

First Hi-tec Enterprise Co., Ltd.

Financial Statements and  
Auditor's Report

For the Years Ended December 31,  
2023 and 2022

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## §Table of contents§

<u>PROJECT</u>	<u>PAGE</u>	FINANCIAL REPORT <u>NOTE</u> <u>NUMBER</u>
I. The cover	1	-
II. Table of contents	2	-
III. Auditor's report	3~5	-
IV. Balance sheet	6	-
V. Comprehensive income statement	7~8	-
VI. Statement of Changes in Equity	9	-
VII. Statement of Cash flows	10~11	-
VIII. Notes of the financial statements		
1. Company History	12	1
2. Approval Date and Procedures for Financial Reporting	12	2
3. Application of new issued and amended standards and interpretations	12~13	3
4. Summary of Significant Accounting Policies	13~21	4
5. Major accounting judgments, estimates, and assumptions uncertainty	22	5
6. Explanation of important accounting items	23~44	6 to 24
7. Related party transaction	45~46	27
8. Pledged assets	44~45	25
9. Significant contingent liabilities and unrecognized obligations	45	26
10. Major disaster loss	-	-
11. Material Subsequent Events	-	-
12. Other	46~47	28 to 29
13. Notes Disclosures		
(1)Significant transactions	47,49	29
(2)Information related to investees	47	29
(3)Mainland China Investment Information	47	29
(4)Information on major shareholders	47,50	29
14. Financial information for operating segments	48	30
IX. List of Important Accounting Items	51~63	-
X. Disclaimer	64	-

## **Auditor's Report**

First Hi-tec Enterprise Co., Ltd.

To the Shareholders:

### **Audit Opinion**

The balance sheets of First Hi-tec Enterprise Co., Ltd. as of December 31, 2023 and December 31, 2022 the related statements of comprehensive income, changes in equity, cash flows, and accompanying notes to the financial statements for the years ended December 31, 2023 and December 31, 2022 have been audited by us.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of First Hi-tec Enterprise Co., Ltd. as of December 31, 2023 and December 31, 2022 and the financial performance and cash flows for the years then ended, in accordance with the Securities Issuance Company Financial Report Preparation Standards, International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretive Bulletins issued by the Financial Supervisory Commission and effective in the Republic of China.

### **Basis for Audit Opinion**

The basis for our opinion is the Audit Engagement Standards and Auditing Standards, under which we conducted our audit. Our responsibilities under these standards are further described in the Responsibility of the Auditor for the Audit of the Financial Statements section of our report. Personnel of our firm subject to the independence requirements of these standards have complied with the relevant ethical requirements regarding independence, and have fulfilled their other responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of High-Tech Enterprise Co., Ltd. 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.

### **Responsibility of Management and Governance Body for the Financial Statements**

The responsibility of management is to prepare financial statements that fairly present the financial position, results of operations, and cash flows of First Hi-tec Enterprise Co., Ltd. in accordance with the Securities Issuance Company Financial Report Preparation Standards, International Financial Reporting Standards, International Accounting

Standards, Interpretations, and Interpretive Bulletins issued by the Financial Supervisory Commission and effective in the Republic of China. Management is also responsible for maintaining adequate internal controls relevant to the preparation of financial statements to ensure that they are free from material misstatement due to fraud or error.

In preparing the financial statements, management's responsibility also includes assessing First Hi-tec Enterprise Co., Ltd.'s ability to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless management intends to liquidate First Hi-tec Enterprise Co., Ltd. or cease operations, or has no realistic alternative but to do so other than through liquidation or cessation of operations.

The governance body of First Hi-tec Enterprise Co., Ltd. including the Audit Committee, has a responsibility to oversee the financial reporting process.

### **Responsibility of the Auditor for the Audit of the Financial Statements**

The purpose of our audit of the financial statements is 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 audit report. Reasonable assurance is a high level of assurance, but the audit work performed in accordance with auditing standards cannot guarantee that all material misstatements in the financial statements will be detected. Misstatements may arise from fraud or error. Material misstatements are those that, in our professional judgment, could reasonably be expected to influence the economic decisions of users of the financial statements.

