quick ratio was mainly due to the decrease in financial assets-current measured at amortized cost, inventories and other receivables-related parties, along with the decrease in current liabilities.
- 2、The decrease in interest coverage ratio was mainly due to the increase in interest expenses.
- 3、The increase in payables turnover was mainly due to the average decrease in payables.
- 4、The decrease in earnings per share, return on assets, return on equity, Net Profit Margin and EPS was mainly due to the decrease in net profit after tax.
- 5、The increase in cash flow ratio was mainly due to the decrease in inventories inventory amount, resulting in an increase in net cash flows from operating activities.
- 6、The increase in cash flow fair ratio was mainly due to the increase in net cash flows from operating activities.

Note 1: Financial information for the last five years has been audited and certified by CPAs.

Note 2: The number of shares issued through capitalization of earnings and capital increase of capital surplus is retrospectively adjusted for each year for comparison of earnings per share for each year.

Note 3: The calculation formula of financial analysis is as follows:

1. Financial structure

(1) Debt to asset ratio = Total liabilities / Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets – Inventories – Prepaid expenses – Other current assets) / Current liabilities

(3) Interest coverage ratio = income tax and Interest expense net profit before tax / current interest expense

3. Operating ability

(1) Receivables turnover (including Accounts receivable and Notes receivable resulting from business operations) = Net sales / Balance of average receivables in each period (including Accounts receivable and Notes receivable resulting from business operations).

(2) Average collection days = 365 / Receivables turnover rate.

(3) Inventories turnover rate = Cost of sales / average inventories turnover.

(4) Payables turnover (including Accounts payable and Notes payable resulting from business operations) = Cost of sales / Average payables (including Accounts payable and Notes payable resulting from business operations) for each period.

(5) Average sales days = 365 / Inventories turnover rate.

(6) Property, plant and equipment turnover rate = Net sales / average net property, plant and equipment.

(7) Total Assets Turnover = Net sales / average total assets

4. Profitability

(1) Return On Assets = [net income after tax] + Interest expense x (1 – tax rate)] / average Total assets

(2) Return On equity = After-tax profit and loss / average Total equity.

(3) Net Profit Margin = After-tax profit and loss / Net sales.

(4) Earnings per share = (profit and loss attributable to Owners of parent company - special dividend) / weighted average number of issued shares.

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Net cash flow fair ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditure + Increase in inventories amount + Cash dividend) for the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities – cash dividends) / (Property, plant and equipment gross + Other non-current assets + working capital).

6. Leverage:

(1) Leverage Operating Leverage = (operating revenue, net – variable operating costs and expense) / Net operating income

(2) Leverage Net operating income / (Net operating income – Interest expense)



### **3. Audit Report on audit committee of the Latest Financial Report**

## **Nichidenbo Corporation audit committee Audit Report**

2023 Business Report, Financial Statements, and Earnings Distribution of the Board of Directors of The Company. The above-mentioned business report, financial statements and earnings distribution proposal have been audited by this audit committee, and no discrepancy were found. According to the relevant provisions of Securities and Exchange Act and Company Act, a report has been prepared and submitted for inspection.

To

Nichidenbo Corporation 2024 Shareholders' Meeting

Audit Committee Convener: YEN KUO LUNG

March 13 , 2024

#### **4. Financial statements of the most recent fiscal year**

##### **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

NICHIDENBO CORPORATION

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FREDDY CHOU  
Chairman

March 13, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nichidenbo Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Nichidenbo Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for the year ended December 31, 2023 are as follows:

#### Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value. The net realizable value was based on significant judgments and accounting estimates made by management; therefore, we identified the valuation of inventories as a key audit matter in our audit for the year ended December 31, 2023.

The main audit procedures that we performed in respect of the valuation of inventories included obtaining the estimated data of inventories stated at the lower of cost or net realizable value by management and sampling recent sales data to evaluate the reasonableness of the net realizable value.

#### **Other Matter**

We have also audited the parent company only financial statements of Nichidenbo Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

#### **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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 maintain 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 and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chih-Ming Shao and Ya-Ling Wong.

Chih-ming, Shao

Ya-Ling Wong

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

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

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

# NICHIDENBO CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,081,962	22	\$ 1,424,947	15
Financial assets at fair value through profit or loss - current (Note 7)	1,558	-	100,006	1
Financial assets at fair value through other comprehensive income - current (Note 8)	102,333	1	303,715	3
Financial assets at amortized cost - current (Notes 9 and 10)	505,000	6	810,000	9
Notes receivables, net (Notes 11, 12 and 37)	114,961	1	113,680	1
Trade receivables from unrelated parties, net (Notes 11 and 25)	3,289,314	35	3,047,033	33
Other receivables from unrelated parties (Note 11)	32,491	-	24,512	-
Current tax assets (Note 27)	1,578	-	3,941	-
Inventories (Note 12)	1,934,283	21	2,317,061	25
Prepayments	2,704	-	3,657	-
Other current assets (Note 19)	1,936	-	1,464	-
Total current assets	<u>8,068,120</u>	<u>86</u>	<u>8,150,016</u>	<u>87</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	96,979	1	93,384	1
Financial assets at amortized cost - non-current (Notes 9, 10 and 37)	178,930	2	178,879	2
Property, plant and equipment (Notes 14 and 37)	678,453	7	614,455	7
Right-of-use assets (Note 15)	30,899	1	9,046	-
Investment properties (Notes 16 and 37)	190,222	2	191,465	2
Goodwill (Note 17)	21,805	-	21,805	-
Other intangible assets (Note 18)	30,853	-	34,922	-
Deferred tax assets (Note 27)	77,961	1	64,362	1
Refundable deposits	5,137	-	3,442	-
Net defined benefit assets - non-current (Note 23)	3,817	-	4,043	-
Total non-current assets	<u>1,315,056</u>	<u>14</u>	<u>1,215,803</u>	<u>13</u>
<b>TOTAL</b>	<u>\$ 9,383,176</u>	<u>100</u>	<u>\$ 9,365,819</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 20 and 37)	\$ 1,554,378	17	\$ 1,170,046	12
Contract liabilities - current (Note 25)	6,311	-	2,281	-
Notes payables (Note 21)	251	-	207	-
Trade payables to unrelated parties (Note 21)	980,730	10	891,409	10
Other payables to unrelated parties (Note 22)	299,815	3	377,317	4
Current tax liabilities (Note 27)	85,728	1	118,053	1
Lease liabilities - current (Note 15)	9,771	-	9,740	-
Other current liabilities (Note 22)	42,948	1	47,754	1
Total current liabilities	<u>2,979,932</u>	<u>32</u>	<u>2,616,807</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 27)	77,929	1	74,126	1
Lease liabilities - non-current (Note 15)	22,116	-	544	-
Net defined benefit liability - non-current (Note 23)	23,564	-	29,800	-
Guarantee deposits received	5,521	-	5,520	-
Total non-current liabilities	<u>129,130</u>	<u>1</u>	<u>109,990</u>	<u>1</u>
Total liabilities	<u>3,109,062</u>	<u>33</u>	<u>2,726,797</u>	<u>29</u>
<b>EQUITY</b>				
Common stock	<u>2,126,572</u>	<u>23</u>	<u>2,126,572</u>	<u>23</u>
Capital surplus	<u>1,625,096</u>	<u>17</u>	<u>1,621,500</u>	<u>17</u>
Retained earnings				
Legal reserve	935,029	10	785,382	9
Special reserve	51,875	1	10,950	-
Unappropriated earnings	<u>1,537,832</u>	<u>16</u>	<u>2,167,303</u>	<u>23</u>
Total retained earnings	<u>2,524,736</u>	<u>27</u>	<u>2,963,635</u>	<u>32</u>
Other equity	<u>(42,358)</u>	<u>-</u>	<u>(108,311)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	6,234,046	67	6,603,396	71
<b>NON-CONTROLLING INTERESTS</b>	<u>40,068</u>	<u>-</u>	<u>35,626</u>	<u>-</u>
Total equity	<u>6,274,114</u>	<u>67</u>	<u>6,639,022</u>	<u>71</u>
<b>TOTAL</b>	<u>\$ 9,383,176</u>	<u>100</u>	<u>\$ 9,365,819</u>	<u>100</u>

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

# NICHIDENBO CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 25)	\$ 10,655,709	100	\$ 10,440,729	100
OPERATING COSTS (Notes 12 and 26)	<u>9,013,500</u>	<u>85</u>	<u>8,660,488</u>	<u>83</u>
GROSS PROFIT	<u>1,642,209</u>	<u>15</u>	<u>1,780,241</u>	<u>17</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	565,363	5	620,316	6
General and administrative expenses	202,684	2	267,664	2
Expected credit loss (gain)	<u>974</u>	<u>-</u>	<u>(160)</u>	<u>-</u>
Total operating expenses	<u>769,021</u>	<u>7</u>	<u>887,820</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>873,188</u>	<u>8</u>	<u>892,421</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	39,072	1	14,824	-
Other income	66,011	1	45,288	-
Other gains and losses	22,970	-	107,796	1
Finance costs	<u>(78,548)</u>	<u>(1)</u>	<u>(39,986)</u>	<u>-</u>
Total non-operating income and expenses	<u>49,505</u>	<u>1</u>	<u>127,922</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	922,693	9	1,020,343	10
INCOME TAX EXPENSE (Note 27)	<u>202,387</u>	<u>2</u>	<u>229,742</u>	<u>2</u>
NET PROFIT FROM CONTINUING OPERATIONS	720,306	7	790,601	8
NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13)	<u>-</u>	<u>-</u>	<u>759,899</u>	<u>7</u>
NET PROFIT FOR THE YEAR	<u>720,306</u>	<u>7</u>	<u>1,550,500</u>	<u>15</u>

(Continued)



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

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b> (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (376)	-	\$ 10,695	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	61,465	-	(96,438)	(1)
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>4,995</u>	<u>-</u>	<u>1,360</u>	<u>-</u>
	<u>66,084</u>	<u>-</u>	<u>(84,383)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(7,057)</u>	<u>-</u>	<u>20,428</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>59,027</u>	<u>-</u>	<u>(63,955)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE PROFIT FOR THE YEAR</b>	<u>\$ 779,333</u>	<u>7</u>	<u>\$ 1,486,545</u>	<u>14</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owner(s) of the Company	\$ 706,306	7	\$ 1,488,045	14
Non-controlling interests	<u>14,000</u>	<u>-</u>	<u>62,455</u>	<u>1</u>
	<u>\$ 720,306</u>	<u>7</u>	<u>\$ 1,550,500</u>	<u>15</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owner(s) of the Company	\$ 765,463	7	\$ 1,424,081	14
Non-controlling interests	<u>13,870</u>	<u>-</u>	<u>62,464</u>	<u>-</u>
	<u>\$ 779,333</u>	<u>7</u>	<u>\$ 1,486,545</u>	<u>14</u>
<b>EARNINGS PER SHARE (Note 28)</b>				
From continuing and discontinued operations				
Basic	<u>\$ 3.39</u>		<u>\$ 8.02</u>	
Diluted	<u>\$ 3.33</u>		<u>\$ 7.89</u>	
From continuing operations				
Basic	<u>\$ 3.39</u>		<u>\$ 4.21</u>	
Diluted	<u>\$ 3.33</u>		<u>\$ 4.14</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

# NICHIDENBO CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company					Other Equity (Notes 24 and 29)			Non-controlling Interests (Notes 24, 29, 30, 31 and 32)	Total Equity	
	Ordinary Shares (Notes 24 and 29)	Capital Surplus (Notes 24, 29 and 32)	Retained Earnings (Note 24)		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits			Total
			Legal Reserve	Special Reserve							
BALANCE AT JANUARY 1, 2022	\$ 1,786,572	\$ 475,353	\$ 690,815	\$ 10,950	\$ 1,480,027	\$ (54,771)	\$ 86,237	\$ -	\$ 4,475,183	\$ 402,787	\$ 4,877,970
Appropriation of 2021 earnings											
Legal reserve	-	-	94,567	-	(94,567)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(714,629)	-	-	-	(714,629)	-	(714,629)
Total	-	-	94,567	-	(809,196)	-	-	-	(714,629)	-	(714,629)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(54,545)	(54,545)
Other changes in capital surplus	-	189	-	-	-	-	-	-	189	4	193
Net profit for the year ended December 31, 2022	-	-	-	-	1,488,045	-	-	-	1,488,045	62,455	1,550,500
Other comprehensive (loss) income for the year ended December 31, 2022, net of income tax	-	-	-	-	8,427	20,427	(92,818)	-	(63,964)	9	(63,955)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,496,472	20,427	(92,818)	-	1,424,081	62,464	1,486,545
Issuance of common stock for cash	300,000	1,020,600	-	-	-	-	-	-	1,320,600	-	1,320,600
Difference between consideration and carrying amount of subsidiaries' net assets during actual acquisition or disposals	-	(553)	-	-	-	-	-	-	(553)	(2,967)	(3,520)
Issuance of restricted shares for employees	40,000	125,911	-	-	-	-	-	(82,937)	82,974	-	82,974
Share-based payment arrangements	-	-	-	-	-	-	-	15,551	15,551	4,381	19,932
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	(376,498)	(376,498)
BALANCE AT DECEMBER 31, 2022	2,126,572	1,621,500	785,382	10,950	2,167,303	(34,344)	(6,581)	(67,386)	6,603,396	35,626	6,639,022
Appropriation of 2022 earnings											
Legal reserve	-	-	149,647	-	(149,647)	-	-	-	-	-	-
Special reserve	-	-	-	40,925	(40,925)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,169,614)	-	-	-	(1,169,614)	-	(1,169,614)
Total	-	-	149,647	40,925	(1,360,186)	-	-	-	(1,169,614)	-	(1,169,614)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(9,445)	(9,445)
Other changes in capital surplus	-	439	-	-	-	-	-	-	439	17	456
Net profit for the year ended December 31, 2023	-	-	-	-	706,306	-	-	-	706,306	14,000	720,306
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(301)	(7,057)	66,515	-	59,157	(130)	59,027
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	706,005	(7,057)	66,515	-	765,463	13,870	779,333
Share-based payment arrangements	-	3,157	-	-	794	-	-	30,411	34,362	-	34,362
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	23,916	-	(23,916)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 2,126,572	\$ 1,625,096	\$ 935,029	\$ 51,875	\$ 1,537,832	\$ (41,401)	\$ 36,018	\$ (36,975)	\$ 6,234,046	\$ 40,068	\$ 6,274,114

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

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax		
Income before income tax from continuing operations	\$ 922,693	\$ 1,020,343
Income before income tax from discontinued operations	<u>-</u>	<u>785,072</u>
	<u>922,693</u>	<u>1,805,415</u>
Adjustments for:		
Depreciation expense	26,378	29,763
Amortization expense	4,442	9,680
Expected credit loss (gain)	974	(150)
Net loss on fair value changes of financial assets or liabilities at fair value through profit or loss	604	2,750
Finance costs	78,548	40,117
Interest income	(39,072)	(17,283)
Dividends income	(20,745)	(20,994)
Share-based payment	31,989	19,932
Loss on disposal of property, plant and equipment	24	690
Gain on disposal of subsidiary	-	(660,235)
Inventory write-downs	-	1,308
Loss on net realizable value of inventories	40,887	12,287
Impairment losses	-	3,449
Others	794	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	101,750	(48,470)
Notes receivables	(3,204)	18,813
Trade receivables from unrelated parties	(246,906)	270,188
Other receivables from unrelated parties	(6,445)	(95)
Inventories	339,533	(28,193)
Prepayments	939	(5,142)
Other current assets	(478)	4
Net defined benefit asset	(104)	603
Financial liabilities held for trading	(3,906)	-
Contract liabilities	4,082	(3,369)
Notes payables	45	(112)
Trade payables to unrelated parties	90,381	(240,470)
Other payables to unrelated parties	(79,488)	81,146
Other current liabilities	(4,804)	14,266
Net defined benefit liabilities	<u>(6,282)</u>	<u>(3,267)</u>
Cash generated from operating activities	1,232,629	1,282,631
Interest received	37,496	15,030
Interest paid	(74,626)	(37,582)
Income tax received	1,815	1,593
Income tax paid	<u>(238,852)</u>	<u>(309,324)</u>
Net cash generated from operating activities	<u>958,462</u>	<u>952,348</u>

(Continued)

# NICHIDENBO CORPORATION AND SUBSIDIARIES

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

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 259,252	\$ -
Purchase of financial assets at amortized cost	(1,572,703)	(1,475,836)
Proceeds from sale of financial assets at amortized cost	1,877,652	818,347
Net cash outflow on acquisition of subsidiary	-	(62,266)
Disposal of subsidiaries	-	599,270
Payments for property, plant and equipment	(5,342)	(1,181)
Proceeds from disposal of property, plant and equipment	14	28
Increase in refundable deposits	(1,749)	(206)
Payments for intangible assets	(375)	(5,407)
Payments for investment properties	(70,691)	-
Dividends received	<u>20,745</u>	<u>20,994</u>
Net cash generated from (used in) investing activities	<u>506,803</u>	<u>(106,257)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	5,733,320	7,956,348
Repayments of short-term borrowings	(5,348,819)	(8,720,051)
Proceeds from short-term bills payable	28,963	495,074
Repayments of short-term bills payable	(28,963)	(730,013)
Guarantee deposits received	3	16
Repayment of the principal portion of lease liabilities	(14,233)	(16,786)
Cash dividends paid	(1,169,614)	(714,629)
Proceeds from issuance of common stock	-	1,320,600
Dividends paid to non-controlling interests	(9,445)	(54,545)
Changes of non-controlling interests	-	(3,520)
Proceeds from issuance of restricted shares for employees	-	87,720
Dividends from claims extinguished by prescription	<u>456</u>	<u>193</u>
Net cash used in financing activities	<u>(808,332)</u>	<u>(379,593)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>82</u>	<u>8,265</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	657,015	474,763
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,424,947</u>	<u>950,184</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,081,962</u>	<u>\$ 1,424,947</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

# NICHIDENBO CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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### 1. GENERAL INFORMATION

Nichidenbo Corporation (the “Company”) was established on January 4, 1993 in New Taipei City. The Company engages mainly in sales and marketing of electronic components.

On December 31, 2007, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 13, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024

Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of the above amendments to standards and interpretations did not have material impact on the Group’s financial position and financial performance.

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

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

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

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

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

#### d. Basis of consolidation

- 1) The basis for the consolidated financial statements

The consolidated financial statements incorporate the consolidated financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.



2) The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		Note
			December 31		
			2023	2022	
Nichidenbo Corporation	Vic-Dawn Enterprise Co., Ltd. (Vic-Dawn)	Sales and marketing of electronic components	95.31	95.31	
	Nichidenbo (Mauritius) Ltd. (NDB (Mauritius))	Investment activities	100.00	100.00	
	Lipers Enterprise Co., Ltd. (Lipers)	Sales and marketing of electronic components	99.34	99.34	
	Scope Technology Co., Ltd. (Scope)	Sales and marketing of electronic components	100.00	100.00	
	Advance Electronic Supply Inc. (AES)	Sales and marketing of electronic components	100.00	100.00	1
	Tonsam Corporation (Tonsam)	Sales and marketing of electronic components	100.00	100.00	
	Sentelic Corporation (Sentelic)	Manufacturing, sales and marketing of electronic components	-	9.68	2
	Lipers (Hong Kong) Enterprise Co., Ltd. (Lipers (HK))	Sales and marketing of electronic components	100.00	100.00	3
	Koho (Taiwan) Co., Ltd. (Koho)	Sales and marketing of electronic components	85.00	85.00	4
Nichidenbo (Mauritius) Corporation	Nichidenbo (Shenzhen) Trading Co., Ltd. (NDB (Shenzhen))	Sales and marketing of electronic components	100.00	100.00	
	Nichidenbo Suzhou Trading Co., Ltd. (NDB (Suzhou))	Sales and marketing of electronic components	100.00	100.00	
Lipers (Hong Kong) Enterprise Co., Ltd.	Lipers Electronic (Shenzhen) Co., Ltd. (Lipers Electronics (Shenzhen))	Sales and marketing of electronic components	100.00	100.00	

Note 1: AES's board of directors resolved to increase the capital from retained earnings by \$97,448 thousand on May 24, 2022, and the subscription base date was on May 31, 2022.

Note 2: As of December 31, 2022, the Company holds 46.00% interest in Sentelic. Sentelic is a listed company, and the remaining 54.00% interest in Sentelic is dispersed and held by thousands of shareholders that are unrelated to the Company. The directors of the Company considered the Company's absolute size of holding in Sentelic and the relative size of dispersion of the shareholdings owned by the other shareholders and concluded that the Company has the practical ability to direct the relevant activities of Sentelic and, therefore, the Company has control over Sentelic.

The Company participated in Weltrend Semiconductor Incorporated's takeover bid for 10,710,000 common shares of Sentelic on August 24, 2022. The Company's shareholding in Sentelic decreased from 46.00% to 9.68%. The control of Sentelic was passed to the acquirer, and the unsold interest was recognized as gain on disposal of \$660,235 thousand and recorded in financial assets at FVTOCI. (Profit was recorded in net profit from discontinued operations).

The Company disposed of all 2,908,732 shares of Sentelic Corporation from July 1 to September 30, 2023.

Note 3: Lipers (HK)'s board of directors resolved to reduce the capital and refund the amount of \$76,081 thousand (HK\$18,643 thousand) on August 31, 2023, and the base date was September 11, 2023.

Note 4: The Company signed a share sale and purchase agreement with non-related parties, acquiring 2,550,000 common shares of Koho, at a consideration of \$81,600 thousand in total at a price of \$32 on January 26 and March 3, 2022. The Company holds a 85% interest in Koho, and therefore, it became a subsidiary.

#### e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value.

#### f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

For the purpose of presenting consolidated financial statements, the financial statements of its foreign operations/the Company's foreign operations (including

subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

#### g. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

#### h. Property, plant and equipment

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

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

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

#### i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of investment properties is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

#### j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or Groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-

generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### k. Intangible assets

##### 1) Intangible assets acquired separately

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

## 2) Derecognition of intangible assets

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

### 1. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

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

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

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

### m. Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial

liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 35.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and commercial paper with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement



All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

#### n. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods comes from sales of electronic components. Sales of electronic components are recognized as revenue when the goods are delivered to the customer's specific location and signed by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and sales revenue are recognized concurrently.

#### o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

#### 1) The Group as lessor

All leases are classified as operating leases.

Under finance leases, the lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

#### 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

#### p. Borrowing costs

All borrowing costs are recognized in profit or loss in the year in which they are incurred.

#### q. Employee benefits

##### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

##### 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

#### r. Share-based payment arrangements

##### Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in capital surplus - other equity - unearned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

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

#### s. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

### 3) Current and deferred taxes

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### **Key Sources of Estimation Uncertainty**

#### **a. Estimated impairment of financial assets**

The provision for impairment of trade receivables and notes receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

#### **b. Valuation of inventories**

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 875	\$ 699
Demand deposits and checking accounts	383,542	429,020
Cash equivalents		
Time deposits	1,564,763	815,038
Commercial paper	<u>132,782</u>	<u>180,190</u>
	<u>\$ 2,081,962</u>	<u>\$ 1,424,947</u>

The market rate intervals of time deposits and commercial paper at the end of the year were as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Time deposits	1.100%- 5.200%	0.965%- 4.000%
Commercial paper	0.840%- 5.400%	0.620%- 0.850%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Held-for-trading		
Forward exchange contracts	<u>\$ 1,558</u>	<u>\$ -</u>
Financial assets mandatorily classified as at FVTPL		
Domestic mutual funds	\$ -	\$ 100,000
Unrealized loss on financial assets	<u>-</u>	<u>6</u>
	<u>\$ -</u>	<u>\$ 100,006</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Sell	USD/NTD	2024.01.16	USD1,000/NTD31,350
Sell	USD/NTD	2024.02.15	USD1,000/NTD31,246

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. As of December 31, 2022, there wasn't any foreign exchange forward contracts of the Group.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Investments in equity instruments	<u>\$ 102,333</u>	<u>\$ 303,715</u>
<u>Non-current</u>		
Investments in equity instruments	<u>\$ 96,979</u>	<u>\$ 93,384</u>
<u>Investments in equity instruments</u>		
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Domestic investments		
Listed shares	\$ 8,001	\$ 243,337
Unrealized gain (loss) on financial assets	<u>2,490</u>	<u>(56,064)</u>
	<u>10,491</u>	<u>187,273</u>
Foreign investments		
Listed shares	133,933	133,933
Unrealized loss on financial assets	<u>(42,091)</u>	<u>(17,491)</u>
	<u>91,842</u>	<u>116,442</u>
	<u>\$ 102,333</u>	<u>\$ 303,715</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 30,000	\$ 30,000
Unrealized gain on equity instruments	<u>66,979</u>	<u>63,384</u>
	<u>\$ 96,979</u>	<u>\$ 93,384</u>

The Group's hold on Sentelic's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic passed to the acquirer. At the same time, the carrying amount of the unsold interest, which was recorded in financial assets at fair value through other comprehensive income - current of \$197,794 thousand, calculated based on the closing price at the date of disposal.

The Group disposed of all 2,908,732 shares of Sentelic Corporation from July 1 to September 30, 2023.

The Group holds the domestic listed shares, the domestic unlisted shares and foreign listed shares for medium to long-term strategic purposes, expecting to make a profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 505,000</u>	<u>\$ 810,000</u>
<u>Non-current</u>		
Pledged time deposits	\$ 165,668	\$ 165,617
Restricted cash	<u>13,262</u>	<u>13,262</u>
	<u>\$ 178,930</u>	<u>\$ 178,879</u>

a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

b. Refer to Note 37 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at amortized cost:

	<u>At Amortized Cost</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>At amortized cost (current and non-current)</u>		
Gross carrying amount	\$ 683,930	\$ 988,879
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 683,930</u>	<u>\$ 988,879</u>

The credit risk of financial instruments such as bank deposits is measured and monitored by the finance department. The Group selects the transaction partners and the performing parties which are all banks with good credit.



## 11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 115,538	\$ 114,251
Less: Allowance for impairment loss	<u>(577)</u>	<u>(571)</u>
	<u>\$ 114,961</u>	<u>\$ 113,680</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable - operating	\$ 114,958	\$ 113,677
Notes receivable non-operating	<u>3</u>	<u>3</u>
	<u>\$ 114,961</u>	<u>\$ 113,680</u>

### Trade receivables

At amortized cost		
Gross carrying amount	\$ 3,310,183	\$ 3,067,007
Less: Allowance for impairment loss	<u>(20,869)</u>	<u>(19,974)</u>
	<u>\$ 3,289,314</u>	<u>\$ 3,047,033</u>

### Other receivables

VAT refundable	\$ 26,282	\$ 19,401
Others	<u>6,209</u>	<u>5,111</u>
	<u>\$ 32,491</u>	<u>\$ 24,512</u>

(Concluded)

#### a. Notes receivable

As of December 31, 2023 and 2022, the notes receivable did not expire.

Refer to Note 35 for the amount of discounted notes receivable and related terms of the Group.

#### b. Trade receivables

The average credit period on sales of goods is 90 to 150 days. In order to

minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

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

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.50%-4.14%	0.50%-36.88%	0.50%-46.72%	0.50%-68.17%	100.00%	
Gross carrying amount	\$ 3,291,514	\$ 11,554	\$ 3,236	\$ 742	\$ 3,137	\$ 3,310,183
Loss allowance (Lifetime ECLs)	<u>(16,646)</u>	<u>(467)</u>	<u>(342)</u>	<u>(277)</u>	<u>(3,137)</u>	<u>(20,869)</u>
Amortized cost	<u>\$ 3,274,868</u>	<u>\$ 11,087</u>	<u>\$ 2,894</u>	<u>\$ 465</u>	<u>\$ -</u>	<u>\$ 3,289,314</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.50%-1.79%	0.50%-20.36%	0.50%-24.75%	38.02%-63.54%	100.00%	-
Gross carrying amount	\$ 3,038,378	\$ 23,795	\$ 2,992	\$ 284	\$ 1,558	\$ 3,067,007
Loss allowance (Lifetime ECLs)	<u>(15,602)</u>	<u>(2,295)</u>	<u>(356)</u>	<u>(163)</u>	<u>(1,558)</u>	<u>(19,974)</u>
Amortized cost	<u>\$ 3,022,776</u>	<u>\$ 21,500</u>	<u>\$ 2,636</u>	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 3,047,033</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 20,545	\$ 21,160
Add: Acquisitions through business combinations	-	62
Add: Reclassification of overdue receivables	-	20
Add: Remeasurement of loss allowance	3,839	2,714
Less: Amounts written off	-	(20)
Less: Reversal of loss allowance	(2,865)	(2,864)
Less: Derecognized on disposal of a subsidiary	-	(616)
Foreign exchange gains and losses	<u>(73)</u>	<u>89</u>
Balance at December 31	<u>\$ 21,446</u>	<u>\$ 20,545</u>

**12. INVENTORIES**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Merchandise and finished goods	<u>\$ 1,934,283</u>	<u>\$ 2,317,061</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 8,972,607	\$ 8,853,959
Loss on net realizable value of inventories	40,887	12,287
Loss on physical inventory	6	93
Inventory write-downs	<u>-</u>	<u>1,308</u>
	9,013,500	8,867,647
Cost of goods sold from discontinued operation (Note 13)	<u>-</u>	<u>(207,159)</u>
	<u><b>\$ 9,013,500</b></u>	<u><b>\$ 8,660,488</b></u>

### 13. DISCONTINUED OPERATION

The Group's hold on Sentelic's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic passed to the acquirer, and the unsold interest was recorded in financial assets at fair value through other comprehensive income. The Group regarded Sentelic as a cash generating unit; therefore, reclassified the income (loss) of the cash generating unit to discontinued operation. The Group reclassified the income/loss of discontinued operations for the seven months ended July 31, 2022 and made the related period information of the consolidated income statements more relevant.

The details of profit (loss) from discontinued operations and the related cash flow information were as follows:

	<b>January 1, 2022 to July 31, 2022</b>
Operating revenue	\$ 390,536
Operating costs	<u>(207,159)</u>
Gross profit	183,377
Selling and marketing expenses	(16,855)
General and administrative expenses	(20,893)
Research and development expenses	(47,705)
Expected credit losses	<u>(10)</u>
Profit from operations	97,914
Interest revenue	2,459
Other revenue	119
Other gains and losses	24,476
Finance costs	<u>(131)</u>
Profit before income tax	124,837
Income tax expense	<u>(25,173)</u>
Net profit for the year	99,664
Gain on disposals (Note 31)	<u>660,235</u>
Net profit from discontinued operations	<u><b>\$ 759,899</b></u>
Net profit from discontinued operations attributable to	
Owners of the Company	\$ 707,013
Non-controlling interests	<u>52,886</u>
	<u><b>\$ 759,899</b></u>

(Continued)

**January 1,  
2022 to July  
31, 2022**

Cash flows	
Operating activities	\$ 48,778
Investing activities	30,850
Financing activities	<u>(97,600)</u>
Net cash outflows	<u>\$ (17,972)</u> (Concluded)

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Other Equipment	Construction in Progress	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 423,144	\$ 256,842	\$ 24,768	\$ -	\$ 704,754
Additions	-	-	4,578	764	5,342
Disposals/derecognition	-	-	(2,028)	-	(2,028)
Reclassification	54,226	16,280	840	(764)	70,582
Effects of foreign currency exchange difference	<u>-</u>	<u>(1,328)</u>	<u>(99)</u>	<u>-</u>	<u>(1,427)</u>
Balance at December 31, 2023	<u>\$ 477,370</u>	<u>\$ 271,794</u>	<u>\$ 28,059</u>	<u>\$ -</u>	<u>\$ 777,223</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 77,238	\$ 13,061	\$ -	\$ 90,299
Depreciation expense	-	6,971	4,158	-	11,129
Disposals/derecognition	-	-	(1,990)	-	(1,990)
Effects of foreign currency exchange difference	<u>-</u>	<u>(612)</u>	<u>(56)</u>	<u>-</u>	<u>(668)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 83,597</u>	<u>\$ 15,173</u>	<u>\$ -</u>	<u>\$ 98,770</u>
Carrying amount at December 31, 2023	<u>\$ 477,370</u>	<u>\$ 188,197</u>	<u>\$ 12,886</u>	<u>\$ -</u>	<u>\$ 678,453</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 423,144	\$ 255,792	\$ 39,747	\$ -	\$ 718,683
Additions	-	-	1,181	-	1,181
Disposals/derecognition	-	-	(2,673)	-	(2,673)
Acquisitions through business combinations (Note 30)	-	-	2,171	-	2,171
Derecognized on disposal of a subsidiary (Note 31)	-	-	(15,729)	-	(15,729)
Effects of foreign currency exchange differences	<u>-</u>	<u>1,050</u>	<u>71</u>	<u>-</u>	<u>1,121</u>
Balance at December 31, 2022	<u>\$ 423,144</u>	<u>\$ 256,842</u>	<u>\$ 24,768</u>	<u>\$ -</u>	<u>\$ 704,754</u>

(Continued)

	Land	Buildings	Other Equipment	Construction in Progress	Total
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 70,097	\$ 16,021	\$ -	\$ 86,118
Depreciation expense	-	6,753	5,328	-	12,081
Disposals/derecognition	-	-	(1,955)	-	(1,955)
Acquisitions through business combinations (Note 30)	-	-	1,296	-	1,296
Derecognized on disposal of a subsidiary (Note 31)	-	-	(7,675)	-	(7,675)
Effects of foreign currency exchange differences	-	388	46	-	434
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 77,238</u>	<u>\$ 13,061</u>	<u>\$ -</u>	<u>\$ 90,299</u>
Carrying amount at December 31, 2022	<u>\$ 423,144</u>	<u>\$ 179,604</u>	<u>\$ 11,707</u>	<u>\$ -</u>	<u>\$ 614,455</u> (Concluded)

Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Buildings	20-55 years
Other equipment	3-7 years

Refer to Note 37 for property, plant and equipment pledged as collateral for the payment of purchase.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	2023	2022
Carrying amounts of right-of-use assets		
Building	<u>\$ 30,899</u>	<u>\$ 9,046</u>
	<u>For the Year Ended December 31</u>	
	2023	2022
Additions to right-of-use assets	<u>\$ 36,339</u>	<u>\$ 884</u>
Derecognized on disposal of a subsidiary (Note 31)	<u>\$ -</u>	<u>\$ 11,008</u>
Depreciation expense of the right-of-use asset		
Building	\$ 14,003	\$ 16,076
Less: Depreciation expense of discontinued operations	-	(2,854)
	<u>\$ 14,003</u>	<u>\$ 13,222</u>

Except for the aforementioned additions and recognized depreciation, there were no material subleases or impairment of the Group's right-of-use assets in 2023 and 2022.

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	<u>\$ 9,771</u>	<u>\$ 9,740</u>
Non-current	<u>\$ 22,116</u>	<u>\$ 544</u>

Range of discount rates for lease liabilities is as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Buildings	1.20%-3.55%	1.20%-4.35%

c. Other lease information

Refer to Note 16 for lease arrangements under operating leases of investment properties.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 5,573</u>	<u>\$ 6,774</u>
Expenses relating to low-value asset leases	<u>\$ 241</u>	<u>\$ 239</u>
Total cash outflow of leases	<u>\$ 20,484</u>	<u>\$ 24,549</u>

**16. INVESTMENT PROPERTIES**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Cost</u>		
Balances at January 1	\$ 224,910	\$ 224,648
Additions	56,791	-
Reclassification	(56,682)	-

Effects of foreign currency exchange differences	<u>(332)</u>	<u>262</u>
Balance at December 31	<u>\$ 224,687</u>	<u>\$ 224,910</u>
<u>Accumulated depreciation and impairment losses</u>		
Balance at January 1	\$ 33,445	\$ 28,292
Depreciation expense	1,246	1,606
Impairment losses	-	3,449
Effects of foreign currency exchange differences	<u>(226)</u>	<u>98</u>
Balance at December 31	<u>\$ 34,465</u>	<u>\$ 33,445</u>
Carrying amount at December 31	<u>\$ 190,222</u>	<u>\$ 191,465</u>



The investment properties are leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Less than a year	\$ 5,254	\$ 7,752
1-5 years	<u>405</u>	<u>3,177</u>
	<u>\$ 5,659</u>	<u>\$ 10,929</u>

The investment properties are depreciated using the straight-line method over 20 to 55 years of their estimated useful lives.

For those located in R.O.C., the fair value of the investment property as of December 31, 2023 and 2022 was \$266,921 thousand and \$234,733 thousand, respectively. The fair value of the investment property was appraised by the Group's management by reference to market evidence of transaction prices for similar properties.

For those located in China, the fair value of the investment property was appraised by the Group's management by reference to the income approach with the discounted cash flow method at the discount rate of 5.20%, and the fair value was measured using Level 3 inputs. The fair value in amount of \$5,872 thousand and \$6,166 thousand as of December 31, 2023 and 2022, respectively, and the difference between carrying amount of \$3,449 thousand as of December 31, 2022 was included in other gains and losses.

The investment properties are owned by the Group. The investment properties pledged as collateral for payment of purchase in Note 37.

## 17. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 21,805	\$ 28,990
Acquisitions through business combinations (Note 30)	-	21,805
Derecognized on disposal of a subsidiary (Note 31)	<u>-</u>	<u>(28,990)</u>
Balance at December 31	<u>\$ 21,805</u>	<u>\$ 21,805</u>

The carrying amount of goodwill was allocated to the cash-generating units as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Koho	<u>\$ 21,805</u>	<u>\$ 21,805</u>

The Group's hold on Sentelic's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic passed to the acquirer, and impairment losses of \$28,990 thousand was recognized.

The Group acquired Koho on January 26, 2022 and recognized goodwill of \$21,805 thousand.

It was indicated in a valuation report received in the current year that the fair values of other intangible assets and deferred income tax liabilities of Koho at the date of acquisition were \$37,000 thousand and \$7,400 thousand, respectively. The tentative price figures have been restated as if the initial accounting was completed at the acquisition date.

The impact of adjustments on related items of consolidated balance sheets is set out below:

	<b>Acquisition Date</b>
Other intangible assets	<u>\$ 37,000</u>
Goodwill adjustments	<u>\$(22,322)</u>
Deferred tax liabilities	<u>\$ 7,400</u>
Non-controlling interests	<u>\$ 7,278</u>

#### 18. OTHER INTANGIBLE ASSETS

	<b>Patents</b>	<b>Computer Software</b>	<b>Supplier Contracts</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2023	\$ -	\$ 2,876	\$ 37,000	\$ 39,876
Additions	-	375	-	375
Derecognition	-	(701)	-	(701)
Effect of foreign currency exchange differences	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 2,546</u>	<u>\$ 37,000</u>	<u>\$ 39,546</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ -	\$ 1,562	\$ 3,392	\$ 4,954
Amortization expenses	-	742	3,700	4,442
Derecognition	-	(701)	-	(701)
Effect of foreign currency exchange differences	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,601</u>	<u>\$ 7,092</u>	<u>\$ 8,693</u>
Carrying amount at December 31, 2023	<u>\$ -</u>	<u>\$ 945</u>	<u>\$ 29,908</u>	<u>\$ 30,853</u>

(Continued)

	<b>Patents</b>	<b>Computer Software</b>	<b>Supplier Contracts</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2022	\$ 13,600	\$ 15,926	\$ -	\$ 29,526
Acquisitions through business combinations (Note 30)	-	-	37,000	37,000
Additions	-	5,407	-	5,407
Derecognition	-	(264)	-	(264)
Derecognized on disposal of a subsidiary (Note 31)	(13,600)	(18,200)	-	(31,800)
Effect of foreign currency exchange differences	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 2,876</u>	<u>\$ 37,000</u>	<u>\$ 39,876</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 8,257	\$ 7,873	\$ -	\$ 16,130
Amortization expenses	1,133	5,155	3,392	9,680
Derecognition	-	(264)	-	(264)
Derecognized on disposal of a subsidiary (Note 31)	(9,390)	(11,209)	-	(20,599)
Effect of foreign currency exchange differences	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,562</u>	<u>\$ 3,392</u>	<u>\$ 4,954</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ 1,314</u>	<u>\$ 33,608</u>	<u>\$ 34,922</u> (Concluded)

The above items of other intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Patents	7 years
Computer software	1-5 years
Supplier contracts	10 years

## 19. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Others	<u>\$ 1,936</u>	<u>\$ 1,464</u>
<u>Non-current</u>		
Overdue receivables (Note)	\$ 79,395	\$ 79,395
Less: Allowance for impairment loss	<u>(79,395)</u>	<u>(79,395)</u>

\$ \_\_\_\_\_ -                      \$ \_\_\_\_\_ -

Note: The Group reclassified the impairment loss of trade receivables and relevant allowance for impairment loss, which were evaluated individually, to overdue receivables.

**20. BORROWINGS**

Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Secured loans</u>		
Unsecured bank loans	\$ 1,543,310	\$ 1,170,046
Secured bank loans	<u>11,068</u>	<u>-</u>
	<u>\$ 1,554,378</u>	<u>\$ 1,170,046</u>

The market rate interval of short-term borrowings at the end of the year was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank loans	0.563425%- 6.512000%	0.528541%- 6.000000%
Secured bank loans	1.200000%	-

Refer to Notes 35 and 37 for information on the use of commercial bills receivable as collateral mortgage by NDB's (Suzhou) to China Merchants Bank.

**21. TRADE PAYABLES**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes payables</u>		
Non-operating	<u>\$ 251</u>	<u>\$ 207</u>
<u>Trade payables</u>		
Operating	<u>\$ 980,730</u>	<u>\$ 891,409</u>

## 22. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 213,516	\$ 285,581
Payables for purchase and selling	25,503	27,117
Payables for annual leave	12,330	12,034
Interest payable	7,856	3,934
VAT payable	1,289	1,886
Other	<u>39,321</u>	<u>46,765</u>
	<u>\$ 299,815</u>	<u>\$ 377,317</u>
Other liabilities		
Refund liabilities	\$ 40,463	\$ 45,275
Other	<u>2,485</u>	<u>2,479</u>
	<u>\$ 42,948</u>	<u>\$ 47,754</u>

## 23. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

NDB (Shenzhen), NDB (Suzhou) Corporation, Lipers (HK) and Lipers Electronics (Shenzhen), which is a state-managed defined contribution plan, makes contributions to employee's pension accounts at a defined rate of standard wages legalized by the local government in the manner of the defined contribution plan.

### b. Defined benefit plans

The defined benefit plan adopted by the Company, Vic-Dawn, Tonsam, Lipers and Koho of the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company,

Vic-Dawn, Tonsam, Lipers and Koho contribute amounts equal to 2%, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

Lipers had applied a suspension of pension contribution to the pension fund from December 2002 to November 2024, and had been approved by Labor Affairs Department of New Taipei City Government.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 61,135	\$ 61,958
Fair value of plan assets	<u>(41,388)</u>	<u>(36,201)</u>
Deficit	19,747	25,757
Net defined benefit assets	<u>3,817</u>	<u>4,043</u>
Net defined benefit liability	<u>\$ 23,564</u>	<u>\$ 29,800</u>

Movements in net defined benefit liability are as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2023	<u>\$ 61,958</u>	<u>\$(36,201)</u>	<u>\$ 25,757</u>
Service cost			
Current service cost	845	-	845
Net interest expense (income)	<u>896</u>	<u>(576)</u>	<u>320</u>
Recognized in profit or loss	<u>1,741</u>	<u>(576)</u>	<u>1,165</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(91)	(91)
Actuarial loss - changes in financial assumptions	581	-	581
Actuarial gain - experience adjustments	<u>(114)</u>	<u>-</u>	<u>(114)</u>
Recognized in other comprehensive income	<u>467</u>	<u>(91)</u>	<u>376</u>
Contributions from the employer	-	(7,551)	(7,551)
Benefits paid	<u>(3,031)</u>	<u>3,031</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 61,135</u>	<u>\$(41,388)</u>	<u>\$ 19,747</u>
Balance at January 1, 2022	<u>\$ 75,223</u>	<u>\$(34,736)</u>	<u>\$ 40,487</u>
Service cost			
Current service cost	1,284	-	1,284
Net interest expense (income)	<u>374</u>	<u>(177)</u>	<u>197</u>
Recognized in profit or loss	<u>1,658</u>	<u>(177)</u>	<u>1,481</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,160)	(2,160)
Actuarial gain - changes in financial assumptions	(6,617)	-	(6,617)
Actuarial gain - experience adjustments	<u>(1,918)</u>	<u>-</u>	<u>(1,918)</u>
Recognized in other comprehensive	<u>(8,535)</u>	<u>(2,160)</u>	<u>(10,695)</u>

income			
Contributions from the employer	-	(4,145)	(4,145)
Benefits paid	(3,780)	3,780	-
Acquisitions through business combinations (Note 30)	3,212	(2,638)	574
Derecognized on disposal of a subsidiary (Note 31)	<u>(5,820)</u>	<u>3,875</u>	<u>(1,945)</u>
Balance at December 31, 2022	<u>\$ 61,958</u>	<u>\$(36,201)</u>	<u>\$ 25,757</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.125%- 1.375%	1.375%- 1.750%
Expected rate(s) of salary increase	2.000%- 2.750%	2.000%- 3.000%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s) 0.25% increase	<u>\$ (1,183)</u>	<u>\$ (1,310)</u>



0.25% decrease	<u>\$ 1,222</u>	<u>\$ 1,355</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,185</u>	<u>\$ 1,316</u>
0.25% decrease	<u>\$ (1,153)</u>	<u>\$ (1,279)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The expected contributions to the plan for the next year	<u>\$ 1,895</u>	<u>\$ 3,609</u>
The average duration of the defined benefit obligation	7.2-13.2 years	8.1-14.2 years

## 24. EQUITY

### a. Share capital

#### Common stock

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>212,657</u>	<u>212,657</u>
Shares issued	<u>\$ 2,126,572</u>	<u>\$ 2,126,572</u>

Common stock issued had a par value of NT\$10, and holders have the right to vote and receive dividends.

Of the Company's authorized shares, 10,000 thousand shares were reserved for the issuance of convertible bonds, preferred shares and employee share options, respectively.

On July 14, 2022, the Company's board meeting resolved to issue the first-time employee restricted stock awards (RSAs) for the year 2022 in a total of 4,000 thousand shares. The aforementioned issuance of new shares was approved. The registration has been completed, and the subscription base date was July 22, 2022.

In order to enrich operating capital, intensify financial structure and provide capital demands for the company's long term operating development, the Company raised fund and introduced strategic investors. On June 15, 2022, the Company held shareholder's meeting and a resolution was passed to increase cash capital by issuing 30,000 thousand common stock through private placement. On October 6, 2022, the Company's board of directors resolved to offer for subscription with the subscriber - Wt Microelectronics Co., Ltd. at a price of \$44.02 at premium, and a total cash of \$1,320,600 thousand was received. The subscription base date was on October 7, 2022, and the registration has been completed on October 25, 2022.

The aforementioned rights and obligations of private placement of new shares were same as which the common stock the Company had issued. However, in accordance with Article 43-8 under the Securities and Exchange Act, the common stock of this private placement shall not be freely transferred within three years from

the date of subscription, except as otherwise specified in laws and regulations for special circumstances. The board of directors was authorized to finish the public offering procedure ex post facto with the competent authority and apply for trading on the exchange or OTC market.

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of common stock	\$ 1,301,615	\$ 1,301,615
Conversion of bonds	111,200	111,200
Treasury share transactions	19,455	19,455
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 15,334	\$ 15,334
From business combinations	289	289
Other	<u>3,814</u>	<u>3,814</u>
	<u>1,451,707</u>	<u>1,451,707</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries	42,656	42,656
Other	<u>1,665</u>	<u>1,226</u>
	<u>44,321</u>	<u>43,882</u>
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>129,068</u>	<u>125,911</u>
	<u>\$ 1,625,096</u>	<u>\$ 1,621,500</u>
		(Concluded)

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

### c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 15, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. In accordance with Article 240 of Company Act, the Company authorizes the board of directors to attend by over two-thirds of the directors, and over half of the directors' resolution to distribute dividends, bonuses, all or part of the legal reserve and capital surplus stipulated in Article 241 of Company Act in the form of cash, and report to the shareholders' meeting, which shall not be subject to the provisions of shareholders' meeting resolution.

Under the dividends policy as set forth in the Articles, if there is a surplus in the final accounts of the Company, the tax shall be paid first to make up for previous losses, and 10% shall be added to the legal reserve, except when the legal reserve has reached the paid-up capital of the company. In addition, the special reserve shall be listed or reversed according to the Company's operating needs and legal regulations.

The total amount of dividends distributed each year shall not be less than 50% of the distributable earnings of the current year, and the board of directors shall draft a surplus distribution plan to shareholders' meeting resolution for distribution. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 26(g).

The Company will consider the environment and its growth stage, in response to future capital needs and long-term financial planning. The earnings shall be distributed in accordance with Article 21 of Articles of Incorporation, and the cash dividend distributed to shareholders in the current year shall be no less than 30% of the total amount of shareholders' dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 15, 2023 and June 15, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 149,647	\$ 94,567
Special reserve	\$ 40,925	\$ -
Cash dividends	\$ 1,169,614	\$ 714,629
Cash dividends per share (NT\$)	\$ 5.5	\$ 4.0

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 13, 2024, were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 73,072
Reversal of special reserve	\$ 40,925
Cash dividends	\$ 723,034
Cash dividends per share (NT\$)	\$ 3.40

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 25, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 10,950	\$ 10,950
Special reserve appropriated		
Debits to other equity items	<u>40,925</u>	<u>-</u>
Balance at December 31	<u>\$ 51,875</u>	<u>\$ 10,950</u>

A proportionate share of special reserve relating to exchange differences from the translation of the financial statements of foreign operations (including the

subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

e.Others equity items

1) Exchange differences on translation of the financial statements of foreign operations	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$(34,344)</u>	<u>\$(54,771)</u>
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(7,057)	20,445
Reclassification adjustments		
Share from the disposal of subsidiaries (Note 31)	<u>-</u>	<u>(18)</u>
Other comprehensive income recognized for the year	<u>(7,057)</u>	<u>20,427</u>
Balance at December 31	<u>\$(41,401)</u>	<u>\$(34,344)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$ (6,581)</u>	<u>\$ 86,237</u>
Recognized for the year		
Unrealized gain (loss) on equity instruments	61,627	(96,293)
Related income tax	<u>4,888</u>	<u>3,475</u>
Other comprehensive income recognized for the year	<u>66,515</u>	<u>(92,818)</u>
Cumulative unrealized gain of equity investments transferred to retained earnings due to disposal	<u>(23,916)</u>	<u>-</u>
Balance at December 31	<u>\$ 36,018</u>	<u>\$ (6,581)</u>

f.Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 35,626	\$ 402,787
Share in profit for the year	14,000	62,455
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign entities	-	1
Unrealized loss on financial assets at FVTOCI	(162)	(145)
Remeasurement of defined benefit plans	-	162
Related income tax	32	(9)
Cash dividends paid by subsidiaries	(9,445)	(54,545)
Non-controlling interests of subsidiary's restricted shares for employees (Note 29)	-	4,381



Non-controlling interests from acquisition of subsidiaries  
(Note 30)

- 15,071  
(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Disposal of subsidiary control was lost (Note 31)	\$ -	\$(391,569)
Changes in the Group's ownership interests in existing subsidiaries (Note 32)	-	(2,967)
Other	<u>17</u>	<u>4</u>
Balance at December 31	<u>\$ 40,068</u>	<u>\$ 35,626</u>

(Concluded)

## 25. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 10,655,709	\$ 10,831,265
Revenue from discontinued operation (Note 13)	<u>-</u>	<u>(390,536)</u>
	<u>\$ 10,655,709</u>	<u>\$ 10,440,729</u>

### a. Contract information

#### Revenue from sale of goods

The Group sells electronic components to the manufacturers of the information products, video products, and electronic communication products. The amount of discount and related revenue are estimated using the most likely amount, taking into consideration the customer's historical purchase records. All other goods are sold at their respective amounts as agreed in the contracts.