When conducting an audit in accordance with auditing standards, we, as auditors, employ professional judgment and skepticism. We also perform the following procedures:

1. Identify and assess the risks of material misstatement due to fraud or error in the financial statements; design and implement appropriate responses to such assessed risks; and obtain sufficient and appropriate audit evidence to form the basis for our audit opinion. The risk of material misstatement due to fraud is higher than that due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal controls.
2. Obtain the necessary understanding of internal controls relevant to the audit and design appropriate audit procedures under the circumstances, although our objective is not to express an opinion on the effectiveness of First Hi-tec Enterprise Co., Ltd.'s internal controls.
3. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of accounting estimates made by management, as well as the related disclosures.
4. Based on the audit evidence obtained, we conclude on the appropriateness of management's use of the going concern basis of accounting and whether events or conditions exist that may cast significant doubt on First Hi-tec Enterprise Co., Ltd.'s

ability to continue as a going concern. If we determine that such events or conditions give rise to significant uncertainty, we are required to draw attention to the related disclosures in the audit report or, if such disclosures are deemed inadequate, to modify our audit opinion accordingly. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause First Hi-tec Enterprise Co., Ltd. to cease its ability to continue as a going concern.

5. We evaluate the overall presentation, structure, and content of the financial statements (including related notes) and whether the financial statements provide a fair presentation of the relevant transactions and events.

Matters communicated with the governance body include the planned scope and timing of the audit and significant audit findings (including significant deficiencies in internal controls) identified during the audit process.

We, the auditors, also inform the governance body that personnel of our firm subject to independence requirements have adhered to statements regarding independence in accordance with professional ethics standards for accountants. We communicate to the governance body all relationships and other matters (including related safeguards) that might reasonably be thought to affect the independence of the auditors.

From the matters communicated with the governance body, we determine the key audit matters for the audit of the financial statements of First Hi-tec Enterprise Co., Ltd. for the 2023. We disclose these matters in the audit report unless prohibited by law from publicly disclosing specific matters, or in extremely rare circumstances, we decide not to communicate specific matters in the audit report because the negative impact expected from such communication would outweigh the public interest.

The engagement partners on the audits resulting in this independent auditor' report are Pan-Fa Wang and Wen-Yea Shyu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

First Hi-tec Enterprise Co., Ltd.  
Balance Sheet  
December 31, 2023 and 2022

Unit: Thousand New Taiwan Dollars

Code	Asset	Dec.31 <sup>st</sup> , Year 2023		Dec.31 <sup>st</sup> , Year 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and Cash Equivalents (Notes 4 and 6)	\$ 532,323	12	\$ 455,653	12
1150	Notes Receivable (Notes 4, 5, and 8)	3,832	-	11,238	-
1170	Accounts Receivable, Net (Notes 4, 5, and 8)	1,319,702	31	1,066,612	28
1180	Accounts Receivable - Related Parties, Net (Notes 4, 5, 8, and 27)	27,267	1	10,364	-
1200	Other Receivables (Notes 4 and 8)	13,628	-	14,103	1
130X	Inventories (Notes 4, 5, and 9)	912,301	21	816,482	21
1476	Other Financial Assets - Current (Notes 7 and 25)	19,000	1	12,234	-
1479	Other Current Assets (Note 13)	<u>16,337</u>	<u>-</u>	<u>19,167</u>	<u>1</u>
11XX	Total Current Assets	<u>2,844,390</u>	<u>66</u>	<u>2,405,853</u>	<u>63</u>
	Non-current Assets				
1535	Financial Assets Measured at Amortized Cost - Non-current (Notes 4, 10, and 24)	18,464	1	9,337	-
1600	Property, Plant, and Equipment (Notes 4, 11, 25, and 26)	1,266,820	29	1,232,572	32
1755	Right-of-use Assets (Notes 4 and 12)	146,050	3	147,051	4
1840	Deferred Tax Assets (Notes 4 and 20)	35,731	1	26,379	1
1920	Deposits Made (Note 13)	<u>2,898</u>	<u>-</u>	<u>2,441</u>	<u>-</u>
15XX	Total Non-current Assets	<u>1,469,963</u>	<u>34</u>	<u>1,417,780</u>	<u>37</u>
1XXX	Total Assets	<u>\$ 4,314,353</u>	<u>100</u>	<u>\$ 3,823,633</u>	<u>100</u>
Code	Liabilities and Equity				
	Current Liabilities				
2100	Short-term Borrowings (Note 14)	\$ 275,000	6	\$ 170,000	5
2110	Short-term Notes Payable (Note 14)	59,957	1	-	-
2170	Accounts Payable (Note 15)	847,034	20	808,410	21
2219	Other Payables (Note 16)	296,911	7	234,160	6
2230	Current Income Tax Liabilities (Notes 4 and 20)	78,116	2	31,273	1
2280	Lease Liabilities - Current (Notes 4 and 12)	10,120	-	7,451	-
2320	Current Portion of Long-term Liabilities Due Within One Year or One Operating Cycle (Notes 14 and 25)	7,271	-	7,126	-
2399	Other Current Liabilities (Note 16)	<u>19,550</u>	<u>1</u>	<u>622</u>	<u>-</u>
21XX	Total Current Liabilities	<u>1,593,959</u>	<u>37</u>	<u>1,259,042</u>	<u>33</u>
	Non-current Liabilities				
2540	Long-term Borrowings (Notes 14 and 25)	12,477	-	19,739	-
2580	Lease Liabilities - Non-current (Notes 4 and 12)	143,368	3	145,745	4
2640	Net Defined Benefit Liabilities (Notes 4 and 17)	57,689	2	34,427	1
2645	Deposits Received	<u>1,400</u>	<u>-</u>	<u>1,260</u>	<u>-</u>
25XX	Total Non-current Liabilities	<u>214,934</u>	<u>5</u>	<u>201,171</u>	<u>5</u>
2XXX	Total Liabilities	<u>1,808,893</u>	<u>42</u>	<u>1,460,213</u>	<u>38</u>
	Equity (Note 18)				
3110	Share Capital	<u>929,757</u>	<u>22</u>	<u>929,757</u>	<u>24</u>
3200	Capital Surplus	<u>494,907</u>	<u>11</u>	<u>494,907</u>	<u>13</u>
	Retained Earnings				
3310	Legal Reserve	425,092	10	388,471	10
3350	Undistributed Earnings	<u>655,704</u>	<u>15</u>	<u>550,285</u>	<u>15</u>
3300	Total Retained Earnings	<u>1,080,796</u>	<u>25</u>	<u>938,756</u>	<u>25</u>
3XXX	Total Equity	<u>2,505,460</u>	<u>58</u>	<u>2,363,420</u>	<u>62</u>
	Total Liabilities and Equity	<u>\$ 4,314,353</u>	<u>100</u>	<u>\$ 3,823,633</u>	<u>100</u>

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

First Hi-tec Enterprise Co., Ltd.  
Comprehensive Income Statement  
FOR THE YEARS ENDED December 31, 2023 AND 2022  
Unit: Thousand New Taiwan Dollars, except for Earnings Per Share (EPS) in NTD

Code		2023		2022	
		Amount	%	Amount	%
4100	Revenue from Sales (Notes 4 and 27)	\$ 4,350,482	100	\$ 3,224,578	100
5110	Cost of Goods Sold (Notes 9 and 19)	( 3,518,076 )	( 81 )	( 2,644,860 )	( 82 )
5900	Gross Profit	832,406	19	579,718	18
6000	Operating Expenses (Note 19)	( 238,070 )	( 5 )	( 200,079 )	( 6 )
6900	Operating Profit	594,336	14	379,639	12
	Non-operating Income and Expenses (Notes 19 and 27)				
7100	Interest Income	9,799	-	5,383	-
7020	Other Gains and Losses	( 9,807 )	-	73,565	2
7050	Finance Costs	( 7,667 )	-	( 5,190 )	-
7000	Total Non-operating Income and Expenses	( 7,675 )	-	73,758	2
7900	Profit Before Income Tax from Continuing Operations	586,661	14	453,397	14
7950	Income Tax Expense (Notes 4 and 20)	( 115,406 )	( 3 )	( 83,152 )	( 3 )
8200	Net Profit for the Period	471,255	11	370,245	11
	Other Comprehensive Income (Notes 17 and 20)				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plans	( 27,994 )	( 1 )	( 5,042 )	-
8349	Income tax related to items not reclassified	5,599	-	1,008	-
8300	Other comprehensive income for the year	( 22,395 )	( 1 )	( 4,034 )	-
8500	Total Comprehensive Income for the Period	\$ 448,860	10	\$ 366,211	11

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Code		2023		2022	
		Amount	%	Amount	%
	Earnings Per Share (Note 21)				
	From Continuing Operations				
9710	Basic	<u>\$ 5.07</u>		<u>\$ 3.98</u>	
9810	Diluted	<u>\$ 5.04</u>		<u>\$ 3.94</u>	

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



First Hi-tec Enterprise Co., Ltd.  
Statement of Changes in Equity  
FOR THE YEARS ENDED December 31, 2023 AND 2022