### b. Contact balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Trade receivables, net (Note 11)	<u>\$ 3,289,314</u>	<u>\$ 3,047,033</u>	<u>\$ 3,332,017</u>
Contract liabilities - current			
Advance on contract	<u>\$ 6,311</u>	<u>\$ 2,281</u>	<u>\$ 5,692</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. The revenue recognized from the contract liability balance at the beginning for the year, which amounted to \$2,281 thousand and \$5,692 thousand for the years ended December 31, 2023 and 2022, respectively.

c.Contract detail

Refer to Note 42 for the details of revenue information.

## 26. NET PROFIT FOR THE YEAR

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 36,478	\$ 16,102
Others	<u>2,594</u>	<u>1,181</u>
	39,072	17,283
Profit (loss) from discontinued operations (Note 13)	<u>-</u>	<u>(2,459)</u>
	<u>\$ 39,072</u>	<u>\$ 14,824</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividends income	<u>\$ 20,745</u>	<u>\$ 20,994</u>
Rental income		
Investment properties	9,674	8,578
Depreciation of investment properties	<u>(1,246)</u>	<u>(1,606)</u>
	8,428	6,972
Remuneration of director acquired	<u>12,241</u>	<u>9,963</u>
Others	<u>24,597</u>	<u>7,478</u>
	66,011	45,407
Other income from discontinued operation (Note 13)	<u>-</u>	<u>(119)</u>
	<u>\$ 66,011</u>	<u>\$ 45,288</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 3,302	\$ (1,883)
Financial liabilities held for trading	(3,906)	(867)
Gain on disposal of investment	-	660,235
Net foreign exchange gains	23,992	139,424
Impairment loss	-	(3,449)
Loss on disposal of property, plant, and equipment	(24)	(690)

Others	<u>(394)</u>	<u>(263)</u>
	22,970	792,507
Other gains and losses from discontinued operation (Note 13)	<u>-</u>	<u>(684,711)</u>
	<u>\$ 22,970</u>	<u>\$ 107,796</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 78,091	\$ 39,358
Interest on lease liabilities	437	750
Interest on rental deposits	<u>20</u>	<u>9</u>
	78,548	40,117
Finance costs from discontinued operation (Note 13)	<u>-</u>	<u>(131)</u>
	<u>\$ 78,548</u>	<u>\$ 39,986</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 11,129	\$ 12,081
Right-of-use assets	14,003	16,076
Investment properties	1,246	1,606
Other intangible assets	<u>4,442</u>	<u>9,680</u>
	30,820	39,443
Depreciation and amortization from discontinued operation	<u>-</u>	<u>(9,956)</u>
	<u>\$ 30,820</u>	<u>\$ 29,487</u>
 An analysis of depreciation by function		
Operating costs	\$ -	\$ 744
Operating expenses	25,132	27,413
Non-operating income and expenses	<u>1,246</u>	<u>1,606</u>
	26,378	29,763
Depreciation from discontinued operation	<u>-</u>	<u>(4,316)</u>
	<u>\$ 26,378</u>	<u>\$ 25,447</u>
 An analysis of amortization by function		
Operating costs	\$ -	\$ 45
Operating expenses	<u>4,442</u>	<u>9,635</u>
	4,442	9,680
Amortization from discontinued operation	<u>-</u>	<u>(5,640)</u>
	<u>\$ 4,442</u>	<u>\$ 4,040</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 15,141	\$ 16,862
Defined benefit plans (Note 23)	<u>1,165</u>	<u>1,481</u>
	16,306	18,343
Share-based payments (Note 29)		
Equity-settled	31,989	19,932
Other employee benefits	<u>423,885</u>	<u>614,842</u>
	472,180	653,117
Employee benefits expense from discontinued operation	<u>-</u>	<u>(69,006)</u>
	<u>\$ 472,180</u>	<u>\$ 584,111</u>
An analysis of employee benefits expense by function		
Operating costs	\$ -	\$ 4,967
Operating expenses	<u>472,180</u>	<u>648,150</u>
	472,180	653,117
Employee benefits expense from discontinued operation	<u>-</u>	<u>(69,006)</u>
	<u>\$ 472,180</u>	<u>\$ 584,111</u>

g. Compensation of employees and remuneration of directors

If the Company makes a profit in a year, no less than 5% shall be set aside as employee compensation and no over 3% shall be set aside as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were calculated on the basis of historical experience and operating conditions, were approved by the Company's board of directors on March 13, 2024 and March 13, 2023, respectively, are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 60,583</u>	<u>\$ 121,401</u>
Remuneration of directors	<u>\$ 12,982</u>	<u>\$ 26,014</u>

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

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

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



## 27. INCOME TAXES

### a. Major components of tax expense recognized in profit or loss

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 199,184	\$ 256,109
Income tax on unappropriated earnings	6,814	6,960
Additional income tax under the Alternative Minimum Tax Act	-	9,898
Adjustments for prior year	<u>1,190</u>	<u>(413)</u>
	<u>207,188</u>	<u>272,554</u>
Deferred tax		
In respect of the current year	(4,968)	(17,605)
Adjustments for prior years	<u>167</u>	<u>(34)</u>
	<u>(4,801)</u>	<u>(17,639)</u>
Income tax expense recognized in profit or loss	202,387	254,915
Income tax expense from discontinued operation (Note 13)	<u>-</u>	<u>(25,173)</u>
	<u>\$ 202,387</u>	<u>\$ 229,742</u>

A reconciliation of accounting loss expense and income tax expense is as follows:

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 922,693</u>	<u>\$ 1,020,343</u>
Income tax benefit calculated at the statutory rate	\$ 191,365	\$ 359,929
Nondeductible expenses in determining taxable income	129	991
Deferred tax effect of earnings of subsidiaries	7,891	(10,213)
Tax exempt income	(4,429)	(136,615)
Additional income tax under the Alternative Minimum Tax Act	-	9,898
Income tax on unappropriated earnings	6,814	6,960
Adjustments for prior years' tax	1,190	(497)
Adjustments for prior years' deferred tax	167	(34)
Deferred tax from acquisitions through business combinations	<u>(740)</u>	<u>(677)</u>
Income tax expense recognized in profit or loss	<u>\$ 202,387</u>	<u>\$ 229,742</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	\$ (4,920)	\$ (3,498)
Remeasurement of defined benefit plans	<u>(75)</u>	<u>2,138</u>
Income tax recognized in other comprehensive income	<u>\$ (4,995)</u>	<u>\$ (1,360)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	<u>\$ 1,578</u>	<u>\$ 3,941</u>
Current tax liabilities		
Income tax payable	<u>\$ 85,728</u>	<u>\$ 118,053</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Provision for loss on inventories	\$ 16,125	\$ 7,820	\$ -	\$ 23,945
Allowance for impairment loss	13,824	(150)	-	13,674
Unrealized gross profit on sales	10,249	(2,158)	-	8,091
Unrealized sales allowance	9,055	(962)	-	8,093
Defined benefit obligation	5,627	(1,256)	9	4,380
Unrealized exchange loss	3,521	5,412	-	8,933
Financial assets at fair value through other comprehensive income	3,498	-	4,920	8,418
Payable for annual leave	2,238	60	-	2,298
Others	<u>225</u>	<u>(96)</u>	<u>-</u>	<u>129</u>
	<u>\$ 64,362</u>	<u>\$ 8,670</u>	<u>\$ 4,929</u>	<u>\$ 77,961</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries	\$ 66,521	\$ 4,530	\$ -	\$ 71,051
Other intangible assets	6,723	(740)	-	5,983
Defined contribution retirement benefit plan	628	21	(66)	583
Unrealized exchange profit	254	(254)	-	-
Financial assets at fair value through profit or loss	<u>-</u>	<u>312</u>	<u>-</u>	<u>312</u>
	<u>\$ 74,126</u>	<u>\$ 3,869</u>	<u>\$ (66)</u>	<u>\$ 77,929</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquisitions Through Business Combinations (Note 30)	Derecognized on Disposal of A Subsidiary (Note 31)	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Provision for loss on inventories	\$ 16,760	\$ 1,710	\$ -	\$ 20	\$ (2,365)	\$ 16,125
Allowance for impairment loss	13,736	88	-	-	-	13,824
Defined benefit obligation	7,722	(494)	(1,601)	-	-	5,627
Unrealized sales allowance	6,249	2,806	-	-	-	9,055
Unrealized gross profit on sales	5,758	4,491	-	-	-	10,249
Payable for annual leave	2,604	146	-	12	(524)	2,238
Unrealized exchange loss	1,213	2,284	-	24	-	3,521
Financial assets at fair value through other comprehensive income	-	-	3,498	-	-	3,498
Others	316	(91)	-	-	-	225
	<u>\$ 54,358</u>	<u>\$ 10,940</u>	<u>\$ 1,897</u>	<u>\$ 56</u>	<u>\$ (2,889)</u>	<u>\$ 64,362</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Share of profit or loss of subsidiaries	\$ 76,577	\$(10,056)	\$ -	\$ -	\$ -	\$ 66,521
Defined contribution retirement benefit plan	235	40	537	-	(184)	628
Unrealized exchange profit	123	3,994	-	-	(3,863)	254
Other intangible assets	-	(677)	-	7,400	-	6,723
	<u>\$ 76,935</u>	<u>\$ (6,699)</u>	<u>\$ 537</u>	<u>\$ 7,400</u>	<u>\$ (4,047)</u>	<u>\$ 74,126</u>

e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Deductible temporary differences</u>		
Impairment loss on goodwill	<u>\$ 50,011</u>	<u>\$ 50,011</u>
Impairment loss on financial assets	<u>\$ 11,028</u>	<u>\$ 11,028</u>

f. Income tax assessments

The income tax returns of the Company, Lipers, Scpoe, AES, Vic-dawn, Tonsam and Koho through 2021 have been assessed by the tax authorities.

**28. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

<b>For the Year Ended December 31</b>	
<u>2023</u>	<u>2022</u>

Basic earnings per share		
From continuing operations	\$ 3.39	\$ 4.21
From discontinued operations	<u>-</u>	<u>3.81</u>
Total basic earnings per share	<u>\$ 3.39</u>	<u>\$ 8.02</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Diluted earnings per share		
From continuing operations	\$ 3.33	\$ 4.14
From discontinued operations	<u>-</u>	<u>3.75</u>
Total diluted earnings per share	<u>\$ 3.33</u>	<u>\$ 7.89</u>

(Concluded)

The earnings and weighted average number of common stock outstanding used in computation of earnings per share were as follows:

#### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	\$ 706,306	\$ 1,488,045
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>-</u>	<u>707,013</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 706,306</u>	<u>\$ 781,032</u>

Weighted average number of common stock outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of common stock used in the computation of basic earnings per share	208,657	185,726
Effect of potentially dilutive common stock		
Compensation of employees	1,458	2,605
Share-based payment arrangements	<u>1,778</u>	<u>379</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>211,893</u>	<u>188,710</u>

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

## 29. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Employee share option plan of the Company

On March 23, 2022, the Company's board meeting resolved to issue the first employee restricted stock awards (RSAs), consisting of 4,000 thousand shares with a par value of NT\$10, in a total amount of \$40,000 thousand at a price of 50% of the closing price on the issuing date. This proposal was approved and became effective by the Financial Supervisory Commission (FSC) dated July 12, 2022. The Company's board meeting resolved to issue the RSAs on July 14, 2022, and the subscription base date was on July 22, 2022. The issue price and the fair value at grant date were \$21.93 per share and \$21.92 per share, respectively. If an employee remains employed by the Company for two years after that grant date, 40% of the restricted shares will be vested; if an employee remains employed by the Company for three years after that grant date, 30% of the restricted shares will be vested; if an employee remains employed by the Company for four years after that grant date, 30% of the restricted shares will be vested. There were 4,000 thousand of shares that had not met the vesting conditions as of the reporting date.

Movements in RSAs are as follows:

	<b>Common Stock</b>	<b>Capital Surplus - Restricted Stock Units</b>	<b>Capital Surplus - Issue of Shares at Premium</b>	<b>Other Equity - Unearned Stock-based Employee Compensation</b>
Amounts at July 14, 2022, the grant date of RSAs	\$ 40,000	\$ 125,911	\$ -	\$ (82,937)
Share-based payments recognized	-	-	-	15,551
Balance at December 31, 2022	40,000	125,911	-	(67,386)
Share-based payments recognized	-	-	-	31,989
Adjustment to the movement of resignation	-	3,157	-	(1,578)
Recognition of non-vesting condition dividends	-	-	794	-
Balance at December 31, 2023	<u>\$ 40,000</u>	<u>\$ 129,068</u>	<u>\$ 794</u>	<u>\$ (36,975)</u>

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The RSAs should be held in stock trust. During each vesting period, no employee granted RSAs, except for inheritance, may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.
- 2) The voting rights of the shareholders meeting shall be exercised by trust custodians in accordance with relevant laws and regulations.
- 3) Before the vesting conditions are fulfilled, the employees holding these shares are entitled to receive cash and share dividends, which are the same as those of holders of common stock of the Company. However, the employees holding these shares are not entitled with the subscription right of the new shares issued for any capital increase.



b. On May 4, 2023, the Company's board meeting resolved to issue the first employee restricted stock awards (RSAs), consisting of 4,000 thousand shares with a par value of NT\$10, in a total amount of \$40,000 thousand at the expected issuance price, which is 50% of the closing price on the issuance date. This aforementioned resolution was approved and became effective by the Financial Supervisory Commission (FSC) on October 11, 2023.

c. Employee share option plan of Sentelic

On May 24, 2019, Sentelic's shareholders meeting resolved to issue employee restricted stock awards (RSAs), consisting of 800 thousand shares in a total amount of \$8,000 thousand. The employee restricted stock awards were made free of charge and were granted to employees who were on duty before giving day. This proposal was approved and became effective by the Financial Supervisory Commission (FSC) dated October 4, 2019. The Sentelic's board meeting resolved to issue the RSAs on July 31, 2020, and the subscription base date was on August 10, 2020. The fair value at grant date were \$39.50 per share. If an employee remains employed by Sentelic for one year after that grant date, 40% of the restricted shares will be vested; if an employee remains employed by Sentelic for two years after that grant date, 30% of the restricted shares will be vested; if an employee remains employed by Sentelic for three years after that grant date, 30% of the restricted shares will be vested. There were 63 thousand of forfeited employee restricted shares due to resignation or not reaching the vesting condition. As of July 31, 2022, There were 433 thousand of shares that had not met the vesting conditions.

Movements in RSAs are as follows:

	<b>Common Stock</b>	<b>Capital Surplus - Restricted Stock Units</b>	<b>Capital Surplus - Issue of Shares at Premium</b>	<b>Other Equity - Unearned Stock-based Employee Compensation</b>
Amounts at July 31, 2020, the grant date of RSAs	\$ 8,000	\$ 18,188	\$ -	\$(26,188)
Share-based payments recognized	(130)	130	-	6,728
Adjustment to the movement	<u>-</u>	<u>(2,477)</u>	<u>-</u>	<u>2,477</u>

of resignation				
Balance at December 31, 2020	7,870	15,841	-	(16,983)
Share-based payments recognized	(304)	304	-	13,658
Vested restricted shares	-	(8,956)	8,956	-
Adjustment to the movement of resignation	<u>-</u>	<u>2,290</u>	<u>-</u>	<u>(2,290)</u>
Balance at December 31, 2021	7,566	9,479	8,956	(5,615)
Share-based payments recognized	(198)	198	-	4,381
Adjustment to the movement of resignation	<u>-</u>	<u>1,020</u>	<u>-</u>	<u>(1,020)</u>
Balance at July 31, 2022	<u>\$ 7,368</u>	<u>\$ 10,697</u>	<u>\$ 8,956</u>	<u>\$ (2,254)</u>

### 30. BUSINESS COMBINATIONS

#### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Koho	Sales and marketing of electronic components	January 26, 2022	81.33	<u>\$ 78,080</u>

#### b. Consideration transferred

The Group acquired Koho (Taiwan) Co., Ltd. at the consideration of \$78,080 thousand, and was paid in full on January 26, 2022. Acquisition-related costs were excluded from the consideration transferred and were recognized as expenses in the periods incurred under the consolidated statements of comprehensive income.

#### c. Assets acquired and liabilities assumed at the date of acquisition

	<b>Koho</b>
Current assets	
Cash and cash equivalents	\$ 15,814
Notes receivables	1,728
Trade receivables, net	100,018
Inventories	10,622
Non-current assets	
Property, plant and equipment	875
Other intangible assets	37,000
Deferred tax assets	56
Refundable deposits	3
Current liabilities	
Short-term borrowings	(35,000)
Notes payables	(103)
Trade payables	(46,830)
Other payables	(620)
Current tax liabilities	(4,213)
Other current liabilities	(30)
Non-current liabilities	
Net defined benefit liabilities	(574)
Deferred tax liabilities	<u>(7,400)</u>
	<u>\$ 71,346</u>

#### d. Non-controlling interests

The non-controlling interest (a 18.67% ownership interest in Koho) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$15,071 thousand. This fair value was estimated at \$26.91 per share, on the basis of the acquisition price of \$32 per share, considering the discount rate of 15.90% with control rights.

e. Goodwill recognized on acquisitions

	<b>Koho</b>
Consideration transferred	\$ 78,080
Plus: Non-controlling interests (18.67% in Koho)	15,071
Less: Fair value of identifiable net assets acquired	<u>(71,346)</u>
Goodwill recognized on acquisitions	<u>\$ 21,805</u>

The goodwill recognized in the acquisitions of Koho mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of Koho. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow on the acquisition of subsidiaries

	<b>Koho</b>
Consideration paid in cash	\$ 78,080
Less: Cash and cash equivalent balances acquired	<u>(15,814)</u>
	<u>\$ 62,266</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	<b>Koho</b>
	<u>2022/1/26-</u> <u>12/31</u>
Revenue	<u>\$ 535,075</u>
Profit	<u>\$ 36,782</u>

Had Koho concluded the acquisition at the beginning of 2022, the Group's revenue would have been \$10,879,904 thousand, and the profit would have been \$1,553,236 thousand for the year ended December 31, 2022. This pro-forma

information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2022, nor is it intended to be a projection of future results.

### 31. DISPOSAL OF SUBSIDIARIES

The Group's hold on Sentelic's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic passed to the acquirer, and the unsold interest was recorded in financial assets at fair value through other comprehensive income.

#### a. Consideration received from disposals

	<b>Sentelic</b>
Consideration received in cash and cash equivalents	<u>\$ 778,417</u>

#### b. Analysis of assets and liabilities on the date control was lost

	<b>Sentelic</b>
<b>Current assets</b>	
Cash and cash equivalents	\$ 179,147
Financial assets at fair value through profit or loss - current	13,743
Financial assets at amortized cost - current	284,123
Notes receivables, net	2,642
Trade receivables, net	119,926
Trade receivables from related parties	945
Other receivables	6,652
Current tax assets	30
Inventories	154,173
Prepayments	6,941
Other current assets	283
<b>Non-current assets</b>	
Financial assets at amortized cost - non-current	15,297
Property, plant and equipment	8,054
Right-of-use assets	11,008
Goodwill	28,990
Other intangible assets	11,201
Deferred tax assets	2,889
Refundable deposits	855
Other non-current assets	11,416
<b>Current liabilities</b>	
Contract liabilities	(69)
Trade payables	(67,808)
Trade payables to related parties	(679)
Other payables	(41,240)

	<b>Sentelic</b>
Other payables to related parties	(283)
Deferred tax liabilities	(22,665)
Lease liabilities - current	(5,073)
Other current liabilities	(438)
Non-current liabilities	
Deferred tax liabilities	(4,047)
Lease liabilities - non-current	(6,505)
Net defined benefit liabilities - non-current	<u>(1,945)</u>
Net assets disposed of	<u>\$ 707,563</u>

c. Gain on disposal of subsidiaries

	<b>Sentelic</b>
Consideration received	\$ 778,417
Net assets disposed of	(707,563)
Non-controlling interests	391,569
Reclassification of other comprehensive income in respect of subsidiaries	18
Fair value of the residual assets (the day with loss of control)	<u>197,794</u>
Gain on disposals	<u>\$ 660,235</u>

For the year ended December 31, 2022, the gain on the disposal of Sentelic includes the unrealized gain of \$130,303 thousand (i.e., the difference between the fair value of the residual interest in the former subsidiary and the carrying amount of the residual interest in the former subsidiary).

The gains on disposal of Sentelic was included in the profit from discontinued operations.

d. Net cash inflow on disposals of subsidiaries

	<b>Sentelic</b>
Consideration received in cash and cash equivalents	\$ 778,417
Less: Cash and cash equivalent balances disposed of	<u>(179,147)</u>
	<u>\$ 599,270</u>

### 32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group acquired a partial of shares of Koho on March 3, 2023. Therefore, the Group's shareholding in

Sentelic increased from 81.33% to 85.00%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	<b>Koho</b>
Consideration paid	\$ (3,520)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>2,967</u>
Differences recognized from equity transactions	<u>\$ (553)</u>
Differences recognized from equity transactions	

	<b>Koho</b>
Capital surplus - the difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	<u>\$ (553)</u>

### 33. CASH FLOWS INFORMATION

#### Changes in Liabilities from Financing Activities

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>Closing Balance</b>
			<b>Leases Movement</b>	<b>Effects of Foreign Currency</b>	
Short-term borrowings	\$ 1,170,046	\$ 384,501	\$ -	\$ (169)	\$ 1,554,378
Guarantee deposits received	5,520	3	-	(2)	5,521
Lease liabilities (current and non-current)	<u>10,284</u>	<u>(14,233)</u>	<u>36,339</u>	<u>(503)</u>	<u>31,887</u>
	<u>\$ 1,185,850</u>	<u>\$ 370,271</u>	<u>\$ 36,339</u>	<u>\$ (674)</u>	<u>\$ 1,591,786</u>



For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Leases Movement	Acquisition of Subsidiaries	Disposal of Subsidiaries	Effects of Foreign Currency	
Short-term borrowings	\$ 1,898,749	\$ (763,703)	\$ -	\$ 35,000	\$ -	\$ -	\$ 1,170,046
Short-term bills payable	234,939	(234,939)	-	-	-	-	-
Guarantee deposits received	5,502	16	-	-	-	2	5,520
Lease liabilities (current and non-current)	37,185	(16,786)	884	-	(11,578)	579	10,284
	<u>\$ 2,176,375</u>	<u>\$ (1,015,412)</u>	<u>\$ 884</u>	<u>\$ 35,000</u>	<u>\$ (11,578)</u>	<u>\$ 581</u>	<u>\$ 1,185,850</u>

### 34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern to fund its working capital needs, repayment of bank loan, and dividend expense over the next 12 months while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company

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

### 35. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

#### b. Fair value of financial instruments measured at fair value on a recurring basis

##### 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets mandatorily classified as at FVTPL</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,558</u>	<u>\$ -</u>	<u>\$ 1,558</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 10,491	\$ -	\$ -	\$ 10,491
Domestic unlisted shares	-	-	96,979	96,979

Foreign listed shares	<u>91,842</u>	<u>-</u>	<u>-</u>	<u>91,842</u>
	<u>\$ 102,333</u>	<u>\$ -</u>	<u>\$ 96,979</u>	<u>\$ 199,312</u>

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets mandatorily classified as at FVTPL</u>				
Domestic mutual funds	<u>\$ 100,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,006</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 187,273	\$ -	\$ -	\$ 187,273
Domestic unlisted shares	-	-	93,384	93,384
Foreign listed shares	<u>116,442</u>	<u>-</u>	<u>-</u>	<u>116,442</u>
	<u>\$ 303,715</u>	<u>\$ -</u>	<u>\$ 93,384</u>	<u>\$ 397,099</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2023	\$ 93,384
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>3,595</u>
Balance at December 31, 2023	<u>\$ 96,979</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 98,711
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>(5,327)</u>
Balance at December 31, 2022	<u>\$ 93,384</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares - domestic	<p>a) The asset-based approach is used for evaluation based on the total value of individual assets and individual liabilities to show the overall value of the investment target. Significant unobservable inputs are discounted by considering market liquidity.</p> <p>b) The market approach is used for evaluation determined with reference to the share prices of listed companies with similar businesses as the Corporation to show the overall value of the investment target. Significant unobservable inputs are discounted by considering market liquidity.</p>

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 1,558	\$ 100,006
Financial assets at amortized cost		
Cash and cash equivalents	2,081,962	1,424,947
Notes receivables, net	114,961	113,680
Trade receivables from unrelated parties, net	3,289,314	3,047,033
Other receivables from unrelated parties	6,209	5,111
Refundable deposits	5,137	3,442
Overdue receivables (included in other non-current assets)	-	-
Financial assets at amortized cost (included in current and non-current)	683,930	988,879
Financial assets at FVTOCI (included in current and non-current)		
Equity instruments	199,312	397,099
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	1,554,378	1,170,046

Notes payables	251	207
Trade payables to unrelated parties	980,730	891,409
Other payables to unrelated parties	72,680	77,816
Guarantee deposits received	5,521	5,520

#### d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, long term and short term borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the shareholders' meeting, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

##### 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of foreign exchange forward contracts to manage the Group's activities exposure to foreign currency risk.

##### a) Foreign currency risk

The Group have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 40.

##### Sensitivity analysis

The Group was mainly exposed to USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive

number below indicates an increase in pre-tax profit with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 38,821</u>	<u>\$ 50,162</u>

b) Interest rate risk

Interest rate risk refers to the risk that the change in market value will influence the fair value of financial instruments. The Group's interest rate risk arises primarily from investment at fixed interest rates and borrowings at floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 2,098,204	\$ 1,719,457
Financial liabilities	943,455	460,207
Cash flow interest rate risk		
Financial assets	653,550	680,408
Financial liabilities	642,810	720,123

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased (decreased) by \$54 thousand and \$(199) thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher, the post-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased by \$1,023 thousand and \$3,037 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was



significantly reduced.

The Group transacts with all kinds of customers, which separated in different industries and geographical location, the Group's exposure and the operating performance of its counterparties are continuously monitored. The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the financial positions of customers.

The receivables from Group A amounted to \$466,218 thousand and \$520,143 thousand for the year ended December 31, 2023 and 2022, respectively. The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

#### a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

The non-interest-bearing financial liabilities of the Group's current liabilities are due within one year and not required to be paid off. Guarantee deposits received in non-current financial liabilities are mainly deposited by lessee as credit guarantees and have no specific maturity date.

#### December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Lease liabilities	\$ 424	\$ 4,514	\$ 5,416	\$ 23,624	\$ -
Variable interest rate liabilities	38,576	612,301	-	-	-
Fixed interest rate liabilities	<u>538,647</u>	<u>379,102</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 577,647</u>	<u>\$ 995,917</u>	<u>\$ 5,416</u>	<u>\$ 23,624</u>	<u>\$ -</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Lease liabilities	\$ 887	\$ 4,435	\$ 4,597	\$ 549	\$ -
Variable interest rate liabilities	36,622	690,922	-	-	-
Fixed interest rate liabilities	<u>162,797</u>	<u>290,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 200,306</u>	<u>\$ 986,018</u>	<u>\$ 4,597</u>	<u>\$ 549</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest risk rate tables for derivative financial liabilities

For liquidity analysis of derivative financial instruments, the derivative instruments are based on total undiscounted cash inflows and outflows with gross settlement.

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 31,350	\$ 31,246	\$ -	\$ -	\$ -
Outflows	<u>(30,583)</u>	<u>(30,455)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 767</u>	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

e. Transfers of financial assets

During the year ended December 31, 2023, the Group entered into a commercial bills receivables contract with a bank. According to the contract, if these commercial bills are not recoverable at maturity, banks have the right to request that the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these commercial bills, it continues to recognize the full carrying amounts of these commercial bills and treats these commercial bills that have been transferred to banks as collateral for borrowings in Note 20.

As of December 31, 2023, the carrying amount of these commercial bills that have been transferred but not derecognized was \$11,068 thousand, and the carrying amount of the related liabilities was \$11,068 thousand.

### 36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

#### Remuneration of Key Management Personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 93,141	\$ 150,208
Post-employment benefits	1,753	2,244
Share-based payments	<u>24,791</u>	<u>12,690</u>
	<u>\$ 119,685</u>	<u>\$ 165,142</u>

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

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for short-term loans, lawsuits and payment of purchase. The carrying amounts were as follows:

	December 31	
	2023	2022
Financial assets at amortized cost - non-current	\$ 178,930	\$ 178,879
Property, plant and equipment	73,108	73,334
Investment properties	15,835	15,874
Notes receivable	<u>11,068</u>	<u>-</u>
	<u>\$ 278,941</u>	<u>\$ 268,087</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

#### Significant Unrecognized Commitments

a. Unused letters of credit for purchases of inventories amounted to \$2,647 thousand U.S dollars in total.

b. As of December 31, 2023, the amount of Mega bank's bank and Taishin International Bank guaranteed letter provided as collateral for payment

of purchases were \$55,000 thousand and \$50,000 thousand, respectively.

### 39. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 13 2024, the board of directors resolved to acquire 12,834,314 shares of Concord Advanced Technology Co., Ltd. at \$22 per share, for total investment amount of \$282,355 thousand.

### 40. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
		30.7050	
USD	\$ 110,584	(USD:NTD)	\$ 3,395,489
USD	106	7.0827 (USD:RMB)	3,245
USD	561	7.8150 (USD:HKD)	17,228

Financial liabilities

Monetary items

		30.7050	
USD	82,953	(USD:NTD)	2,547,086
USD	2,884	7.0827 (USD:RMB)	88,379
USD	129	7.8150 (USD:HKD)	3,950

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
		30.7100	
USD	\$ 102,958	(USD:NTD)	\$ 3,161,833
USD	73	6.9646 (USD:RMB)	2,254
USD	2,889	7.7984 (USD:HKD)	88,731

Financial liabilities

Monetary items

		30.7100	
USD	69,852	(USD:NTD)	2,145,167

USD	3,177	6.9646 (USD:RMB)	97,536
USD	223	7.7984 (USD:HKD)	6,851

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$23,992 thousand and \$139,424 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

#### 41. SEPARATELY DISCLOSED ITEMS

##### a. Information on significant transactions:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: Table 7 (attached)
- 10) Intercompany relationships and significant intercompany transactions: Table 6 (attached)

##### b. Information on investees: Table 7 (attached)

##### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8 (attached)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 6 (attached)
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.: Table 6 (attached)
- c) The amount of property transactions and the amount of the resultant gains or losses: None
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: Table 2 (attached)
- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached)

#### 42. SEGMENT INFORMATION

The Group's reportable segments (including discontinued segments) under IFRS 8 "Operating Segments" were as follows:

- Taiwan
- Others

##### a.Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Income	
	For the Year Ended December		December 31	
	2023	2022	2023	2022
Taiwan area				
From external customers	\$ 10,050,730	\$ 10,080,617		
From other segments	<u>1,306,395</u>	<u>1,407,767</u>		
	<u>11,357,125</u>	<u>11,488,384</u>	\$ 714,826	\$ 883,380

Others				
From external customers	604,979	750,648		
From other segments	<u>73,382</u>	<u>60,809</u>		
	<u>678,361</u>	<u>811,457</u>	51,050	77,893
Eliminating the transactions among segments	<u>(1,379,777)</u>	<u>(1,468,576)</u>	<u>107,312</u>	<u>29,062</u>
	<u>\$ 10,655,709</u>	<u>\$ 10,831,265</u>	873,188	990,335
Interest revenue			39,072	17,283
Other income			66,011	45,407
Other gains and losses			22,970	792,507
Finance costs			<u>(78,548)</u>	<u>(40,117)</u>
Income before income tax			<u>\$ 922,693</u>	<u>\$ 1,805,415</u>

Revenues reported above were from transactions with external customers. The intersegment sales for the years ended December 31, 2023 and 2022 have been eliminated completely in preparing the consolidated financial statements.



Segment profit represents the profit before tax earned by each segment without other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Segment assets</u>		
Assets in Taiwan	\$ 8,583,315	\$ 8,544,024
Assets in other area	<u>799,861</u>	<u>821,795</u>
Consolidated total assets	<u>\$ 9,383,176</u>	<u>\$ 9,365,819</u>
<u>Segment liabilities</u>		
Liabilities in Taiwan	\$ 2,971,162	\$ 2,671,633
Liabilities in other area	<u>137,900</u>	<u>55,164</u>
Consolidated total liabilities	<u>\$ 3,109,062</u>	<u>\$ 2,726,797</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- 1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Goodwill was allocated to the reportable segments; and
- 2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities.

c. Other segment information

	<b>Depreciation and Amortization</b>		<b>Increase (Decrease) in Non-current Assets</b>	
	<b>For the Year Ended December</b>		<b>For the Year Ended December</b>	
	<b>31</b>		<b>31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 13,348	\$ 22,312	\$ 60,952	\$(24,936)
Others	<u>17,472</u>	<u>17,131</u>	<u>19,587</u>	<u>(19,039)</u>
	<u>\$ 30,820</u>	<u>\$ 39,443</u>	<u>\$ 80,539</u>	<u>\$(43,975)</u>

d. Revenue from major products and services

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Capacitor-line	\$ 8,550,545	\$ 8,084,436
Others	<u>2,105,164</u>	<u>2,746,829</u>
	<u>\$ 10,655,709</u>	<u>\$ 10,831,265</u>

e. Geographical information

The Group operates in mainly Taiwan and other two areas.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 10,050,730	\$ 10,080,617	\$ 875,825	\$ 814,873
Others	<u>604,979</u>	<u>750,648</u>	<u>76,407</u>	<u>56,820</u>
	<u>\$ 10,655,709</u>	<u>\$ 10,831,265</u>	<u>\$ 952,232</u>	<u>\$ 871,693</u>

Non-current assets exclude financial instruments, deferred tax assets, and net defined benefit assets.

f. Information on major customers

Included in revenue arising from sales of goods of \$10,655,709 thousand and \$10,831,265 thousand in 2023 and 2022, respectively, is revenue of approximately \$1,585,926 thousand and \$1,785,404 thousand which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2023 and 2022.

## NICHIDENBO CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	Nichidenbo Corporation	AES	Other receivables from related parties	Yes	\$ 190,000	\$ -	\$ -	-	(b)	\$ -	Operational needs	\$ -	-	\$ -	\$ 1,870,213 (Note 1)	\$ 2,493,618 (Note 1)
		Scope	Other receivables from related parties	Yes	600,000	200,000	100,000	1.715	(b)	-	Operational needs	-	-	-	1,870,213 (Note 1)	2,493,618 (Note 1)
		Lipers	Other receivables from related parties	Yes	340,000	300,000	200,000	1.715	(b)	-	Operational needs	-	-	-	1,870,213 (Note 1)	2,493,618 (Note 1)
		Koho	Other receivables from related parties	Yes	160,000	80,000	50,000	1.715	(b)	-	Operational needs	-	-	-	1,870,213 (Note 1)	2,493,618 (Note 1)
1	Vic-Dawn	Lipers	Other receivables from related parties	Yes	25,000	-	-	-	(b)	-	Operational needs	-	-	-	99,334 (Note 2)	132,446 (Note 2)
		Tonsam	Other receivables from related parties	Yes	10,000	-	-	-	(b)	-	Operational needs	-	-	-	99,334 (Note 2)	132,446 (Note 2)
2	NDB (Shenzhen)	NDB (Suzhou)	Other receivables from related parties	Yes	44,450 (RMB 10,000 thousand)	43,270 (RMB 10,000 thousand) (Note 5)	43,270 (RMB 10,000 thousand) (Note 5)	3.550	(b)	-	Operational needs	-	-	-	306,742 (Notes 3 and 5)	306,742 (Notes 3 and 5)

Note 1: Aggregate financing limits should not exceed 40% of Nichidenbo Corporation's net worth. The limit of short-term financing for each counterparty should not exceed 30% of Nichidenbo Corporation's net worth as shown in the audited financial statements for the year ended 2023. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on corporation not established in the ROC, financing limits should not exceed 100% of Nichidenbo Corporation's net worth.

Note 2: Aggregate financing limits should not exceed 40% of Vic-Dawn's net worth. The limit of short-term financing for each counterparty should not exceed 30% of Vic-Dawn's net worth as shown in the audited financial statements for the year ended 2023.

Note 3: Aggregate financing limits should not exceed 40% of NDB (Shenzhen)'s net worth in the audited financial statements for the year ended 2023

Note 4: Reasons for the nature of financing are as follows:

- a. Business relationship.
- b. Necessity of short-term financing.

Note 5: Calculated by the exchange rate as of December 31, 2023, RMB1=NT\$4.327.

Note 6: All intra-group transactions have been eliminated upon consolidation of the financial statements.

## NICHIDENBO CORPORATION AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Nichidenbo Corporation	Scope	b.	\$ 9,351,069	\$ 2,490,080	\$ 852,690	\$ 659,345	\$ -	13.68	\$ 18,702,138	Y	N	N
		AES	b.	9,351,069	740,000	-	-	-	-	18,702,138	Y	N	N
		Tonsam	b.	9,351,069	291,480	61,410	17,291	-	0.99	18,702,138	Y	N	N
		NDB (Suzhou) and NDB (Shenzhen) (Note 4)	b.	9,351,069	88,900	86,540	-	-	1.39	18,702,138	Y	N	Y
		Lipers	b.	9,351,069	826,680	107,468	5,284	-	1.72	18,702,138	Y	N	N
		Vic-Dawn	b.	9,351,069	180,000	60,000	-	-	0.96	18,702,138	Y	N	N
		Koho	b.	9,351,069	330,000	190,000	80,000	-	3.05	18,702,138	Y	N	N

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- Having a business relationship.
- The endorser/guarantor directly or indirectly owns more than 50% of the common stock of the endorsee/guarantee.
- The endorsee/guarantee directly or indirectly owns more than 50% of the common stock of the endorser/guarantor.
- Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.
- Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The aggregate limits on endorsements/guarantees given by Nichidenbo Corporation should not exceed 300% of the Company's the net equity as shown in the audited financial statements for the year ended 2023; the individual limit on endorsement/guarantee given by Nichidenbo Corporation should not exceed 150% of the Company's the net equity as shown in the audited financial statements for the year ended 2023.

Note 3: The ratio of the outstanding endorsement/Guarantee to the net value of the Company providing guarantees or endorsements.

Note 4 NDB (Suzhou) and NDB (Shenzhen) have both become endorsees/guarantees since they share the limit of endorsement/guarantee of RMB20,000 thousand.

**NICHIDENBO CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Nichidenbo Corporation	<u>Shares</u> Honey Hope Honest Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	374,000	\$ 10,491	0.47	\$ 10,491	
	Concord Advanced Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	9,097,898	96,979	8.53	96,979	
Lipers Enterprise Co., Ltd.	<u>Shares</u> Nippon Chemi-Con Corporation	-	Financial assets at fair value through other comprehensive income - current	321,800	91,842	1.47	91,842	
	Hatsushiba Tech Co., Ltd.	-	Financial assets mandatorily classified as at fair value through profit or loss - non-current	102,807	-	3.67	-	Note 1
Tonsam Corporation	<u>Shares</u> Amazing Cool Technology Corporation.	-	Financial assets at fair value through other comprehensive income - non-current	500,000	-	3.04	-	Note 2

Note 1: Hatsushiba Tech Co., Ltd. has recognized impairment losses for all amounts.

Note 2: Amazing Cool Technology Corporation. has recognized the unrealized valuation loss on investments in equity instruments at fair value through other comprehensive income for all amounts.

Note 3: Refer to Tables 7 and 8 for information relating to investments in subsidiaries.

## NICHIDENBO CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note Amount
			Purchase/Sale	Amount	% of Total	Payment Term	Unit Price	Payment Term	Ending Balance	% of Total	
Lipers	AES	Sister company	Sales	\$ (158,611)	(10.42)	Net 90 days from the end of the month	\$ -	-	\$ 45,327	8.44	
AES	Lipers	Sister company	Purchases	158,611	15.16	Net 90 days from the end of the month	-	-	(45,327)	(15.22)	
Lipers	Scope	Sister company	Sales	(148,915)	(9.78)	Net 90 days from the end of the month	-	-	53,593	9.98	
Scope	Lipers	Sister company	Purchases	148,915	3.42	Net 90 days from the end of the month	-	-	(53,593)	(13.51)	
	Lipers	Sister company	Sales	(173,934)	(3.73)	Net 90 days from the end of the month	-	-	50,249	3.36	
Lipers	Scope	Sister company	Purchases	173,934	13.90	Net 90 days from the end of the month	-	-	(50,249)	(24.57)	
AES	Nichidenbo Corporation	Parent company and subsidiary	Sales	(118,123)	(9.00)	Net 90 days from the end of the month	-	-	17,822	4.10	
Nichidenbo Corporation	AES	Parent company and subsidiary	Purchases	118,123	9.81	Net 90 days from the end of the month	-	-	(17,822)	(12.14)	
AES	Scope	Sister company	Sales	(111,228)	(8.47)	Net 90 days from the end of the month	-	-	33,491	7.71	
Scope	AES	Sister company	Purchases	111,228	2.55	Net 90 days from the end of the month	-	-	(33,491)	(8.44)	
AES	Lipers	Sister company	Sales	(110,998)	(8.45)	Net 90 days from the end of the month	-	-	27,739	6.39	
Lipers	AES	Sister company	Purchases	110,998	8.87	Net 90 days from the end of the month	-	-	(27,739)	(13.56)	

Note: All intra-group transactions have been eliminated upon consolidation of the financial statements.

**NICHIDENBO CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nichidenbo Corporation	Lipers	Subsidiary	\$ 219,246 (Note 1)	3.73	\$ -	-	\$ 9,117	\$ -
	Scope	Subsidiary	111,609 (Note 2)	2.48	-	-	11,504	-

Note 1: Including trade receivables in the amount of \$17,754 thousand and other receivables in the amount of \$201,492 thousand (mainly \$200,000 thousand of financing provided to others ); other receivables were not applicable for calculating turnover rate.

Note 2: Including trade receivables in the amount of \$7,757 thousand and other receivables in the amount of \$103,852 thousand (mainly \$100,000 thousand of financing provided to others ); other receivables were not applicable for calculating turnover rate.

Note 3: All intra-group transactions have been eliminated upon consolidation of the financial statements.



## NICHIDENBO CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	Nichidenbo Corporation	Lipers	a	Trade receivables from related parties	\$ 17,754	At arm's length	-
			a	Operating revenue	67,582	Internal transfer pricing	1
		Scope	a	Other receivables from related parties	201,492	-	2
			a	Operating revenue	27,603	Internal transfer pricing	-
		Vic-Dawn	a	Other receivables from related parties	103,852	-	1
			a	Operating revenue	16,610	Internal transfer pricing	-
		Koho	a	Other receivables from related parties	51,020	-	1
			a	Operating revenue	13,267	Internal transfer pricing	-
1	Lipers	Scope	c	Trade receivables from related parties	53,593	At arm's length	1
			c	Operating revenue	148,915	Internal transfer pricing	1
		AES	c	Trade receivables from related parties	45,327	At arm's length	-
			c	Operating revenue	158,611	Internal transfer pricing	1
		Lipers Electronics (Shenzhen)	c	Trade receivables from related parties	12,102	At arm's length	-
			c	Operating revenue	32,912	Internal transfer pricing	-
2	Scope	Nichidenbo Corporation	b	Operating revenue	18,786	Internal transfer pricing	-
			c	Trade receivables from related parties	50,249	At arm's length	1
		Lipers	c	Operating revenue	173,934	Internal transfer pricing	2
			c	Trade receivables from related parties	17,233	At arm's length	-
		AES	c	Operating revenue	78,770	Internal transfer pricing	1
			c	Operating revenue	13,439	Internal transfer pricing	-
		Vic-Dawn	c	Trade receivables from related parties	13,589	At arm's length	-
			c	Operating revenue	29,475	Internal transfer pricing	-
		3	AES	Nichidenbo Corporation	b	Trade receivables from related parties	17,822
b	Operating revenue				118,123	Internal transfer pricing	1
Lipers	c			Trade receivables from related parties	27,739	At arm's length	-
	c			Operating revenue	110,998	Internal transfer pricing	1
Scope	c			Trade receivables from related parties	33,491	At arm's length	-
	c			Operating revenue	111,228	Internal transfer pricing	1
Lipers Electronics (Shenzhen)	c			Trade receivables from related parties	15,322	At arm's length	-
	c			Operating revenue	35,800	Internal transfer pricing	-
NDB (Suzhou)	c			Trade receivables from related parties	14,284	At arm's length	-
	c			Operating revenue	36,844	Internal transfer pricing	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
4	Vic-Dawn	Scope	c	Operating revenue	\$ 10,890	Internal transfer pricing	-
5	Koho	Nichidenbo Corporation	b	Operating revenue	13,787	Internal transfer pricing	-
6	NDB (Shenzhen)	Lipers Electronics (Shenzhen) NDB (Suzhou)	c	Operating revenue	18,046	Internal transfer pricing	-
				Other receivables from related parties	43,317	-	-
				Operating revenue	16,826	Internal transfer pricing	-
7	NDB (Suzhou)	NDB (Shenzhen)	c	Operating revenue	19,982	Internal transfer pricing	-

Note 1: Transactions between the Company and its subsidiaries should be remarked, as well as numbered in the first column. Rules are as follows:

- a. Nichidenbo Corporation - 0
- b. Subsidiaries are numbered in Arabic figures

Note 2: Related party transactions are divided into three categories as follows:

- a. Nichidenbo Corporation to its subsidiaries.
- b. Subsidiaries to Nichidenbo Corporation.
- c. Subsidiaries to subsidiaries

Note 3: When calculating the ratio of the amount of transactions to consolidated total assets, use the balance amount as the amount of transactions when they are regarded as assets or liabilities; use the accumulated amount as the amount of transactions when they are regarded as profits or losses.

Note 4: It is considered as the disclosure criterion when the amount of the intercompany relationships and significant intercompany transactions reaches \$10,000 thousand.

Note 5: All intra-group transactions have been eliminated upon consolidation of the financial statements.

(Concluded)

## NICHIDENBO CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Value			
Nichidenbo Corporation	Vic-Dawn	Xindian District, New Taipei City	Sales and marketing of electronic components	\$ 187,646	\$ 187,646	14,296,603	95.31	\$ 315,477	\$ 107,059	\$ 102,013 (Note 1)	Subsidiary
	Nichidenbo (Mauritius)	Mauritius	Investment activities	154,382	154,382	5,050,000	100.00	463,774	26,309	26,309	Subsidiary
	Lipers	Xindian District, New Taipei City	Sales and marketing of electronic components	729,615	729,615	31,788,710	99.34	662,550	104,579	102,597 (Note 2)	Subsidiary
	Scope	Xindian District, New Taipei City	Sales and marketing of electronic components	814,502	814,502	53,016,276	100.00	1,027,784	109,076	109,044 (Note 1)	Subsidiary
	AES	Xindian District, New Taipei City	Sales and marketing of electronic components	383,887	383,887	37,224,808	100.00	530,867	78,693	78,386 (Note 1)	Subsidiary
	Tonsam	Xindian District, New Taipei City	Sales and marketing of electronic components	358,430	358,430	15,000,000	100.00	285,145	17,786	17,761 (Note 2)	Subsidiary
	Lipers (HK) (Note 3)	Hong Kong	Sales and marketing of electronic components	140,373	216,454	11,000,000	100.00	128,090	16,370	16,370	Subsidiary
	Koho	Xindian District, New Taipei City	Sales and marketing of electronic components	81,600	81,600	2,550,000	85.00	126,443	57,945	46,697 (Note 2)	Subsidiary

Note 1: The difference between an investee's net income in the Corporation's share and share of profits was a unrealized gross margin from upstream transactions.

Note 2: The difference between an investee's net income in the Corporation's share and share of profits was a amortization between fair value and carrying amount of investee's assets and unrealized gross margin from upstream transactions.

Note 3: Lipers (HK)'s board of directors resolved to reduce the capital and refund of shares by \$76,081 thousand (HK\$18,643 thousand) on August 31, 2023, and the base date was September 11, 2023.

Note 4: Refer to Tables 8 for information relating to investments in mainland China.

Note 5: All intra-group transactions have been eliminated upon consolidation of the financial statements.

## NICHIDENBO CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
NDB (Shenzhen)	Sales and marketing of electronic components	\$ 90,499 (US\$ 2,744 thousand) and (HK\$ 2,000 thousand)	Invested by Nichidenbo (Mauritius)	\$ 90,499	\$ -	\$ -	\$ 90,499	\$ 22,081	100	\$ 22,081	\$ 306,742	\$ 109,625
NDB (Suzhou) (Note 3)	Sales and marketing of electronic components	101,712 (US\$ 3,396 thousand)	Invested by Nichidenbo (Mauritius)	59,900	-	-	59,900	4,221	100	4,221	155,045	4,475
Lipers Electronics (Shenzhen)	Sales and marketing of electronic components	29,385 (US\$ 1,000 thousand)	Invested by Lipers (HK)	61,911	-	-	61,911	9,731	100	9,731	108,955	45,393

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$212,310 (HK\$2,000 thousand, US\$4,744 thousand and NT\$61,911 thousand)	\$254,122 (HK\$2,000 thousand, US\$6,140 thousand and NT\$61,911 thousand)	\$3,764,468 (Note 2)

Note 1: The investment gain (loss) and carrying amount as of December 31, 2023 are recognized based on the audited financial statements.

Note 2: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's consolidated net worth.

Note 3: The \$59,900 thousand (US\$2,000 thousand) among paid-in capital of NDB (Suzhou) was shift in invested through third area to mainland China from Taiwan output, remaining of paid-in capital was indirectly invested by retained earnings of Nichidenbo (Mauritius), which was received from Nichidenbo Shanghai Trading Co., Ltd.

Note 4: Total amount of paid-in capital was translated into NTD at historical rate.

Note 5: All intra-group transactions have been eliminated upon consolidation of the financial statements.

**TABLE 9****NICHIDENBO CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

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Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WT MICROELECTRONICS CO., LTD.	31,000,000	14.57

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of common stock and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. 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, please refer to Market Observation Post System.

## **5. Parent Company Only Financial Statement**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Nichidenbo Corporation

#### **Opinion**

We have audited the accompanying financial statements of Nichidenbo Corporation (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

The key audit matters of the financial statements for the year ended December 31, 2023 are as follows:

#### Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value. The net realizable value was based on significant judgments and accounting estimates made by management; therefore, we identified the valuation of inventories as a key audit matter in our audit for the year ended December 31, 2023.

The main audit procedures that we performed in respect of the valuation of inventories included obtaining the estimated data of inventories stated at the lower of cost or net realizable value by management and sampling recent sales data to evaluate the reasonableness of the net realizable value.

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with 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 financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partners on the audits resulting in this independent auditors' report are Chih-Ming Shao and Ya-Ling Wong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

Notice to Readers

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

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

**NICHIDENBO CORPORATION**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,261,101	18	\$ 612,381	8
Financial assets at fair value through profit or loss - current (Note 7)	-	-	100,006	1
Financial assets at fair value through other comprehensive income - current (Note 8)	10,491	-	187,273	3
Financial assets at amortized cost - current (Notes 9 and 10)	505,000	7	810,000	11
Notes receivables, net (Note 11)	3,493	-	2,599	-
Trade receivables from unrelated parties, net (Notes 11 and 25)	454,588	7	543,830	7
Trade receivables from related parties (Note 36)	41,114	1	49,810	1
Other receivables (Note 11)	5,452	-	4,727	-
Other receivables from related parties (Note 36)	358,114	5	544,778	7
Inventories (Note 12)	237,963	4	498,713	7
Prepayments	570	-	581	-
Other current assets (Notes 19 and 36)	539	-	598	-
Total current assets	<u>2,878,425</u>	<u>42</u>	<u>3,355,296</u>	<u>45</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	96,979	1	93,384	1
Financial assets at amortized cost - non-current (Notes 9, 10 and 37)	150	-	150	-
Investments accounted for using the equity method (Notes 13, 14, 30, 31 and 32)	3,540,130	52	3,692,149	50
Property, plant and equipment (Notes 15 and 37)	182,588	3	184,304	3
Investment properties (Notes 17 and 37)	154,289	2	84,035	1
Intangible assets (Note 18)	537	-	872	-
Deferred tax assets (Note 27)	14,573	-	13,425	-
Refundable deposits (Note 36)	826	-	815	-
Total non-current assets	<u>3,990,072</u>	<u>58</u>	<u>4,069,134</u>	<u>55</u>
<b>TOTAL</b>	<u>\$ 6,868,497</u>	<u>100</u>	<u>\$ 7,424,430</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 209,810	3	\$ 259,783	4
Contract liabilities - current (Note 25)	184	-	357	-
Trade payables to unrelated parties (Note 21)	115,922	2	151,810	2
Trade payables to related parties (Note 36)	30,838	1	56,964	1
Other payables to unrelated parties (Note 22)	152,505	2	225,738	3
Other payables to related parties (Note 36)	205	-	180	-
Current tax liabilities (Note 27)	28,309	-	30,940	-
Other current liabilities (Note 22)	2,352	-	1,862	-
Total current liabilities	<u>540,125</u>	<u>8</u>	<u>727,634</u>	<u>10</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 27)	71,052	1	66,521	1
Net defined benefit liability - non-current (Note 23)	22,165	-	25,785	-
Guarantee deposits received (Note 36)	1,109	-	1,094	-
Total non-current liabilities	<u>94,326</u>	<u>1</u>	<u>93,400</u>	<u>1</u>
Total liabilities	<u>634,451</u>	<u>9</u>	<u>821,034</u>	<u>11</u>
<b>EQUITY</b>				
Common stock	<u>2,126,572</u>	<u>31</u>	<u>2,126,572</u>	<u>29</u>
Capital surplus	<u>1,625,096</u>	<u>24</u>	<u>1,621,500</u>	<u>22</u>
Retained earnings				
Legal reserve	935,029	14	785,382	11
Special reserve	51,875	1	10,950	-
Unappropriated earnings	<u>1,537,832</u>	<u>22</u>	<u>2,167,303</u>	<u>29</u>
Total retained earnings	<u>2,524,736</u>	<u>37</u>	<u>2,963,635</u>	<u>40</u>
Other equity	<u>(42,358)</u>	<u>(1)</u>	<u>(108,311)</u>	<u>(2)</u>
Total equity	<u>6,234,046</u>	<u>91</u>	<u>6,603,396</u>	<u>89</u>
<b>TOTAL</b>	<u>\$ 6,868,497</u>	<u>100</u>	<u>\$ 7,424,430</u>	<u>100</u>

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

# NICHIDENBO CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 36)	\$ 1,820,389	100	\$ 1,915,945	100
OPERATING COSTS (Notes 12 and 36)	<u>1,463,538</u>	<u>80</u>	<u>1,466,056</u>	<u>77</u>
GROSS PROFIT	356,851	20	449,889	23
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>349</u>	<u>-</u>	<u>788</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>356,502</u>	<u>20</u>	<u>449,101</u>	<u>23</u>
OPERATING EXPENSES (Notes 26 and 36)				
Selling and marketing expenses	122,821	7	149,939	8
General and administrative expenses	116,173	6	183,778	9
Expected credit gain	<u>(449)</u>	<u>-</u>	<u>(737)</u>	<u>-</u>
Total operating expenses	<u>238,545</u>	<u>13</u>	<u>332,980</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>117,957</u>	<u>7</u>	<u>116,121</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 36)				
Interest income	24,396	1	6,340	1
Other income	136,603	8	118,583	6
Other gains and losses	9,138	1	2,073	-
Finance costs	(10,836)	(1)	(7,771)	-
Share of profit of subsidiaries	<u>499,177</u>	<u>27</u>	<u>615,545</u>	<u>32</u>
Total non-operating income and expenses	<u>658,478</u>	<u>36</u>	<u>734,770</u>	<u>39</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	776,435	43	850,891	45
INCOME TAX EXPENSE (Note 27)	<u>70,129</u>	<u>4</u>	<u>69,859</u>	<u>4</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>706,306</u>	<u>39</u>	<u>781,032</u>	<u>41</u>
NET PROFIT FROM DISCONTINUED OPERATIONS (Note 13)	<u>-</u>	<u>-</u>	<u>707,013</u>	<u>37</u>
NET PROFIT FOR THE YEAR	<u>706,306</u>	<u>39</u>	<u>1,488,045</u>	<u>78</u>

(Continued)

# NICHIDENBO CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
(Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 29	-	\$ 5,534	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	86,065	5	(64,502)	(4)
Share of other comprehensive loss of subsidiaries accounted for using the equity method	(19,874)	(1)	(24,316)	(1)
Income tax related to items that will not be reclassified subsequently to profit or loss	(6)	-	(1,107)	-
	<u>66,214</u>	<u>4</u>	<u>(84,391)</u>	<u>(5)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	1,499	-	12,889	1
Share of other comprehensive (loss) income of subsidiaries accounted for using the equity method	(8,556)	(1)	7,538	-
	<u>(7,057)</u>	<u>(1)</u>	<u>20,427</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>59,157</u>	<u>3</u>	<u>(63,964)</u>	<u>(4)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 765,463</u>	<u>42</u>	<u>\$ 1,424,081</u>	<u>74</u>
<b>EARNINGS PER SHARE (Note 28)</b>				
From continuing and discontinued operations				
Basic	<u>\$ 3.39</u>		<u>\$ 8.02</u>	
Diluted	<u>\$ 3.33</u>		<u>\$ 7.89</u>	
From continuing operations				
Basic	<u>\$ 3.39</u>		<u>\$ 4.21</u>	
Diluted	<u>\$ 3.33</u>		<u>\$ 4.14</u>	

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

(Concluded)

**NICHIDENBO CORPORATION**

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

	Common Stock (Notes 24 and 29)	Capital Surplus (Notes 24, 29 and 32)	Retained Earnings (Note 24)			Other Equity (Notes 24 and 29)			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefit	
BALANCE AT JANUARY 1, 2022	\$ 1,786,572	\$ 475,353	\$ 690,815	\$ 10,950	\$ 1,480,027	\$ (54,771)	\$ 86,237	\$ -	\$ 4,475,183
Appropriation of 2021 earnings									
Legal reserve	-	-	94,567	-	(94,567)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(714,629)	-	-	-	(714,629)
Total	-	-	94,567	-	(809,196)	-	-	-	(714,629)
Other changes in capital surplus	-	189	-	-	-	-	-	-	189
Net profit for the year ended December 31, 2022	-	-	-	-	1,488,045	-	-	-	1,488,045
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	8,427	20,427	(92,818)	-	(63,964)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,496,472	20,427	(92,818)	-	1,424,081
Issuance of common stock for cash	300,000	1,020,600	-	-	-	-	-	-	1,320,600
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisition or disposals	-	(553)	-	-	-	-	-	-	(553)
Issuance of restricted shares for employees	40,000	125,911	-	-	-	-	-	(82,937)	82,974
Share-based payment arrangements	-	-	-	-	-	-	-	15,551	15,551
BALANCE AT DECEMBER 31, 2022	<u>2,126,572</u>	<u>1,621,500</u>	<u>785,382</u>	<u>10,950</u>	<u>2,167,303</u>	<u>(34,344)</u>	<u>(6,581)</u>	<u>(67,386)</u>	<u>6,603,396</u>
Appropriation of 2022 earnings									
Legal reserve	-	-	149,647	-	(149,647)	-	-	-	-
Special reserve	-	-	-	40,925	(40,925)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,169,614)	-	-	-	(1,169,614)
Total	-	-	149,647	40,925	(1,360,186)	-	-	-	(1,169,614)
Other changes in capital surplus	-	439	-	-	-	-	-	-	439
Net profit for the year ended December 31, 2023	-	-	-	-	706,306	-	-	-	706,306
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(301)	(7,057)	66,515	-	59,157
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	706,005	(7,057)	66,515	-	765,463
Share-based payment arrangements	-	3,157	-	-	794	-	-	30,411	34,362
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	23,916	-	(23,916)	-	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 2,126,572</u>	<u>\$ 1,625,096</u>	<u>\$ 935,029</u>	<u>\$ 51,875</u>	<u>\$ 1,537,832</u>	<u>\$ (41,401)</u>	<u>\$ 36,018</u>	<u>\$ (36,975)</u>	<u>\$ 6,234,046</u>

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

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax		
Income before income tax from continuing operations	\$ 776,435	\$ 850,891
Income before income tax from discontinued operations	<u>-</u>	<u>707,013</u>
	776,435	1,557,904
Adjustments for:		
Depreciation expense	3,974	3,489
Amortization expense	531	474
Expected credit gain	(449)	(737)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(56)	(150)
Finance costs	10,836	7,771
Interest income	(24,396)	(6,340)
Dividend income	(20,745)	(20,994)
Share-based payment	24,631	11,974
Share of profit of subsidiaries	(499,177)	(662,323)
Gain on disposal of subsidiary	-	(660,235)
Loss on net realizable value of inventories	16,590	7,421
Unrealized gain on transactions	349	788
Other items	794	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	100,062	(39,856)
Notes receivables	(898)	2,448
Trade receivables from unrelated parties	89,695	144,267
Trade receivables from related parties	8,696	(16,693)
Other receivables from unrelated parties	(110)	976
Other receivables from related parties	(406)	(122)
Inventories	244,160	(232,531)
Prepayments	11	(75)
Other current assets	59	(26)
Contract liabilities	(173)	(880)
Trade payables to unrelated parties	(35,888)	(97,292)
Trade payables to related parties	(26,126)	25,140
Other payables to unrelated parties	(71,635)	72,559
Other payables to related parties	25	24
Other current liabilities	490	245
Net defined benefit liabilities	<u>(3,591)</u>	<u>(2,352)</u>
Cash generated from operating activities	593,688	94,874
Interest received	23,851	3,845
Interest paid	(10,855)	(7,054)
Income tax paid	<u>(69,383)</u>	<u>(105,272)</u>
Net cash generated from (used in) operating activities	<u>537,301</u>	<u>(13,607)</u>

(Continued)

# NICHIDENBO CORPORATION

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

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 259,252	\$ -
Purchase of financial assets at amortized cost	(1,365,000)	(1,110,000)
Proceeds from sale of financial assets at amortized cost	1,670,000	300,000
Acquisition of investments accounted for using equity method	-	(78,080)
Proceeds from investments accounted for using equity method	-	778,417
Proceeds from capital reduction of investments accounted for using equity method	76,081	-
Payments for property, plant and equipment	(1,712)	(855)
Increase in refundable deposits	(11)	(15)
Other receivables from related parties - increase in financing of funds	(713,000)	(779,000)
Other receivables from related parties - decrease in financing of funds	900,000	242,000
Payments for intangible assets	(196)	(602)
Payments for investment properties	(70,800)	-
Dividends received	<u>576,314</u>	<u>496,110</u>
Net cash generated from (used in) investing activities	<u>1,330,928</u>	<u>(152,025)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	915,299	1,583,615
Repayments of short-term borrowings	(965,272)	(1,669,299)
Guarantee deposits received	15	36
Cash dividends paid	(1,169,614)	(714,629)
Proceeds from issuance of common stock	-	1,320,600
Acquisition of additional interests in subsidiary	-	(3,520)
Proceeds from issuance of restricted shares for employees	-	87,720
Dividends from claims extinguished by prescription	<u>63</u>	<u>105</u>
Net cash (used in) generated from financing activities	<u>(1,219,509)</u>	<u>604,628</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>648,720</b>	<b>438,996</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>612,381</b></u>	<u><b>173,385</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 1,261,101</b></u>	<u><b>\$ 612,381</b></u>

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

(Concluded)

# NICHIDENBO CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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### 1. GENERAL INFORMATION

Nichidenbo Corporation (the “Company”) was established on January 4, 1993 in New Taipei City. The Company engages mainly in sales and marketing of electronic components.

On December 31, 2007, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 13, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024



Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

January 1, 2024 (Note 3)

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

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

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

As of the date the financial statements were authorized for issue, the Company assessed that the application of the above amendments to standards and interpretations did not have material impact on the Company’s financial position and financial performance.

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

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

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

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

As of the date the financial statements were authorized for issue, the application of the above amendments to standards and interpretations did not have material impact on the Company’s financial position and financial performance.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these parent company only financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its accompanying financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and accompanying basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

#### c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

#### d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree

over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

#### e. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

#### f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

#### g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the

investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

#### h. Property, plant and equipment

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

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

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

#### i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of investment properties is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

#### j. Intangible assets

##### 1) Intangible assets acquired separately

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

##### 2) Derecognition of intangible assets

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

#### k. Impairment of property, plant and equipment, investment property and intangible assets

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

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

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

## 1. Financial instruments

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

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

### 1) Financial assets



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

a) Measurement categories

Financial assets are classified into the following categories: Assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 35.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and commercial paper with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit

or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

### a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## m. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods comes from sales of electronic components. Sales of electronic components are recognized as revenue when the goods are delivered to the customer's specific location and signed by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and sales revenue are recognized concurrently.

## n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

### 1) The Company as lessor

All leases are classified as operating leases.

Under finance leases, the lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

## 2) The Company as lessee

Short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

### o. Borrowing costs

All borrowing costs are recognized in profit or loss in the year in which they are incurred.

### p. Employee benefits

#### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

#### 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### q. Share-based payment arrangements

#### 1) Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in capital surplus - other equity - unearned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations

received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

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

## 2) Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to other equity - unearned employee benefits.

## r. Taxation

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

### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

### 3) Current and deferred taxes

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Key Sources of Estimation Uncertainty

#### a. Estimated impairment of financial assets

The provision for impairment of trade receivables and notes receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

#### b. Valuation of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical

experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 216	\$ 93
Demand deposits	30,721	21,338
Cash equivalents		
Time deposits	1,203,935	554,950
Commercial paper	<u>26,229</u>	<u>36,000</u>
	<u>\$ 1,261,101</u>	<u>\$ 612,381</u>

The market rate intervals of time deposits and commercial paper at the end of the year were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Time deposits	1.250%-	0.965%-
	1.400%	1.270%
	0.840%-	
Commercial paper	5.400%	0.630%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic mutual funds	\$ -	\$ 100,000
Unrealized gain on financial assets	<u>-</u>	<u>6</u>
	<u>\$ -</u>	<u>\$ 100,006</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Listed shares	\$ 8,001	\$ 243,337
Unrealized (loss) gain on financial assets	<u>2,490</u>	<u>(56,064)</u>
	<u>\$ 10,491</u>	<u>\$ 187,273</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 20,000	\$ 20,000
Unrealized gain on financial assets	<u>76,979</u>	<u>73,384</u>
	<u>\$ 96,979</u>	<u>\$ 93,384</u>

The Company's hold on Sentelic Corporation's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic Corporation passed to the acquirer. At the same time, the carrying amount of the unsold interest, which was recorded in financial assets at fair value through other comprehensive income - current of \$197,794 thousand, calculated based on the closing price at the date of disposal.

The Company disposed of all 2,908,732 shares of Sentelic Corporation from July 1 to September 30, 2023.

The Company holds the domestic listed shares and the domestic unlisted shares for medium to long-term strategic purposes, expecting to make a profit from long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.



**9. FINANCIAL ASSETS AT AMORTIZED COST**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 505,000</u>	<u>\$ 810,000</u>
<u>Non-current</u>		
Restricted cash	<u>\$ 150</u>	<u>\$ 150</u>

a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

b. Refer to Note 37 for information relating to investments in financial assets at amortized cost pledged as security.

**10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS**

Investments in debt instruments are classified as at amortized cost:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>At amortized cost (current and non-current)</u>		
Gross carrying amount	\$ 505,150	\$ 810,150
Less: Allowance for impairment loss	_____ -	_____ -
Amortized cost	<u>\$ 505,150</u>	<u>\$ 810,150</u>

The credit risk of financial instruments such as bank deposits is measured and monitored by the finance department. The Company selects the transaction partners and the performing parties which are all banks with good credit.

**11. NOTES RECEIVABLES, TRADE RECEIVABLES AND OTHER RECEIVABLES**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,510	\$ 2,612
Less: Allowance for impairment loss	_____ (17)	_____ (13)
	<u>\$ 3,493</u>	<u>\$ 2,599</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Notes receivables - operating	\$ 3,490	\$ 2,596
Notes receivables - non-operating	<u>3</u>	<u>3</u>
	<u>\$ 3,493</u>	<u>\$ 2,599</u>
 <u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 456,864	\$ 546,559
Less: Allowance for impairment loss	<u>(2,276)</u>	<u>(2,729)</u>
	<u>\$ 454,588</u>	<u>\$ 543,830</u>
 <u>Other receivables</u>		
VAT refundable	\$ 2,615	\$ 1,664
Others	<u>2,837</u>	<u>3,063</u>
	<u>\$ 5,452</u>	<u>\$ 4,727</u>
		(Concluded)

a. Notes receivables

As of December 31, 2023 and 2022, the notes receivables did not expire.

b. Trade receivables

The average credit period on sales of goods is 90 to 150 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, and profitability. As the

Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

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

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.50%	0.50%	0.50%	0.50%	100.00%	
Gross carrying amount	\$ 455,850	\$ 881	\$ -	\$ 133	\$ -	\$ 456,864
Loss allowance (Lifetime ECLs)	<u>(2,271)</u>	<u>(4)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(2,276)</u>
Amortized cost	<u>\$ 453,579</u>	<u>\$ 877</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ -</u>	<u>\$ 454,588</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.50%	0.50%	0.50%	0.50%	100.00%	-
Gross carrying amount	\$ 545,752	\$ 65	\$ 742	\$ -	\$ -	\$ 546,559
Loss allowance (Lifetime ECLs)	<u>(2,725)</u>	<u>(1)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(2,729)</u>
Amortized cost	<u>\$ 543,027</u>	<u>\$ 64</u>	<u>\$ 739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,830</u>

The movements of the loss allowance of notes receivables and trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,742	\$ 3,479
Add: Reclassification of overdue receivables	-	21
Add: Remeasurement of loss allowance	4	-
Less: Amounts written off	-	(21)

Less: Reversal of loss allowance	<u>(453)</u>	<u>(737)</u>
Balance at December 31	<u>\$ 2,293</u>	<u>\$ 2,742</u>

## 12. INVENTORIES

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Merchandise	<u>\$ 237,963</u>	<u>\$ 498,713</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 1,446,942	\$ 1,458,542
Loss on net realizable value of inventories	16,590	7,421
Loss on physical inventory	<u>6</u>	<u>93</u>
	<u>\$ 1,463,538</u>	<u>\$ 1,466,056</u>

### 13. DISCONTINUED OPERATION

The Company's hold on Sentelic Corporation's interest has declined to 9.68% on August 24, 2022, the date the control of Sentelic Corporation passed to the acquirer, and the unsold interest was recorded in financial assets at fair value through other comprehensive income. The Company regarded Sentelic Corporation as a cash generating unit and recognized gain on disposal of \$660,235 thousand; therefore, the income (loss) of the cash generating unit was reclassified to discontinued operation.

For details about the carrying amounts of the assets and liabilities of Sentelic Corporation at the date of disposal, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2023.

### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### Investments in Subsidiaries

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Scope Technology Co., Ltd.	\$ 1,027,784	\$ 1,103,005
Lipers Enterprise Co., Ltd.	662,550	702,976
Advance Electronic Supply Inc.	530,867	546,168
Nichidenbo (Mauritius) Ltd.	463,774	446,063
Vic-Dawn Enterprise Co., Ltd.	315,477	277,011
Tonsam Corporation	285,145	282,700
Lipers (Hong Kong) Enterprise Co., Ltd.	128,090	223,823
Koho (Taiwan) Co., Ltd.	<u>126,443</u>	<u>110,403</u>
	<u>\$ 3,540,130</u>	<u>\$ 3,692,149</u>
	<u>Percentage of Ownership and</u>	
	<u>Voting Rights</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Scope Technology Co., Ltd.	100.00%	100.00%
Lipers Enterprise Co., Ltd.	99.34%	99.34%
Advance Electronic Supply Inc. (Note 1)	100.00%	100.00%
Nichidenbo (Mauritius) Ltd.	100.00%	100.00%
Vic-Dawn Enterprise Co., Ltd.	95.31%	95.31%
Tonsam Corporation	100.00%	100.00%
Lipers (Hong Kong) Enterprise Co., Ltd. (Note 2)	100.00%	100.00%
Koho (Taiwan) Co., Ltd. (Note 3)	85.00%	85.00%

Note 1: Advance Electronic Supply Inc.'s board of directors resolved to increase the capital from retained earnings by \$97,448 thousand on May 24, 2022, and the subscription base date was on May 31, 2022.

Note 2: Lipers (Hong Kong) Enterprise Co., Ltd.'s board of directors resolved to increase the capital from retained earnings by \$76,081 thousand (HK\$18,643 thousand) on August 31, 2023, and the subscription base date was September 11, 2023.

Note 3: The Company signed a share sale and purchase agreement with non-related parties, acquiring 2,550,000 common shares of Koho (Taiwan) Co., Ltd. at a consideration of \$81,600 thousand in total at a price of \$32 on January 26 and March 3, 2022. The Company holds a 85% interest in Koho (Taiwan) Co., Ltd., and therefore, it became a subsidiary.

For the years ended December 31, 2023 and 2022, the share of profit or loss and OCI of subsidiaries was based on the audited financial statements for the years then ended.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Other Equipment	Construction in Progress	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 163,257	\$ 17,418	\$ 17,073	\$ -	\$ 197,748
Additions	-	-	1,216	605	1,821
Disposals	-	-	(1,542)	-	(1,542)
Reclassification	-	-	496	(605)	(109)
Balance at December 31, 2023	<u>\$ 163,257</u>	<u>\$ 17,418</u>	<u>\$ 17,243</u>	<u>\$ -</u>	<u>\$ 197,918</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 5,060	\$ 8,384	\$ -	\$ 13,444
Depreciation expense	-	332	3,096	-	3,428
Disposals	-	-	(1,542)	-	(1,542)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 5,392</u>	<u>\$ 9,938</u>	<u>\$ -</u>	<u>\$ 15,330</u>
Carrying amount at December 31, 2023	<u>\$ 163,257</u>	<u>\$ 12,026</u>	<u>\$ 7,305</u>	<u>\$ -</u>	<u>\$ 182,588</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 163,257	\$ 17,418	\$ 16,547	\$ -	\$ 197,222
Additions	-	-	855	-	855
Disposals	-	-	(329)	-	(329)
Balance at December 31, 2022	<u>\$ 163,257</u>	<u>\$ 17,418</u>	<u>\$ 17,073</u>	<u>\$ -</u>	<u>\$ 197,748</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 4,728	\$ 5,857	\$ -	\$ 10,585
Depreciation expense	-	332	2,856	-	3,188
Disposals	-	-	(329)	-	(329)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 5,060</u>	<u>\$ 8,384</u>	<u>\$ -</u>	<u>\$ 13,444</u>
Carrying amount at December 31, 2022	<u>\$ 163,257</u>	<u>\$ 12,358</u>	<u>\$ 8,689</u>	<u>\$ -</u>	<u>\$ 184,304</u>

Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Buildings	50-55 years
Other equipment	5 years

Refer to Note 37 for property, plant and equipment pledged as collateral for the payment of purchase.

## 16. LEASE ARRANGEMENTS

### Other Lease Information

Refer to Note 17 for lease arrangements under operating leases of investment properties.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 6,916</u>	<u>\$ 6,631</u>
Expenses relating to low-value asset leases	<u>\$ 58</u>	<u>\$ 59</u>
Total cash outflow of leases	<u>\$ 6,974</u>	<u>\$ 6,690</u>

## 17. INVESTMENT PROPERTIES

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Cost</u>		
Balance at January 1	\$ 89,545	\$ 89,545
Additions	56,791	-
Reclassification	<u>14,009</u>	<u>-</u>
Balances at December 31	<u>\$ 160,345</u>	<u>\$ 89,545</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 5,510	\$ 5,209
Depreciation expense	<u>546</u>	<u>301</u>
Balance at December 31	<u>\$ 6,056</u>	<u>\$ 5,510</u>
Carrying amount at December 31	<u>\$ 154,289</u>	<u>\$ 84,035</u>

The investment properties are leased out for 1 to 2 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Less than a year	\$ 7,310	\$ 7,312
1-5 years	<u>405</u>	<u>1,283</u>

\$ 7,715

\$ 8,595

The investment properties are depreciated using the straight-line method over 50 to 55 years of their estimated useful lives.

For those located in R.O.C., the fair value of the investment property as of December 31, 2023 and 2022 was \$376,685 thousand and \$253,748 thousand, respectively. The fair value of the investment property was appraised by the Company's management by reference to market evidence of transaction prices for similar properties.

The investment properties are owned by the Company. The investment properties pledged as collateral for payment of purchase in Note 37.

## 18. INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,825
Additions	196
Derecognition	<u>(199)</u>
Balance at December 31, 2023	<u>\$ 1,822</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 953
Amortization expense	531
Derecognition	<u>(199)</u>
Balance at December 31, 2023	<u>\$ 1,285</u>
Carrying amount at December 31, 2023	<u>\$ 537</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 1,408
Additions	602
Derecognition	<u>(185)</u>
Balance at December 31, 2022	<u>\$ 1,825</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 664
Amortization expense	474
Derecognition	<u>(185)</u>



Balance at December 31, 2022	<u>\$ 953</u>
Carrying amount at December 31, 2022	<u>\$ 872</u>

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	3-5 years
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## 19. OTHER ASSETS

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Others	<u>\$ 539</u>	<u>\$ 598</u>

## 20. SHORT-TERM BORROWINGS

### Short-term Borrowings

	<u>December 31</u>	
	2023	2022
Unsecured bank loans	<u>\$ 209,810</u>	<u>\$ 259,783</u>

The range of interest rates of unsecured bank loans was 6.1839%-6.4588% and 5.1500%-5.9520% at December 31, 2023 and 2022, respectively.

## 21. TRADE PAYABLES

	<u>December 31</u>	
	2023	2022
<u>Trade payables</u>		
Trade payables - operating	<u>\$ 115,922</u>	<u>\$ 151,810</u>

## 22. OTHER LIABILITIES

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 126,710	\$ 192,098
Payable for annual leave	6,316	6,176

Payable for purchase and selling	4,066	5,426
Interest payable	832	851
Other	<u>14,581</u>	<u>21,187</u>
	<u>\$ 152,505</u>	<u>\$ 225,738</u>
Other liabilities		
Other	<u>\$ 2,352</u>	<u>\$ 1,862</u>

### 23. RETIREMENT BENEFIT PLANS

#### a. Defined contribution plan

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

#### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2%, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 42,764	\$ 41,376
Fair value of plan assets	<u>(20,599)</u>	<u>(15,591)</u>

Net defined benefit liability	<u>\$ 22,165</u>	<u>\$ 25,785</u>
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Movements in net defined benefit liability are as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2023	<u>\$ 41,376</u>	<u>\$(15,591)</u>	<u>\$ 25,785</u>
Service cost			
Current service cost	845	-	845
Net interest expense (income)	<u>569</u>	<u>(227)</u>	<u>342</u>
Recognized in profit or loss	<u>1,414</u>	<u>(227)</u>	<u>1,187</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(38)	(38)
Actuarial loss - changes in financial assumptions	21	-	21
Actuarial gain - experience adjustments	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Recognized in other comprehensive income	<u>9</u>	<u>(38)</u>	<u>(29)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Contributions from the employer	\$ <u>      -</u>	\$ (4,778)	\$ (4,778)
Benefits paid	<u>      (35)</u>	<u>      35</u>	<u>      -</u>
Balance at December 31, 2023	<u>\$ 42,764</u>	<u>\$(20,599)</u>	<u>\$ 22,165</u>
Balance at January 1, 2022	<u>\$ 46,255</u>	<u>\$(12,584)</u>	<u>\$ 33,671</u>
Service cost			
Current service cost	1,284	-	1,284
Net interest expense (income)	<u>      231</u>	<u>      (68)</u>	<u>      163</u>
Recognized in profit or loss	<u>      1,515</u>	<u>      (68)</u>	<u>      1,447</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(518)	(518)
Actuarial gain - changes in financial assumptions	(3,869)	-	(3,869)
Actuarial gain - experience adjustments	<u>      (1,147)</u>	<u>      -</u>	<u>      (1,147)</u>
Recognized in other comprehensive income	<u>      (5,016)</u>	<u>      (518)</u>	<u>      (5,534)</u>
Contributions from the employer	<u>      -</u>	<u>      (3,799)</u>	<u>      (3,799)</u>
Benefits paid	<u>      (1,378)</u>	<u>      1,378</u>	<u>      -</u>
Balance at December 31, 2022	<u>\$ 41,376</u>	<u>\$(15,591)</u>	<u>\$ 25,785</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

December 31

	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.125%	1.375%
Expected rate(s) of salary increase	2.500%	2.750%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (730)</u>	<u>\$ (793)</u>
0.25% decrease	<u>\$ 753</u>	<u>\$ 818</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 729</u>	<u>\$ 794</u>
0.25% decrease	<u>\$ (711)</u>	<u>\$ (773)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	<u>\$ 1,789</u>	<u>\$ 1,767</u>
The average duration of the defined benefit obligation	7.2 years	8.1 years

## 24. EQUITY

### a. Share capital

#### Common stock

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>212,657</u>	<u>212,657</u>
Shares issued	<u>\$ 2,126,572</u>	<u>\$ 2,126,572</u>

Common stock issued had a par value of NT\$10, and holders have the right to vote and receive dividends.

Of the Company's authorized shares, 10,000 thousand shares were reserved for the issuance of convertible bonds, preferred shares and employee share options, respectively.

On July 14, 2022, the Company's board meeting resolved to issue the first-time employee restricted stock awards (RSAs) for the year 2022 in a total of 4,000 thousand shares. The aforementioned issuance of new shares was approved, and the registration has been completed, and the subscription base date was on July 22, 2022.

In order to enrich operating capital, intensify financial structure and provide capital demands for the company's long term operating development, the Company raised fund and introduced strategic investors. On June 15, 2022, the Company held shareholder's meeting and a resolution was passed to increase cash capital by issuing 30,000 thousand common stock through private placement. On October 6, 2022, the Company's board of directors resolved to offer for subscription with the subscriber - Wt Microelectronics Co., Ltd. at a price of \$44.02 at premium, and a total cash of \$1,320,600 thousand was received. The subscription base date was on October 7, 2022, and the registration has been completed on October 25, 2022.

The aforementioned rights and obligations of private placement of new shares were same as which the common stock the Company had issued. However, in accordance with Article 43-8 under the Securities and Exchange Act, the common stock of this private placement shall not be freely transferred within three years from the date of subscription, except as otherwise specified in laws and regulations for special circumstances. The board of directors was authorized to finish the public offering procedure ex post facto with the competent authority and apply for trading on the exchange or OTC market.

#### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of common stock	\$ 1,301,615	\$ 1,301,615
Conversion of bonds	111,200	111,200
Treasury share transactions	19,455	19,455
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	15,334	15,334

From business combinations	289	289
Other	<u>3,814</u>	<u>3,814</u>
	<u>1,451,707</u>	<u>1,451,707</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries	42,656	42,656
Other	<u>1,665</u>	<u>1,226</u>
	<u>44,321</u>	<u>43,882</u>
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>129,068</u>	<u>125,911</u>
	<u>\$ 1,625,096</u>	<u>\$ 1,621,500</u>

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



c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 15, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. In accordance with Article 240 of Company Act, the Company authorizes the board of directors to attend by over two-thirds of the directors, and over half of the directors' resolution to distribute dividends, bonuses, all or part of the legal reserve and capital surplus stipulated in Article 241 of Company Act in the form of cash, and report to the shareholders' meeting, which shall not be subject to the provisions of shareholders' meeting resolution.

Under the dividends policy as set forth in the Articles, if there is a surplus in the final accounts of the Company, the tax shall be paid first to make up for previous losses, and 10% shall be added to the legal reserve, except when the legal reserve has reached the paid-up capital of the company. In addition, the special reserve shall be listed or reversed according to the Company's operating needs and legal regulations. The total amount of dividends distributed each year shall not be less than 50% of the distributable earnings of the current year, and the board of directors shall draft a surplus distribution plan to shareholders' meeting resolution for distribution. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 26(g).

The Company will consider the environment and its growth stage, in response to future capital needs and long-term financial planning. The earnings shall be distributed in accordance with Article 21 of Articles of Incorporation, and the cash dividend distributed to shareholders in the current year shall be no less than 30% of the total amount of shareholders' dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 15, 2023 and June 15, 2022, respectively, were as follows:

**Appropriation of Earnings**  
**For the Year Ended December**  
**31**

	<b>2022</b>	<b>2021</b>
Legal reserve	<u>\$ 149,647</u>	<u>\$ 94,567</u>
Special reserve	<u>\$ 40,925</u>	<u>\$ -</u>
Cash dividends	<u>\$ 1,169,614</u>	<u>\$ 714,629</u>
Cash dividends per share (NT\$)	<u>\$ 5.5</u>	<u>\$ 4.0</u>

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 13, 2024, were as follows:

	<b>For the Year</b> <b>Ended</b> <b>December 31,</b> <b>2023</b>
Legal reserve	<u>\$ 73,072</u>
Reversal of special reserve	<u>\$ 40,925</u>
Cash dividends	<u>\$ 723,034</u>
Cash dividends per share (NT\$)	<u>\$ 3.40</u>

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 25, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 10,950	\$ 10,950
Special reserve appropriated		
Debits to other equity items	<u>40,925</u>	<u>-</u>
Balance at December 31	<u>\$ 51,875</u>	<u>\$ 10,950</u>

A proportionate share of special reserve relating to exchange differences from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

e. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$(34,344)</u>	<u>\$(54,771)</u>
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	1,499	12,889
Share of subsidiaries accounted for using the equity method	(8,556)	7,556
Reclassification adjustments		
Share from the disposal of subsidiaries accounted for using the equity method	<u>-</u>	<u>(18)</u>
Other comprehensive income recognized for the year	<u>(7,057)</u>	<u>20,427</u>
Balance at December 31	<u>\$(41,401)</u>	<u>\$(34,344)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$ (6,581)</u>	<u>\$ 86,237</u>
Recognized for the year		
Unrealized gain (loss) on equity instruments	86,065	(64,502)
Share from subsidiaries accounted for using equity method	<u>(19,550)</u>	<u>(28,316)</u>
Other comprehensive income (loss) recognized for the year	<u>66,515</u>	<u>(92,818)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(23,916)</u>	<u>-</u>
Balance at December 31	<u>\$ 36,018</u>	<u>\$ (6,581)</u>

**25. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 1,820,389</u>	<u>\$ 1,915,945</u>

a. Contract information

Revenue from sale of goods

The Company sells electronic components to the manufacturers of the information products, video products, and electronic communication products. The amount of discount and related revenue are estimated using the most likely amount, taking into consideration the customer's historical purchase records. All other goods are sold at their respective amounts as agreed in the contracts.

b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Trade receivables, net (Note 11)	<u>\$ 454,588</u>	<u>\$ 543,830</u>	<u>\$ 687,372</u>
Contract liabilities - current			
Advance on contract	<u>\$ 184</u>	<u>\$ 357</u>	<u>\$ 1,237</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment. The revenue recognized from the contract liability balance at the beginning for the year, which amounted to \$357 thousand and \$1,237 thousand for the years ended December 31, 2023 and 2022, respectively.

## 26. NET PROFIT FOR THE YEAR

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 16,902	\$ 4,582
Financing provided to related parties (Note 36)	6,786	1,571
Others	<u>708</u>	<u>187</u>
	<u>\$ 24,396</u>	<u>\$ 6,340</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividends income	<u>\$ 20,745</u>	<u>\$ 20,994</u>
Rental income		
Investment properties	14,016	13,086
Depreciation of investment properties	<u>(546)</u>	<u>(301)</u>
	<u>13,470</u>	<u>12,785</u>
Payroll expense allocation	<u>84,870</u>	<u>65,345</u>
Remuneration of director acquired	<u>12,241</u>	<u>9,963</u>
Others	<u>5,277</u>	<u>9,496</u>
	<u>\$ 136,603</u>	<u>\$ 118,583</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>

Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 56	\$ 150
Net foreign exchange gain	9,082	1,923
Gain on disposal of investment	<u>-</u>	<u>660,235</u>
	9,138	662,308
Other gains and losses from discontinued operation	<u>-</u>	<u>(660,235)</u>
	<u>\$ 9,138</u>	<u>\$ 2,073</u>

d. Finance costs

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 10,818	\$ 7,763
Interest on rental deposits	<u>18</u>	<u>8</u>
	<u>\$ 10,836</u>	<u>\$ 7,771</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 3,428	\$ 3,188
Investment properties	546	301
Intangible assets	<u>531</u>	<u>474</u>
	<u>\$ 4,505</u>	<u>\$ 3,963</u>
An analysis of depreciation by function		
Operating expenses	\$ 3,428	\$ 3,188
Non-operating income and expenses	<u>546</u>	<u>301</u>
	<u>\$ 3,974</u>	<u>\$ 3,489</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 531</u>	<u>\$ 474</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plan	\$ 4,903	\$ 4,849
Defined benefit plans (Note 23)	<u>1,187</u>	<u>1,447</u>
	6,090	6,296
Share-based payments (Note 29)		
Equity-settled	24,631	11,974
Other employee benefits	<u>131,307</u>	<u>225,229</u>
Total employee benefits expense	<u>\$ 162,028</u>	<u>\$ 243,499</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 162,028</u>	<u>\$ 243,499</u>

The average numbers of employees are 154 and 153 for the years ended December 31, 2023 and 2022.

g. Compensation of employees and remuneration of directors

If the Company makes a profit in a year, no less than 5% shall be set aside as employee compensation and no over 3% shall be set aside as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were calculated on the basis of historical experience and operating conditions, were approved by the Company's board of directors on 2024 and March 13, 2023, respectively, are as follows:

	<b>For the Year Ended December</b>	
	<b>31</b>	
	<u>2023</u>	<u>2022</u>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 60,583</u>	<u>\$ 121,401</u>
Remuneration of directors	<u>\$ 12,982</u>	<u>\$ 26,014</u>

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

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

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

## 27. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

<b>For the Year Ended December</b>	
<b>31</b>	
<u>2023</u>	<u>2022</u>



Current tax		
In respect of the current year	\$ 60,009	\$ 68,038
Income tax on unappropriated earnings	6,814	6,824
Additional income tax under the Alternative Minimum Tax Act	-	9,898
Adjustments for prior years' tax	<u>(71)</u>	<u>-</u>
	66,752	84,760
Deferred tax		
In respect of the current year	<u>3,377</u>	<u>(14,901)</u>
Income tax expense recognized in profit or loss	<u>\$ 70,129</u>	<u>\$ 69,859</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 776,435</u>	<u>\$ 1,557,904</u>
Income tax expense calculated at the statutory rate	\$ 155,287	\$ 311,580
Nondeductible expenses in determining taxable income	129	129
Deferred tax effect of earnings of subsidiaries	3,430	-
Tax exempt income	(95,460)	(258,572)
Income tax on unappropriated earnings	6,814	6,824
Additional income tax under the Alternative Minimum Tax Act	-	9,898
Adjustments for prior years' tax	<u>(71)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 70,129</u>	<u>\$ 69,859</u>

b. Current tax liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 28,309</u>	<u>\$ 30,940</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 4,825	\$ (718)	\$ (6)	\$ 4,101
Unrealized gross profit on sales	3,950	(2,660)	-	1,290
Provision for loss on inventories	2,952	3,318	-	6,270
Payable for annual leave	1,235	28	-	1,263
Unrealized exchange loss	327	1,099	-	1,426
Unrealized sales allowance	<u>136</u>	<u>87</u>	<u>-</u>	<u>223</u>

	<u>\$ 13,425</u>	<u>\$ 1,154</u>	<u>\$ (6)</u>	<u>\$ 14,573</u>
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Deferred tax liabilities

Temporary differences

Share of profit or loss of  
subsidiaries

	<u>\$ 66,521</u>	<u>\$ 4,531</u>	<u>\$ -</u>	<u>\$ 71,052</u>
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For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 6,402	\$ (470)	\$ (1,107)	\$ 4,825
Provision for loss on inventories	1,468	1,484	-	2,952
Payable for annual leave	1,238	(3)	-	1,235
Unrealized gross profit on sales	338	3,612	-	3,950
Unrealized exchange loss	141	186	-	327
Unrealized sales allowance	<u>100</u>	<u>36</u>	<u>-</u>	<u>136</u>
	<u>\$ 9,687</u>	<u>\$ 4,845</u>	<u>\$ (1,107)</u>	<u>\$ 13,425</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries	<u>\$ 76,577</u>	<u>\$(10,056)</u>	<u>\$ -</u>	<u>\$ 66,521</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Deductible temporary differences</u>		
Impairment loss on goodwill	<u>\$ 50,011</u>	<u>\$ 50,011</u>

e. Income tax assessments

The income tax returns through 2021 have been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

	<b>Unit: NT\$ Per Share</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share		
From continuing operations	\$ 3.39	\$ 4.21
From discontinued operations	<u>          -</u>	<u>      3.81</u>
Total basic earnings per share	<u>\$ 3.39</u>	<u>\$ 8.02</u>
Diluted earnings per share		
From continuing operations	\$ 3.33	\$ 4.14
From discontinued operations	<u>          -</u>	<u>      3.75</u>
Total diluted earnings per share	<u>\$ 3.33</u>	<u>\$ 7.89</u>

The earnings and weighted average number of common stock outstanding used in computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	\$ 706,306	\$ 1,488,045
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>                  -</u>	<u>      707,013</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 706,306</u>	<u>\$ 781,032</u>

Weighted average number of common stock outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of common stock used in the computation of basic earnings per share	208,657	185,726
Effect of potentially dilutive common stock		
Compensation of employees	1,458	2,605
Share-based payment arrangements	<u>      1,778</u>	<u>      379</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>      211,893</u>	<u>      188,710</u>

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

## 29. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Restricted stock awards for employees of the Company

On March 23, 2022, the Company's board meeting resolved to issue the first employee restricted stock awards (RSAs), consisting of 4,000 thousand shares with a par value of NT\$10, in a total amount of \$40,000 thousand at a price of 50% of the closing price on the issuing date. This proposal was approved and became effective by the Financial Supervisory Commission (FSC) dated July 12, 2022. The Company's board meeting resolved to issue the RSAs on July 14, 2022, and the subscription base date was on July 22, 2022. The issue price and the fair value at grant date were \$21.93 per share and \$21.92 per share, respectively. If an employee remains employed by the Company for two years after that grant date, 40% of the restricted shares will be vested; if an employee remains employed by the Company for three years after that grant date, 30% of the restricted shares will be vested; if an employee remains employed by the Company for four years after that grant date, 30% of the restricted shares will be vested. There were 4,000 thousand of shares that had not met the vesting conditions as of the reporting date.

Movements in RSAs are as follows:

	Common stock	Capital Surplus - Restricted Stock Units	Unappropriate d Earnings	Other Equity - Unearned Stock-based Employee Compensation
Amounts at July 14, 2022, the grant date of RSAs	\$ 40,000	\$ 125,911	\$ -	\$ (82,937)
Share-based payments recognized	-	-	-	15,551
Balance at December 31, 2022	40,000	125,911	-	(67,386)
Share-based payments recognized	-	-	-	31,989
Adjustment to the movement of resignation	-	3,157	-	(1,578)
Recognition of non-vesting condition dividends vesting conditions	-	-	794	-
Balance at December 31, 2023	<u>\$ 40,000</u>	<u>\$ 129,068</u>	<u>\$ 794</u>	<u>\$ (36,975)</u>

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The RSAs should be held in stock trust. During each vesting period, no employee granted RSAs, except for inheritance, may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.
- 2) The voting rights of the shareholders meeting shall be exercised by trust custodians in accordance with relevant laws and regulations.
- 3) Before the vesting conditions are fulfilled, the employees holding these shares are entitled to receive cash and share dividends, which are the same as those of holders of common stock of the Company. However, the employees holding these shares are not entitled with the subscription right of the new shares issued for any capital increase.

b. On May 4, 2023, the Company's board meeting resolved to issue the first employee restricted stock awards (RSAs), consisting of 4,000 thousand shares with a par value of NT\$10, in a total amount of \$40,000 thousand at the expected issuance price, which is 50% of the closing price on the issuance date. This aforementioned resolution was approved and became effective by the Financial Supervisory Commission (FSC) on October 11, 2023.

### **30. ACQUISITION OF SUBSIDIARIES - WITH OBTAINED CONTROL**

For details about the acquisition of Koho (Taiwan) Co., Ltd., refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2023.

### **31. DISPOSAL OF SUBSIDIARIES - WITH LOSS OF CONTROL**

For details about the disposal of Sentelic Corporation, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2023.

### 32. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For details about the partial acquisition of Koho (Taiwan) Co., Ltd., refer to Note 32 to the Company's consolidated financial statements for the year ended December 31, 2023.

### 33. CASH FLOWS INFORMATION

#### Changes in Liabilities from Financing Activities

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Closing Balance</b>
Short-term borrowings	\$ 259,783	\$ (49,973)	\$ 209,810
Guarantee deposits received	<u>1,094</u>	<u>15</u>	<u>1,109</u>
	<u>\$ 260,877</u>	<u>\$ (49,958)</u>	<u>\$ 210,919</u>

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Closing Balance</b>
Short-term borrowings	\$ 345,467	\$ (85,684)	\$ 259,783
Guarantee deposits received	<u>1,058</u>	<u>36</u>	<u>1,094</u>
	<u>\$ 346,525</u>	<u>\$ (85,648)</u>	<u>\$ 260,877</u>

### 34. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern to fund its working capital needs, repayment of bank loan, and dividend expense over the next 12 months while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt and equity of the Company.

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

### 35. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 10,491	\$ -	\$ -	\$ 10,491
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>96,979</u>	<u>96,979</u>
	<u>\$ 10,491</u>	<u>\$ -</u>	<u>\$ 96,979</u>	<u>\$ 107,470</u>

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets mandatorily classified as at FVTPL				
Domestic mutual funds	<u>\$ 100,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,006</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic listed shares	\$ 187,273	\$ -	\$ -	\$ 187,273
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>93,384</u>	<u>93,384</u>
	<u>\$ 187,273</u>	<u>\$ -</u>	<u>\$ 93,384</u>	<u>\$ 280,657</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

**Financial Assets at FVTOCI**

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<b>Financial Assets</b>	<u><b>Equity Instruments</b></u>
Balance at January 1, 2023	\$ 93,384
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>3,595</u>
Balance at December 31, 2023	<u>\$ 96,979</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 88,711
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>4,673</u>
Balance at December 31, 2022	<u>\$ 93,384</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares - domestic	The asset-based approach is used for evaluation based on the total value of individual assets and individual liabilities to show the overall value of the investment target. Significant unobservable inputs are discounted by considering market liquidity.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 100,006
Financial assets at amortized cost		
Cash and cash equivalents	1,261,101	612,381
Notes receivables, net	3,493	2,599
Trade receivables, net	454,588	543,830
Trade receivables from related parties	41,114	49,810
Other receivables	2,837	3,063
Other receivables from related parties	358,114	544,778
Refundable deposits	826	815
Financial assets at amortized cost (included in current and non-current)	505,150	810,150
Financial assets at FVTOCI (included in current and non-current)		
Equity instruments	107,470	280,657
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	209,810	259,783

Trade payables	115,922	151,810
Trade payables to related parties	30,838	56,964
Other payables	19,479	27,464
Other payables to related parties	205	180
Guarantee deposits received	1,109	1,094

#### d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, long term and short-term borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

##### 1) Market risk

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

##### a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 40.

##### Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit with the New Taiwan dollar strengthening 5% against the relevant currency, for a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 6,215</u>	<u>\$ 5,540</u>

##### b) Interest rate risk

Interest rate risk refers to the risk that the change in market value will influence the fair value of financial instruments. The Company's interest rate risk arises primarily from investment at fixed interest rates and borrowings at floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 1,735,164	\$ 1,396,000
Financial liabilities	115,334	221,395
Cash flow interest rate risk		
Financial assets	30,721	26,288
Financial liabilities	94,476	38,388

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$319 thousand and \$61 thousand, respectively.

#### c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities.

#### Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher, the post-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increased by \$105 thousand and \$1,873 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company transacts with all kinds of customers, which separated in different industries and geographical location, the Company's exposure and the operating performance of its counterparties are continuously monitored. The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the financial positions of customers.

The receivables from Company A amounted to \$38,074 thousand and \$18,364 thousand, and from Company C amounted to \$30,739 thousand and \$91,172 thousand as of December 31, 2023 and 2022, respectively. The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

#### Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

The non-interest-bearing financial liabilities of the Company's current liabilities are due within one year and not required to be paid off. Guarantee deposits received in non-current financial liabilities are mainly deposited by lessee as credit guarantees and have no specific maturity date.

#### December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Variable interest rate liabilities	\$ 508	\$ 96,098	\$ -	\$ -	\$ -
Fixed interest rate liabilities	<u>81,484</u>	<u>34,432</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,992</u>	<u>\$ 130,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-6 Months</b>	<b>7 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Variable interest rate liabilities	\$ 170	\$ 38,695	\$ -	\$ -	\$ -
Fixed interest rate liabilities	<u>96,057</u>	<u>127,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 96,227</u>	<u>\$ 165,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

### 36. TRANSACTIONS WITH RELATED PARTIES

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

#### a. Related party name and category

<b>Related Party Name</b>	<b>Related Party Category</b>
Lipers Enterprise Co., Ltd.	Subsidiary
Scope Technology Co., Ltd.	Subsidiary
Advance Electronic Supply Inc.	Subsidiary
Vic-Dawn Enterprise Co., Ltd.	Subsidiary
Tonsam Corporation	Subsidiary
Sentelic Corporation	Subsidiary (Note 1)
Koho (Taiwan) Co., Ltd.	Subsidiary (Note 2)
Nichidenbo (Shenzhen) Trading Co., Ltd.	Subsidiary
Nichidenbo Suzhou Trading Co., Ltd.	Subsidiary
Lipers (Hong Kong) Enterprise Co., Ltd.	Subsidiary
Lipers Electronic (SZ) Co., Ltd.	Subsidiary

Note 1: The Company participated in Weltrend semiconductor incorporated's takeover bid for 10,710,000 common shares of Sentelic corporation on August 24, 2022. The Company's shareholding in Sentelic Corporation decreased from 46.00% to 9.68%. The control of Sentelic Corporation was passed to the acquirer, and the unsold interest was recorded in financial assets at FVTOCI. Therefore, the profit/loss was only disclosed until July 31, 2022.

Note 2: The Company acquired Koho (Taiwan) Co., Ltd., at a consideration of \$81,600 thousand on January 26 and March 3, 2022. The Company holds an 85% interest in Koho (Taiwan) Co., Ltd. and, therefore, has control over Koho (Taiwan) Co., Ltd.

#### b. Revenue from sale of goods

<b>Related-party Category</b>	<b>For the Year Ended December</b>	
	<b>31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	<u>\$ 151,079</u>	<u>\$ 136,686</u>

Sales of goods from related parties were made at arm's length.

#### c. Purchases of goods

<b>Related-party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	<u>\$ 164,192</u>	<u>\$ 135,085</u>

Purchases of goods from related parties were made at arm's length.

d.Receivables from related parties (excluding borrowings to related parties)

<b>Line Item</b>	<b>Related-party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Trade receivables	Subsidiaries	<u>\$ 41,114</u>	<u>\$ 49,810</u>
Other receivables	Scope Technology Co., Ltd.	\$ 3,852	\$ 3,846
	Lipers Enterprise Co., Ltd.	1,492	1,365
	Advance Electronic Supply Inc.	1,074	942
	Other subsidiaries	<u>1,696</u>	<u>1,625</u>
		<u>\$ 8,114</u>	<u>\$ 7,778</u>
Payment on behalf of others (included in other current assets)	Subsidiaries	<u>\$ 13</u>	<u>\$ 17</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e.Refundable deposits

<b>Related-party Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Lipers Enterprise Co., Ltd.	\$ 505	\$ 493
Vic-Dawn Enterprise Co., Ltd.	<u>320</u>	<u>320</u>
	<u>\$ 825</u>	<u>\$ 813</u>

f.Payables to related parties



Line Item	Related-party Category/Name	December 31	
		2023	2022
Trade payables	Advance Electronic Supply Inc.	\$ 17,822	\$ 43,042
	Other subsidiaries	<u>13,016</u>	<u>13,922</u>
		<u>\$ 30,838</u>	<u>\$ 56,964</u>
Other payables	Other subsidiaries	<u>\$ 205</u>	<u>\$ 180</u>

The outstanding trade payables to related parties are unsecured.

g. Guarantee deposits received

Related-party Name	December 31	
	2023	2022
Vic-Dawn Enterprise Co., Ltd.	\$ 231	\$ 231
Scope Technology Co., Ltd.	197	197
Advance Electronic Supply Inc.	197	197
Tonsam Corporation	123	123
Lipers Enterprise Co., Ltd.	98	98
Koho (Taiwan) Co., Ltd.	<u>36</u>	<u>36</u>
	<u>\$ 882</u>	<u>\$ 882</u>

h. Lease arrangements - the Company is lessee

Related-party Name	For the Year Ended December 31	
	2023	2022
<u>Lease expense</u>		
Lipers Enterprise Co., Ltd.	\$ 4,561	\$ 4,280
Vic-Dawn Enterprise Co., Ltd.	<u>2,247</u>	<u>2,245</u>
	<u>\$ 6,808</u>	<u>\$ 6,525</u>

The Company leased place of operation from subsidiaries. The rental is based on local rates and are paid monthly.

i. Lease arrangements - the Company is lessor

Lease arrangements - the Company is lessor under operating leases

The total amount of lease payments to be collected in the future are summarized as follow:

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Advance Electronic Supply Inc.	\$ 2,547	\$ 1,547
Scope Technology Co., Ltd.	1,507	1,507
Tonsam Corporation	339	926
Lipers Enterprise Co., Ltd.	498	816
Other subsidiaries	<u>386</u>	<u>700</u>
	<u>\$ 5,277</u>	<u>\$ 5,496</u>

Lease income was as follows:

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Scope Technology Co., Ltd.	\$ 3,154	\$ 3,152
Advance Electronic Supply Inc.	3,109	3,208
Lipers Enterprise Co., Ltd.	1,740	1,639
Tonsam Corporation	1,320	1,419
Other subsidiaries	<u>1,558</u>	<u>1,614</u>
	<u>\$ 10,881</u>	<u>\$ 11,032</u>

The rental of place of operation between the Company and its related parties are based on local rates and are paid monthly.

j. Loans to related parties

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Lipers Enterprise Co., Ltd.	\$ 200,000	\$ 210,000
Scope Technology Co., Ltd.	100,000	200,000
Koho (Taiwan) Co., Ltd.	50,000	57,000
Advance Electronic Supply Inc.	<u>-</u>	<u>70,000</u>
	<u>\$ 350,000</u>	<u>\$ 537,000</u>

Interest income

<b>Related Party Category/Name</b>	<b>For the Year Ended December</b>	
	<b>2023</b>	<b>2022</b>
Lipers Enterprise Co., Ltd.	\$ 3,875	\$ 607
Other subsidiaries	<u>2,911</u>	<u>964</u>
	<u>\$ 6,786</u>	<u>\$ 1,571</u>

As of December 31, 2023 and 2022, the ending balance of loans to related parties were \$350,000 thousand and \$537,000 thousand, respectively. The highest balance of loans to Lipers Enterprise Co., Ltd., Scope Technology Co., Ltd., Koho (Taiwan) Co., Ltd., and Advance Electronic Supply Inc., for the year 2023 were \$340,000 thousand, \$600,000 thousand, \$160,000 thousand, and \$190,000 thousand, respectively. The highest balance of loans to Lipers Enterprise Co., Ltd., Scope Technology Co., Ltd., Koho (Taiwan) Co., Ltd., and Advance Electronic Supply Inc., for the year 2022 were \$340,000 thousand, \$600,000 thousand, \$80,000 thousand, and \$190,000 thousand, respectively.

The Company provided short-term loans to subsidiaries with unsecured short-term loans at rates comparable to market interest rates during the year 2023 and 2022.

k. Other transactions with related parties

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Payroll expense allocation (included in deduction of payroll expense)</u>		
Scope Technology Co., Ltd.	\$ 37,750	\$ 36,682
Other subsidiaries	<u>38,199</u>	<u>35,938</u>
	<u>\$ 75,949</u>	<u>\$ 72,620</u>
<u>Operating expense</u>		
Subsidiaries	<u>\$ 1,972</u>	<u>\$ 1,791</u>
<u>Interest income</u>		
Other subsidiaries	<u>\$ 12</u>	<u>\$ 6</u>
<u>Other income</u>		
Scope Technology Co., Ltd.	\$ 48,367	\$ 38,578
Lipers Enterprise Co., Ltd.	13,114	12,135
Advance Electronic Supply Inc.	10,658	11,302
Other subsidiaries	<u>17,161</u>	<u>10,934</u>
	<u>\$ 89,300</u>	<u>\$ 72,949</u>
<u>Finance costs</u>		
Subsidiaries	<u>\$ 13</u>	<u>\$ 7</u>

The management service income between the Company and its subsidiaries are based on the service provided and received monthly.

l. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 72,636	\$ 110,862
Post-employment benefits	1,563	1,798
Share-based payments	<u>22,232</u>	<u>10,419</u>

\$ 96,431                      \$ 123,079

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends. The short-term employee benefits above includes issuance on behalf of the subsidiaries.

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for payment of purchase. The carrying amounts were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 55,338	\$ 55,494
Investment properties	33,605	33,714
Financial assets at amortized cost - non-current	<u>150</u>	<u>150</u>
	<u>\$ 89,093</u>	<u>\$ 89,358</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2023 and 2022, outstanding endorsement/guarantee were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Scope Technology Co., Ltd.	\$ 852,690	\$ 2,494,910
Koho (Taiwan) Co., Ltd.	190,000	330,000
Lipers Enterprise Co., Ltd.	107,468	827,485
Nichidenbo (Shenzhen) Trading Co., Ltd. and Nichidenbo Suzhou Trading Co., Ltd. (Note)	86,540	88,160
Tonsam Corporation	61,410	230,000
Vic-Dawn Enterprise Co., Ltd.	60,000	180,000
Advance Electronic Supply Inc.	<u>-</u>	<u>740,000</u>
	<u>\$ 1,358,108</u>	<u>\$ 4,890,555</u>

Note: Nichidenbo (Shenzhen) Trading Co., Ltd. and Nichidenbo Suzhou Trading Co., Ltd. have both become endorsees/guarantees since they share the limit of endorsement/guarantee of RMB20,000 thousand.

b. As of December 31, 2023, the amount of Mega bank's bank guaranteed

letter provided as collateral for payment of purchase was \$55,000 thousand.

### 39. SIGNIFICANT SUBSEQUENT EVENTS

On March 13 2024, the board of directors resolved to acquire 12,834,314 shares of Concord Advanced Technology Co., Ltd. at \$22 per share, for total investment amount of \$282,355 thousand.

### 40. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>December 31, 2023</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,136	30.705 (USD:NTD)	\$ 464,740
Non-monetary items			
Investments accounted for using the equity method			
HKD	32,689	3.929 (HKD:NTD)	128,436
<u>Financial liabilities</u>			
Monetary items			
USD	11,088	30.705 (USD:NTD)	340,450
<u>December 31, 2022</u>			
<u>Financial assets</u>			
Monetary items			
USD	17,528	30.710 (USD:NTD)	538,283
Non-monetary items			
Investments accounted for using the equity method			

HKD	56,837	3,938 (HKD:NTD)	223,823
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Financial liabilities

Monetary items

USD	13,920	30,710 (USD:NTD)	427,490
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The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Losses
USD	30.705 (USD:NTD)	\$ (7,043)	30.71 (USD:NTD)	\$ (1,662)

**41. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: None

b. Information on investees: Table 6 (attached)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 8 (attached)
  - c) The amount of property transactions and the amount of the resultant gains or losses: None
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: Table 2 (attached)
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: None
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached)



## NICHIDENBO CORPORATION

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	Nichidenbo Corporation	Advance Electronic Supply Inc.	Other receivables from related parties	Yes	\$ 190,000	\$ -	\$ -	-	b	\$ -	Operational needs	\$ -	-	\$ -	\$ 1,870,213 (Note 1)	\$ 2,493,618 (Note 1)
		Scope Technology Co., Ltd.	Other receivables from related parties	Yes	600,000	200,000	100,000	1.715	b	-	Operational needs	-	-	-	1,870,213 (Note 1)	2,493,618 (Note 1)
		Lipers Enterprise Co., Ltd.	Other receivables from related parties	Yes	340,000	300,000	200,000	1.715	b	-	Operational needs	-	-	-	1,870,213 (Note 1)	2,493,618 (Note 1)
		Koho (Taiwan) Co., Ltd.	Other receivables from related parties	Yes	160,000	80,000	50,000	1.715	b	-	Operational needs	-	-	-	1,870,213 (Note 1)	2,493,618 (Note 1)

Note 1: Aggregate financing limits should not exceed 40% of Nichidenbo Corporation's net worth. The limit of short-term financing for each counterparty should not exceed 30% of Nichidenbo Corporation's net worth as shown in the audited financial statements for the year ended 2023.

Note 2: Reasons for the nature of financing are as follows:

- a. Business relationship.
- b. Necessity of short-term financing.

## NICHIDENBO CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Nichidenbo Corporation	Scope Technology Co., Ltd.	b	\$ 9,351,069	\$ 2,490,080	\$ 852,690	\$ 659,345	\$ -	13.68	\$ 18,702,138	Y	N	N
		Advance Electronic Supply Inc.	b	9,351,069	740,000	-	-	-	-	18,702,138	Y	N	N
		Tonsam Corporation	b	9,351,069	291,480	61,410	17,291	-	0.99	18,702,138	Y	N	N
		Nichidenbo Suzhou Trading Co., Ltd. and Nichidenbo (Shenzhen) Trading Co., Ltd. (Note 4)	b	9,351,069	88,900	86,540	-	-	1.39	18,702,138	Y	N	Y
		Lipers Enterprise Co., Ltd.	b	9,351,069	826,680	107,468	5,284	-	1.72	18,702,138	Y	N	N
		Vic-Dawn Enterprise Co., Ltd.	b	9,351,069	180,000	60,000	-	-	0.96	18,702,138	Y	N	N
		Koho (Taiwan) Co., Ltd.	b	9,351,069	330,000	190,000	80,000	-	3.05	18,702,138	Y	N	N

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- Having a business relationship.
- The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.
- Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The aggregate limits on endorsements/guarantees given by Nichidenbo Corporation should not exceed 300% of the Company's the net equity as shown in the audited financial statements for the year ended 2023; the individual limit on endorsement/guarantee given by Nichidenbo Corporation should not exceed 150% of the Company's the net equity as shown in the audited financial statements for the year ended 2023.

Note 3: The ratio of the outstanding endorsement/Guarantee to the net value of the Company providing guarantees or endorsements.

Note 4: Nichidenbo Suzhou Trading Co., Ltd. and Nichidenbo (Shenzhen) Trading Co., Ltd. have both become endorsees/guarantees since they share the limit of endorsement/guarantee of RMB20,000 thousand.

**NICHIDENBO CORPORATION**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Nichidenbo Corporation	Shares Honey Hope Honest Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	374,000	\$ 10,491	0.47	\$ 10,491	
	Concord Advanced Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	9,097,898	96,979	8.53	96,979	

Note: Refer to Tables 6 and 7 for information relating to investments in subsidiaries.

**NICHIDENBO CORPORATION**

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Term	Unit Price	Payment Term	Ending Balance	% of Total	
Nichidenbo Corporation	Advance Electronic Supply Inc.	Subsidiary	Purchase	\$ 118,123	9.81	Net 90 days from the end of the month	\$ -	-	\$ (17,822)	(12.14)	

**NICHIDENBO CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Nichidenbo Corporation	Lipers Enterprise Co., Ltd.	Subsidiary	\$ 219,246 (Note 1)	3.73	\$ -	-	\$ 9,117	\$ -
	Scope Technology Co., Ltd.	Subsidiary	111,609 (Note 2)	2.48	-	-	11,504	-

Note 1: Including trade receivables in the amount of \$17,754 thousand and other receivables in the amount of \$201,492 thousand (mainly \$200,000 thousand of financing provided to others); other receivables were not applicable for calculating turnover rate.

Note 2: Including trade receivables in the amount of \$7,757 thousand and other receivables in the amount of \$103,852 thousand (mainly \$100,000 thousand of financing provided to others); other receivables were not applicable for calculating turnover rate.

## NICHIDENBO CORPORATION

INFORMATION ON INVESTEES  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Value			
Nichidenbo Corporation	Vic-Dawn Enterprise Co., Ltd.	Xindian District, New Taipei City	Sales and marketing of electronic components	\$ 187,646	\$ 187,646	14,296,603	95.31	\$ 315,477	\$ 107,059	\$ 102,013 (Note 1)	Subsidiary
	Nichidenbo (Mauritius) Ltd.	Mauritius	Investment activities	154,382	154,382	5,050,000	100.00	463,774	26,309	26,309	Subsidiary
	Lipers Enterprise Co., Ltd.	Xindian District, New Taipei City	Sales and marketing of electronic components	729,615	729,615	31,788,710	99.34	662,550	104,579	102,597 (Note 2)	Subsidiary
	Scope Technology Co., Ltd.	Xindian District, New Taipei City	Sales and marketing of electronic components	814,502	814,502	53,016,276	100.00	1,027,784	109,076	109,044 (Note 1)	Subsidiary
	Advance Electronic Supply Inc.	Xindian District, New Taipei City	Sales and marketing of electronic components	383,887	383,887	37,224,808	100.00	530,867	78,693	78,386 (Note 1)	Subsidiary
	Tonsam Corporation	Xindian District, New Taipei City	Sales and marketing of electronic components	358,430	358,430	15,000,000	100.00	285,145	17,786	17,761 (Note 2)	Subsidiary
	Lipers (Hong Kong) Enterprise Co., Ltd. (Note 3)	Hong Kong	Manufacturing, sales and marketing of electronic components	140,373	216,454	11,000,000	100.00	128,090	16,370	16,370	Subsidiary
Koho (Taiwan) Co., Ltd (Note 5)	Xindian District, New Taipei City	Sales and marketing of electronic components	81,600	81,600	2,550,000	85.00	126,443	57,945	46,697 (Note 2)	Subsidiary	

Note 1: The difference between an investee's net income in the Corporation's share and share of profits was a unrealized gross margin from upstream transactions.

Note 2: The difference between an investee's net income in the Corporation's share and share of profits was amortization between fair value and carrying amount of investee's assets and unrealized gross margin from upstream transactions.

Note 3: On August 31, 2023, the directors of Lipers (Hong Kong) Enterprise Co., Ltd. resolved to apply for a capital reduction and the return of \$76,081 thousand (HK\$18,643 thousand), and the base date of the capital reduction was September 11, 2023.

Note 4: Refer to Table 7 for information relating to investments in mainland China.

## NICHIDENBO CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Nichidenbo (Shenzhen) Trading Co., Ltd.	Sales and marketing of electronic components	\$ 90,499 (US\$ 2,744 thousand and HK\$ 2,000 thousand)	Invested by Nichidenbo (Mauritius) Ltd.	\$ 90,499	\$ -	\$ -	\$ 90,499	\$ 22,081	100	\$ 22,081	\$ 306,742	\$ 109,625
Nichidenbo Suzhou Trading Co., Ltd. (Note 3)	Sales and marketing of electronic components	101,712 (US\$ 3,396 thousand)	Invested by Nichidenbo (Mauritius) Ltd.	59,900	-	-	59,900	4,221	100	4,221	155,045	4,475
Lipers Electronic (SZ) Co., Ltd.	Sales and marketing of electronic components	29,385 (US\$ 1,000 thousand)	Invested by Lipers (Hong Kong) Enterprise Co., Ltd.	61,911	-	-	61,911	9,731	100	9,731	108,955	45,393

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$213,310 (HK\$2,000 thousand, US\$4,744 thousand and NT\$61,911 thousand)	\$254,122 (HK\$2,000 thousand, US\$6,140 thousand and NT\$61,911 thousand)	\$3,764,468 (Note 2)

Note 1: The investment gain (loss) and carrying amount as of December 31, 2023 are recognized based on the audited financial statements.

Note 2: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's consolidated net worth.

Note 3: The \$59,900 thousand (US\$2,000 thousand) among paid-in capital of Nichidenbo Suzhou Trading Co., Ltd. was shift in invested through third area to mainland China from Taiwan output, remaining of paid-in capital was indirectly invested by retained earnings of Nichidenbo (Mauritius) Ltd., which was received from Nichidenbo Shanghai Trading Co., Ltd.

Note 4: Total amount of paid-in capital was translated into NTD at historical rate.

**NICHIDENBO CORPORATION**

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

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Trade Receivable		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transactions	Ending Balance	%		
Nichidenbo (Shenzhen) Trading Co., Ltd.	Sale	\$ 9,656	0.53	Internal transfer pricing	Net 90 days from the end of the month	At arm's length	\$ 4,034	0.81	\$ (488)	
Nichidenbo Suzhou Trading Co., Ltd.	Sale	9,671	0.53	Internal transfer pricing	Net 180 days from the end of the month	At arm's length	1,961	0.39	(35)	
Lipers Electronic (SZ) Co., Ltd.	Sale	5,254	0.29	Internal transfer pricing	Net 90 days from the end of the month	At arm's length	3,071	0.62	(347)	



**TABLE 9****NICHIDENBO CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
WT MICROELECTRONICS CO., LTD.	31,000,000	14.57

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. 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, please refer to Market Observation Post System.

**6. If the company and its affiliates encounter any financial difficulties in the past year and as of the date of publication of the annual report, the impact on the financial status of the company shall be listed: None.**

# VII. Review and Analysis of the Company's Financial Position and Performance, and Risk Management

## 1. Financial Position

### Comparative Analysis of Financial Position

Unit: NT \$thousands

Item \ Year	2023	2022	Amount increase (decrease)	Change in proportion (%)
Current assets	8,068,120	8,150,016	(81,896)	(1.00)
Financial assets measured at Other comprehensive income under Fair value- Non-current	96,979	93,384	3,595	3.85
Financial assets at amortized cost Assets- Non-current	178,930	178,879	51	0.03
Property, plant and equipment	678,453	614,455	63,998	10.42
Assets	30,899	9,046	21,853	241.58
Investment property	190,222	191,465	(1,243)	(0.65)
Intangible assets	52,658	56,727	(4,069)	(7.17)
Deferred tax assets	77,961	64,362	13,599	21.13
Other Assets.	8,954	7,485	1,469	19.63
Total assets	9,383,176	9,365,819	17,357	0.19
Current liabilities	2,979,932	2,616,807	363,125	13.88
Non-current liabilities	129,130	109,990	19,140	17.40
Total liabilities	3,109,062	2,726,797	382,265	14.02
Share capital	2,126,572	2,126,572	-	-
Capital surplus	1,625,096	1,621,500	3,596	0.22
Retained earnings	2,524,736	2,963,635	(438,899)	(14.81)
Other equity interest	(42,358)	(108,311)	65,953	(60.89)
Non-controlling interests	40,068	35,626	4,442	12.47
Total equity	6,274,114	6,639,022	(364,908)	(5.50)

The main reasons for the significant changes in Assets, Liabilities and Equity in the last two years (the previous and previous changes of more than 20%, and the change amount of NT \$ten million) along with their impact and future response plans:

1. The increase in the right to use assets was mainly due to the increase in the right to use assets due to the addition of the right to use assets by the subsidiary.
2. The increase in deferred tax assets was mainly due to the recognition of the impairment losses and unrealized exchange losses of Inventories and the increase in the evaluation loss of subsidiaries based on the Assets of Fair value through other comprehensive income, resulting in the increase in deferred tax assets.
3. Other equity interest increased, mainly due to the increase in unrealized valuation gain of Fair value-Assets by the parent company through other comprehensive income.

## 2. Financial Performance

### Comparative Analysis of Financial Performance

Unit: NT \$thousands

Item \ Year	2023	2022	Amount increase (decrease)	Change in proportion (%)
Operating revenue	10,655,709	10,440,729	214,980	2.06
Operating costs	9,013,500	8,660,488	353,012	4.08
Gross profit from operations	1,642,209	1,780,241	(138,032)	(7.75)
Operating expenses	769,021	887,820	(118,799)	(13.38)
Net operating income	873,188	892,421	(19,233)	(2.16)
Non-operating income and expenses	49,505	127,922	(78,417)	(61.30)
Profit from continuing operations before tax	922,693	1,020,343	(97,650)	(9.57)
Tax expense	202,387	229,742	(27,355)	(11.91)
Net income from continuing operations	720,306	790,601	(70,295)	(8.89)
Profit (loss) from discontinued operations	-	759,899	(759,899)	(100.00)
Net income	720,306	1,550,500	(830,194)	(53.54)

1. The main reasons for the significant changes in Operating revenue, Net operating income and net profit before tax in the last two years:

The increase in The Company's Operating revenue in 2023 was slightly lower than the increase in Operating costs compared to 2022, resulting in a 7.75% decrease in Gross profit from operations NT \$1,642,209 thousand in 2023 compared to NT \$1,780,241 thousand in 2022, and the decrease in Operating expenses in 2023 compared to 2022 was roughly the same as the decrease in Gross profit from operations, resulting in a slight decrease of 2.16% in Net operating income NT \$873,188 thousand in 2023 compared to NT \$892,421 thousand in 2022. However, the net Foreign exchange gains in 2023 decreased significantly compared to 2022, resulting in a 9.57% decrease in net profit before tax of NT \$922,693 thousand in 2023 compared to NT \$1,020,343 thousand in 2022.

2. Expected sales volume and its basis: Not applicable as it has not been publicly predicted.

3. Possible impact on the Company's future financial business and corresponding plans:

(1) Financial information

Unit: NT \$thousands

Item	2023	2022	Increase (decrease) ratio (%)
Operating revenue	10,655,709	10,440,729	2.06
Profit from continuing operations before tax	922,693	1,020,343	(9.57)
Ratio of long-term capital to property, plant and equipment (%)	943.80	1,098.37	(14.07)
Current ratio (%)	270.74	311.44	(13.07)
Quick ratio (%)	205.68	222.70	(7.64)

(2) Possible impact and response plan

Various financial structures are still good and maintained at appropriate ratios. In the future, in order to meet the needs of business growth, we will strive to stabilize the financial structure and protect the shareholders Equity.

### 3. Cash flows

#### (1) Analysis of changes in cash flow in 2023

Unit: NT \$thousands

Beginning cash balance	Annual operating income Net cash flows from activities	Annual cash inflow (outflow) from investment and financing activities	Cash surplus Amount (Inadequacy)	Remedy for insufficient cash	
				Investment plan	Financing Plans
1,424,947	958,462	(301,447)	2,081,962	-	-

#### Analysis of changes in cash flow in 2023:

1. Operating activities: The net cash inflow from operating activities was mainly due to the decrease in Increase in accounts receivable inventory and the disposal of Fair value financial Assets.
2. Investing activities: The net cash inflow from investing activities was mainly due to proceeds from disposal of financial assets at amortized cost and Assets through Other comprehensive income under Fair value.
3. Financing activities: The net cash outflow from financing activities is mainly due to the distribution of cash dividends to shareholders.

(2) Improvement plan for insufficient liquidity: There is no shortage of cash liquidity.

#### (3) Cash Flow Analysis for the Coming Year

Unit: NT \$thousands

Beginning cash balance	Annual operating income Net cash flows from activities	Annual cash inflow (outflow) from investment and financing activities	Cash surplus Amount (Inadequacy)	Expected cash shortage Remedies	
				Investment plan	Financing Plans
2,081,962	1,556,964	(723,034)	2,915,892	-	-

#### Analysis of changes in cash flow in the coming year (2024):

1. Operating activities: The net cash inflow from operating activities was mainly due to the increase in net profit before tax and the decrease in inventories of inventories.
2. Investment and financing activities: Mainly due to the expected distribution of cash dividends to shareholders.

### 4. Impact of major capital expenditures in recent years on the company's financial operations

(1) Use of major capital expenditures and sources of funds in the most recent year: None.

(2) Expected benefits: Not applicable.

### 5. Investment policy in the last year, main causes for profits or losses, improvement plans and investment plans for the coming year

December 31, 2023; Unit: NT \$thousands

Name of investor	Investee companies	Investment gains and losses recognized in 2023	Profit or loss Main reasons	Improvement plan
Nichidenbo Corporation	VIC-DAWN Enterprise Co., Ltd.	102,013	Main Business	None
	Nichidenbo (Mauritius) Ltd.	26,309	Main Business	None
	Lipers Enterprise Co., Ltd.	102,597	Main Business	None
	Scope Technology Co., Ltd.	109,044	Main Business	None
	Advance Electronic Supply Inc.	78,386	Main Business	None
	TONSAM Corporation	17,761	Main Business	None
	Lipers (Hong Kong) Enterprise Co., Ltd.	16,370	Main Business	None

Name of investor	Investee companies	Investment gains and losses recognized in 2023	Profit or loss Main reasons	Improvement plan
	KOHO (Taiwan) Co., Ltd.	46,697	Main Business	None
Nichidenbo (Mauritius) Ltd.	Nichidenbo (Shenzhen) Trading Co., Ltd.	22,081	Main Business	None
	Nichidenbo Suzhou Trading Co., Ltd.	4,221	Main Business	None
Lipers (Hong Kong) Enterprise Co., Ltd.	Lipers Electronic (SZ) Co., Ltd.	9,731	Main Business	None

In response to market competition and to strengthen its core capabilities, the Company mainly invests in companies related to its own industry. This strategy aims to strengthen the marketing network and strategic alliances, and improve the company's overall operating performance. In addition, the Company also keeps track of the operating conditions of the invested business and analyzes the effectiveness of the investment to facilitate the post-investment management tracking and evaluation of the decision-making authority.

In 2023, the Company adopts the Equity method to make stable and profitable operations for its reinvestment business. Its future investment plans will continue to focus on long-term strategic investments, and will continue to be carefully evaluated based on market conditions and the needs to expand its business scale, taking into account future capital conditions, so as to improve the Company's operating performance.

## 6. Risk analysis and assessment in the most recent year and as of the date of publication of the annual report

(1) Effects of changes in interest rates, foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. The impact of interest rate changes on the Company's profit and loss and future countermeasures

Interest rate fluctuations are related to the Company's capital costs, and the Company has actively sought for more favorable interest rates from banks. In 2023, Finance costs accounted for 0.74% of Operating revenue, so interest rate changes have no significant impact on profit and loss in 2023.

2. The impact of exchange rate changes on the Company's profit and loss and future countermeasures

Unit: NT \$thousands	
Item	2023
Net foreign exchange gains	23,992
Operating revenue	10,655,709
Percentage of Operating revenue	0.23%
Profit from continuing operations before tax	922,693
Percentage of Profit from continuing operations before tax	2.60%

The Company's purchase and sales transactions are mainly conducted in US dollars. In order to avoid the risk of exchange rate changes, most of them adopt a natural hedging method, that is, the foreign currency payables arising from the purchase of goods from major suppliers are directly paid by the foreign currency receivables arising from the sales, and the following measures are taken to minimize the impact of exchange rate changes on the Company.

Specific measures taken by the Company in response to exchange rate changes include:

- (1) Collect information on exchange rate changes at all times to fully grasp the trend of exchange rate.
- (2) When offering quotations to customers, considering the possible impact of exchange rate changes, and adopt a more conservative and stable exchange rate as the basis of quotation to reduce the impact of exchange rate changes on the Company's profitability.
- (3) Adopt hedging measures, such as pre-sell forward foreign exchange and adjusting foreign currency positions in a timely manner to avoid risks arising from exchange rate changes.

3. Impact of inflation on the Company's profit and loss and future countermeasures:

The Company closely monitors market price trends and adopts flexible strategies, and actively coordinates with manufacturers to reduce the impact of inflation.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has followed the regulations of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and "Regulations Governing the Acquisition and Disposal of Assets":

1. In 2023, the Company did not engage in high-risk, high-leverage investments, and all investments were executed after careful evaluation.
2. In 2023, the counterparties of lending funds to others are the parent company to a subsidiary or a subsidiary to a subsidiary, which have been handled in accordance with the relevant provisions of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees".
3. In 2023, the object of the endorsement/guarantee is the parent company to the subsidiary, which has been handled in accordance with the relevant regulations of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees".
4. The purpose of engaging in derivative transactions in 2023 is to engage in forward foreign exchange trading contracts to avoid the risks of net Assets or net Liabilities denominated in foreign currencies due to exchange rate fluctuations, and not for profit.

(3) Future R & D plans and estimated R & D expenses:

The Company is a professional electronic parts distributor. Its main business is agency trading and it does not engage in R & D activities.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

The operation and management of the Company are in compliance with the relevant laws and regulations at home and abroad, and pay attention to the changes in important policies and laws at home and abroad at any time. In the most recent year and up to the date of publication of the annual report, there has been no significant impact on the

financial business due to changes in important policies and laws at home and abroad. The Company will continue to collect and evaluate the significant impact of changes in important policies and laws at home and abroad on the Company's financial business, so as to fully grasp the changes in the market environment and take timely countermeasures.

- (5) Response to Technological and Industry Changes Impacting Corporate Finance and Sales:  
The Company promotes various cyber security policies and implements various operations in accordance with the established "Information Security Management Measures", supervises colleagues to follow information security regulations, conducts assessments, reviews operational deficiencies and continuously improves processes to ensure the company's cyber security. In addition, the effectiveness of the internal control system is evaluated and the information operation is checked regularly every year to ensure its effectiveness. As of the date of publication of the annual report, there are no significant information security risks. In addition, the Company also closely monitors developments in related industry fields, and continuously evaluates the impact of related technological changes on its financial operations, implementing timely countermeasures as necessary.
- (6) Impact of Corporate Changes on Risk Management, and Company Response:  
The Company actively strengthens internal management, improves management quality and efficiency, and pursues sustainable business operation. There have been no significant changes in the corporate image of the Company in the most recent year.
- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.
- (8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.
- (9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:
1. Purchasing:  
Given industry characteristics and market dynamics, the Company has entered into long-term agency contracts with suppliers to ensure the stability of supply sources. In addition, to continuing to strengthen the cooperation with existing suppliers, it actively diversifies its product distribution lines to mitigate risks associated with purchasing concentration.
  2. Sales:  
In addition to continuing to maintain good relationships with these customers, The Company also develops product lines that meet customer needs, integrates electronic components, and introduces related products to meet customer design needs. With the increase of new product lines, the Company also actively develops new customers to avoid risks caused by sales concentration.
- (10) Effect upon and risk to the company in the event a major quantity of shares belonging to Director, a supervisor, or a shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

- (11) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.
- (12) In the event of litigation or non-contentious matters involving the Company and its Directors, Supervisors, General Manager, individuals with actual responsibility, major shareholders holding more than 10% of the shares, and affiliated companies, which have been concluded by a final and unappealable judgment, or are still under significant litigation, non-contentious, or administrative disputes that may have a substantial impact on the shareholders equity or the price of the securities, the Company should disclose the facts in the dispute, the amount in dispute, the date of commencement of litigation, the parties involved, and the current status as of the the annual report publication date: None.
- (13) Other Major Risks and Countermeasures: None.

## 7. Other important matters

The Company evaluates Assets Liabilities on a monthly basis and provides relevant allowance for relevant losses. The evaluation criteria and methods are outlined as follows:

### (1) Loss allowance

The Company sets out the loss allowance for trade receivables based on the expected credit losses over the lifetime of Notes receivable, Accounts receivable and Overdue receivables, respectively.

- A. Notes receivable: A provision of 0.5% is set based on the ending balance of Notes receivable.
- B. Accounts receivable: The Company uses a provision matrix, taking into account factors such as the customer's past default record, to determine the loss allowance for Accounts receivable at the end of the period:
- a. When Accounts receivable are overdue for more than 90 days: The expected credit loss rate is 100% when it is determined that the recoverable amount cannot be reasonably expected.
- b. When Accounts receivable are overdue for less than 90 days:
- ① Calculation the recovery of Accounts receivable in the past two years, and calculates the ratio of each aging Accounts receivable in the following month to the next aging range based on the aging transfer status of the "Overdue Accounts receivable Aging Analysis Table" at the end of the period, and then calculates the probability of each aging Accounts receivable becoming overdue for more than 90 days to infer the historical loss rate and standard deviation.
  - ② Total consideration of historical loss rates and standard deviations as the expected credit loss rate.
  - ③ Accounts receivable: A 0.5% allowance based on the equity at end of period if the expected credit loss rate is less than 0.5% for each aging range.
- c. Allowance for loss (expected credit loss) = Accounts receivable Gross carrying amount \* Expected credit loss rate.
- C. Overdue Receivables: Customers with abnormal collections are reclassified as Overdue receivables, with a provision of 100% based on the ending balance. If there is still a possibility of recovery after evaluation, provisions are assessed based on the provided collateral and estimated recoverable amounts.



(2) Loss Allowance for inventory valuation losses:

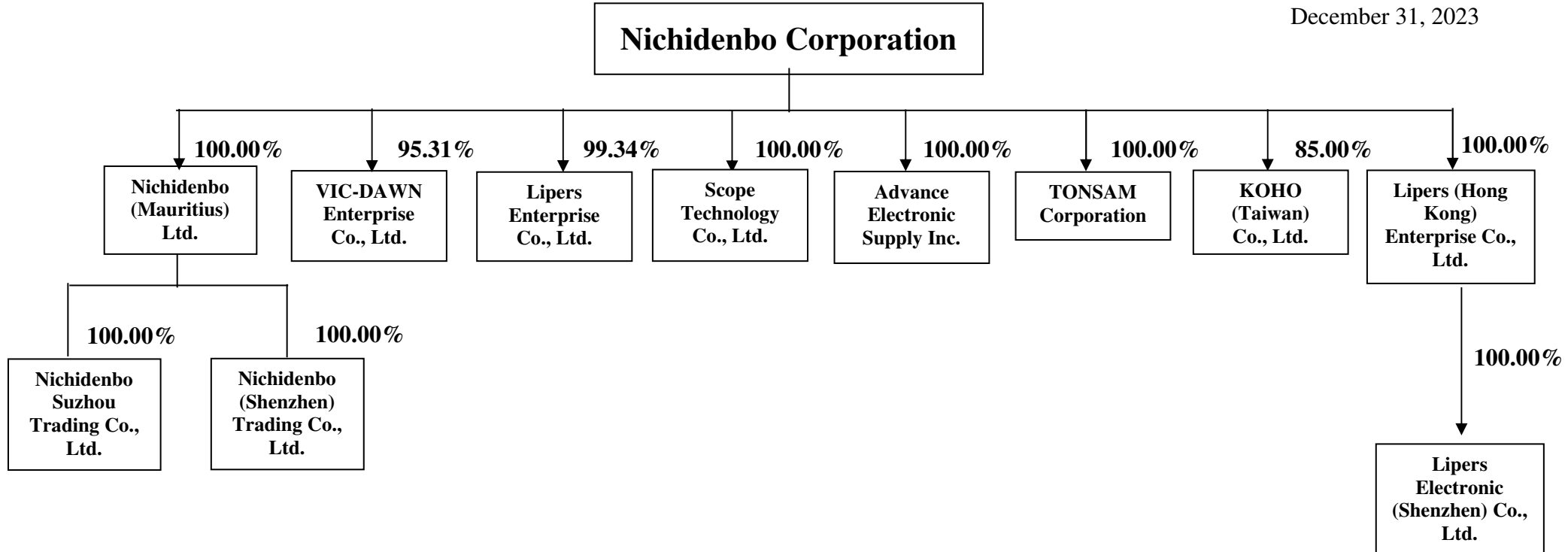
Inventories is measured at the lower of cost and net realizable value. When comparing cost and net realizable value, this comparison is conducted on individual item basis, except for the category of inventories. Net realizable value refers to the estimated selling price of inventories less all estimated costs necessary to complete the sale.

# VIII. Special items to be included

## 1. Information related to the Company's affiliates

(1) Consolidated Business Report of Affiliates

1. Organization chart of affiliated companies



## 2. Basic information of affiliates

December 31, 2023

Company name	Date of Incorporation	Address	Paid-in capital	Item
Nichidenbo (Mauritius) Ltd.	2002.03.07	Suite 308 St James Court, St Denis Street, Port Louis, Republic of Mauritius.	US \$5,050,000	General investment
Nichidenbo (Shenzhen) Trading Co., Ltd.	2002.12.09	2422, Changping Business Building, Huaihua Road, Futian Free Trade Zone, Futian District, Shenzhen City; 1-3/F, Podium Building 1-2, Southeast Huangdu Plaza, the intersection of Binhe Avenue and Yitian Road, Futian District (105/F, 1)	HK \$2,000,000 US \$2,743,500	Electronic components Import and export
Nichidenbo (Suzhou) Trading Co., Ltd.	2012.07.24	Room 1707, No. 28, Shishan Road, Gaoxin District, Suzhou City	US \$3,396,000	Electronic components Import and export
VIC-DAWN Enterprise Co., Ltd.	1987.02.04	4F, No. 2, Lane 1, Siwei Lane, Zhongzheng Road, Xindian District, New Taipei City	NT \$150,000,000	Electronic components Import and export
Lipers Enterprise Co., Ltd.	1994.10.28	2F, No. 2, Lane 1, Siwei Lane, Xinzheng Road, Xindian District, New Taipei City	NT \$320,000,000	Electronic components Import and export
Scope Technology Co., Ltd.	2002.07.01	2F, No. 4, Lane 1, Siwei Lane, Xinzheng Road, Xindian District, New Taipei City	NT \$530,162,760	Electronic components Import and export
Advance Electronic Supply Inc.	2000.05.26	2F, No. 2, Lane 1, Siwei Lane, Xinzheng Road, Xindian District, New Taipei City	NT \$372,248,080	Electronic components Import and export
TONSAM Corporation	1988.01.25	4F, No. 2, Lane 1, Siwei Lane, Zhongzheng Road, Xindian District, New Taipei City	NT \$150,000,000	Electronic components Import and export
KOHO (Taiwan) Co., Ltd.	1974.06.21	3F, No. 2, Lane 1, Siwei Lane, Xinzheng Road, Xindian District, New Taipei City	NT \$30,000,000	Electronic components Import and export
Lipers (Hong Kong) Enterprise Co., Ltd.	2000.02.18	Rooms 1001-1002, 10/F, Tower 3, Tins Center, No. 3 Hung Cheung Road, Tuen	HK \$11,000,000	Electronic components Import and

Company name	Date of Incorporation	Address	Paid-in capital	Item
		Mun, New Territories, Hong Kong		export
Lipers Electronic (Shenzhen) Co., Ltd.	2011.12.15	(103) 1st to 3rd Floors, Podium Levels 1-2, Southeast Huangdu Plaza, the intersection of Binhe Avenue and Yitian Road, Futian District, Shenzhen	US \$1,000,000	Electronic components Import and export

3. Shareholders presumed to have a relationship of control and subordination: None.

4. The industries covered by the business operated by the affiliates overall:

The Company and its affiliates mainly engage in the import and export of of Electronic components.

5. Information on Directors, Supervisors and General Manager

December 31, 2023

Company name	Job Title	Name or representative	Shares Held	
			Shares	Shareholding ratio
Nichidenbo (Mauritius) Ltd.	Director	CHOU WEI LIN (Note 1)	5,050,000	100.00%
Nichidenbo (Shenzhen) Trading Co., Ltd.	Director	CHEN HSIN LIN (Note 1)	-	100.00%
	General Manager	YU YAO KUO	-	-
Nichidenbo Suzhou Trading Co., Ltd.	Director	HSU SHU HUI (Note 2)	-	100.00%
	Supervisors	CHEN HSIN LIN (Note 2)	-	-
	General Manager	YU YAO KUO	-	-
VIC-DAWN Enterprise Co., Ltd.	Chairperson	LEE KUN CHAN (Note 1)	14,296,603	95.31%
	Supervisor	LIAO LI SHU	-	-
Lipers Enterprise Co., Ltd.	Chairperson	CHOU WEI LIN (Note 1)	31,788,710	99.34%
	Supervisor	HOU CHIN HWA	-	-
	General Manager	YU YAO KUO	-	-

Company name	Job Title	Name or representative	Shares Held	
			Shares	Shareholding ratio
Scope Technology Co., Ltd.	Chairperson	CHOU WEI LIN (Note 1)	53,016,276	100.00%
	General Manager	TING JIANG YU	-	-
Advance Electronic Supply Inc.	Chairperson	CHOU WEI LIN (Note 1)	37,224,808	100.00%
	General Manager	YU YAO KUO	-	-
TONSAM Corporation	Chairperson	LEE KUN CHAN (Note 1)	15,000,000	100.00%
KOHO (Taiwan) Co., Ltd.	Chairperson	LEE KUN CHAN (Note 1)	2,550,000	85%
	Supervisor	LIAO LI SHU	-	-
Lipers (Hong Kong) Enterprise Co., Ltd.	Director	CHOU WEI LIN (Note 1)	11,000,000	100.00%
	General Manager	YU YAO KUO	-	-
Lipers Electronic (Shenzhen) Co., Ltd.	Director	CHEN HSIN LIN (Note 3)	-	100.00%
	Supervisors	HSU SHU HUI (Note 3)		
	General Manager	YU YAO KUO	-	-

Note 1: Legal representative of Nichidenbo Corporation.

Note 2: Legal representative of Nichidenbo (Mauritius) Ltd..

Note 3: Legal representative of Lipers (Hong Kong) Enterprise Co., Ltd..

## 6. Operation overview of affiliated companies

December 31, 2023

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

Company Name	Capital	Assets Total value	Liabilities Total Amount	Net Worth	Business Revenue	Operating profit Profit (loss)	Current profit and loss (after tax)	Earnings per share (NT \$) (after tax)
Nichidenbo (Mauritius) Ltd.	155,239	464,297	0	464,297	0	(61)	26,309	5.21
Nichidenbo (Shenzhen) Trading Co., Ltd.	90,499	385,259	78,517	306,742	249,877	26,232	22,081	-
Nichidenbo Suzhou Trading Co., Ltd.	101,029	277,789	122,744	155,045	244,010	8,375	4,221	-
VIC-DAWN Enterprise Co., Ltd.	150,000	440,902	109,786	331,116	559,719	109,373	107,059	7.14
Lipers Enterprise Co., Ltd.	320,000	1,129,090	569,519	559,571	1,522,253	120,696	104,579	3.27
Scope Technology Co., Ltd.	530,163	2,707,802	1,679,750	1,028,052	4,667,098	184,929	109,076	2.06
Advance Electronic Supply Inc.	372,248	894,384	363,025	531,359	1,312,987	97,357	78,693	2.11
TONSAM Corporation	150,000	277,260	88,354	188,906	392,220	16,350	17,786	1.19
KOHO (Taiwan) Co., Ltd.	30,000	288,640	187,669	100,971	1,082,460	68,164	57,945	19.31
Lipers (Hong Kong) Enterprise Co., Ltd.	45,063	138,695	10,258	128,437	33,049	3,655	16,370	1.49
Lipers Electronic (Shenzhen) Co., Ltd.	29,385	172,959	64,004	108,955	151,425	12,849	9,731	-

Note: The exchange rates of foreign companies are as follows:

Currency exchange rate 2023 / 2023 average exchange rate

USD	30.7050	31.1773
RMB	4.3270	4.3933
HKD	3.9290	3.9823

### (2) Consolidated Financial Statements:

The entities included in the combined financial statements of the Company for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023) (“Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”) are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with IFRS 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements is not prepared.

### (3) Relationship Report: Not applicable.

## 2. Private placement securities in the most recent year and as of the date of publication of the annual report:

### Implementation of Capital Increase by Private Placement of Ordinary Shares

Item	2022 1st private placement Issue date: November 11, 2022				
Type of private placement securities	Common Shares				
Date and amount of approval of Shareholders' Meeting	On June 15, 2022, General Shareholders' Meeting approved a private placement of common shares with proceeds from issuing shares within the limit of 30,000,000 shares. This placement will be handled once or twice within one year from the date of approval of the Shareholders' Meeting Resolution.				
Basis and reasonableness of price setting	<p>(1) The Company takes October 6, 2022 as the private placement price determination date, according to the pricing principle of Shareholders' Meeting Resolution, the share price is determined as follows:</p> <p>(a) The simple arithmetic average of the closing prices of the ordinary shares for 1, 3, and 5 business days before the price determination date, deducting free allotment ex-rights and dividends, and adding back the capital reduction reverse ex-rights is NT \$49.80, NT \$49.45, and NT \$48.78, respectively;</p> <p>(b) The simple average closing price of the common shares of the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, is NT \$50.02, which is the higher of (a) the average closing price of the common shares of 1 business day of NT \$49.80, and (b) the average closing price of the common shares of 30 business days before the price determination date of NT \$50.02.</p> <p>(2) Taking all factors into account, the private placement price has been set at NT \$44.02 per share as the actual private placement price this time, which is not lower than the reference price, and is still within the scope of authorization of Shareholders' Meeting Resolution, which should be reasonable, and has no significant impact on shareholders' rights.</p>				
Method for selecting specific persons	The target of this private placement of common shares is WT Microelectronics Co., Ltd., which is not an insider or related person of the Company, and has complied with the relevant provisions of Article 43-6 of the Securities Exchange Act and other relevant laws and regulations and the relevant letters of the competent authority. In order to assist the Company in developing new markets and to generate direct or indirect assistance to the operation of the Company, and to generate benefits for the Company's long-term development, competitiveness enhancement and bolster the equity of existing shareholders.				
Reasons for the necessity of private placement	In order to ensure the timeliness and convenience of raising funds and introduce strategic investors, and the provisions of the three-level restriction on the transfer of private placement of common shares can ensure the long-term cooperative relationship between the Company and strategic investors. Therefore, the issuance of common shares through cash capital increase is conducted through private placement.				
Payment completion date	October 7, 2022				
Information on subscribers	Target of private placement	Qualifications	Quantity of subscription (thousand shares)	Relationship with the Company	Participation in company operations

Item	2022 1st private placement Issue date: November 11, 2022				
	WT Microelectronics Co., Ltd.	Securities and Exchange Act Article 43-6 Paragraph 1, Subparagraph 2	30,000	None	None
Actual subscription (or conversion) price	NT \$44.02				
Difference between actual subscription (or conversion) price and reference price	The reference price is NT \$50.02, and the difference from the actual price of NT \$44.02 is NT \$6, which exceeds the reference price.				
Impact of private placement on shareholders Equity	The private placement raised NT \$1,320,600 thousand, which helped to respond to the capital needs of the Company for future operational growth, thereby positively impacting shareholders' equity.				
Use of funds from private placement and plan implementation progress	The use of private placement funds to enrich working capital has been completed in accordance with the plan in the third quarter of 2023, and a quarterly report on the use of private placement securities was completed in the private placement area on October 5, 2023.				
The effect of private placement	Through this private placement, both parties will be able to carry out strategic cooperation and generate synergy in new market development, customer promotion and exchange of warehousing and logistics resources. It is expected that the strategic cooperation will enhance value-added capabilities in the supply chain for both parties, boosting the Company 's competitiveness and operational efficiency.				

**3. Shares held or disposed of by subsidiaries in the most recent years: None.**

**4. In the most recent year and as of the date of publication of the annual report, there are no matters that have a significant impact on the shareholders equity or the price of securities as in Securities and Exchange Act Subparagraph 2, Paragraph 3, Article 36: None.**

**5. Supplementary information: None.**



# NICHIDENBO CORPORATION

Chairperson: CHOU WEI LIN