		Unit: Thousand New Taiwan Dollars				
Code				Retained Earnings		Total Equity
		Share Capital	Capital Surplus	Legal Reserve	Undistributed Earnings	
A1	Balance at January 1, Year 2022	\$ 929,757	\$ 494,907	\$ 349,578	\$ 557,680	\$ 2,331,922
	Profit Distribution for Year 2021					
B1	Legal Reserve	-	-	38,893	( 38,893 )	-
B5	Cash Dividends	-	-	-	( 334,713 )	( 334,713 )
D1	Net Profit for Year 2022	-	-	-	370,245	370,245
D3	Other Comprehensive Income after Tax for Year 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 4,034 )</u>	<u>( 4,034 )</u>
Z1	Balance at December 31, Year 2022	929,757	494,907	388,471	550,285	2,363,420
	Profit Distribution for Year 2022					
B1	Legal Reserve	-	-	36,621	( 36,621 )	-
B5	Cash Dividends	-	-	-	( 306,820 )	( 306,820 )
D1	Net Profit for Year 2023	-	-	-	471,255	471,255
D3	Other Comprehensive Income after Tax for Year 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 22,395 )</u>	<u>( 22,395 )</u>
Z1	Balance at December 31, Year 2023	<u>\$ 929,757</u>	<u>\$ 494,907</u>	<u>\$ 425,092</u>	<u>\$ 655,704</u>	<u>\$ 2,505,460</u>

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

First Hi-tec Enterprise Co., Ltd.  
Statement of Cash Flows  
FOR THE YEARS ENDED December 31, 2023 AND 2022  
Unit: Thousand New Taiwan Dollars

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Net Profit Before Tax for the Period	\$ 586,661	\$ 453,397
A20010	Items Not Involving Cash Inflows or Outflows		
A20100	Depreciation Expense	173,952	176,520
A20900	Finance Costs	7,667	5,190
A21200	Interest Income	( 9,799 )	( 5,383 )
A22500	Loss on Disposal and Scrapping of Property, Plant, and Equipment	635	3,119
A24100	Unrealized Foreign Exchange Gains	( 237 )	( 924 )
A30000	Net Changes in Operating Assets and Liabilities		
A31130	Accounts Receivable	7,406	5,681
A31150	Trade Receivables	( 253,090 )	5,536
A31160	Accounts Receivable from Related Parties	( 16,903 )	17,118
A31180	Other Receivables	503	( 658 )
A31200	Inventory	( 95,819 )	14,792
A31240	Other Current Assets	2,830	( 4,588 )
A32150	Accounts Payable	38,624	112,293
A32180	Other Payables	45,008	( 2,837 )
A32230	Other Current Liabilities	18,928	( 80 )
A32240	Net Defined Benefit Liability - Non-current	( 4,732 )	( 3,939 )
A33000	Net Cash Inflows from Operating Activities	501,634	775,237
A33100	Interest Received	9,766	5,395
A33300	Interest Paid	( 7,715 )	( 5,121 )
A33500	Income Taxes Paid	( 72,316 )	( 114,619 )
AAAA	Net Cash Inflows from Operating Activities	<u>431,369</u>	<u>660,892</u>
	Cash Flows from Investing Activities		
B00040	Acquisition of Financial Assets at Amortized Cost	( 9,065 )	-
B02700	Purchase of Property, Plant, and Equipment	( 182,994 )	( 158,259 )
B02800	Proceeds from Disposal of Property, Plant, and Equipment	931	980
B03700	Increase in Deposits for Guarantees	( 457 )	-
B06600	Increase in Other Financial Assets	( 6,766 )	( 261 )
BBBB	Net Cash Outflows from Investing Activities	<u>( 198,351 )</u>	<u>( 157,540 )</u>

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Code		2023	2022
	Cash Flows from Financing Activities		
C00100		\$ 2,830,000	\$ 2,150,000
C00200	Increase in short-term borrowings	( 2,725,000 )	( 2,100,000 )
C00500	Decrease in short-term borrowings	60,000	-
C00600	Increase in notes payable	-	( 30,000 )
C01700	Decrease in notes payable	( 7,117 )	( 7,037 )
C03000	Repayment of long-term borrowings	140	-
C04020	Increase in deposits for guarantees	( 7,551 )	( 7,344 )
C04500	Principal payments on lease liabilities	( <u>306,820</u> )	( <u>334,713</u> )
CCCC	Cash dividends paid	( <u>156,348</u> )	( <u>329,094</u> )
	Net cash outflow from financing activities		
EEEE	Net increase in cash and cash equivalents for the period	76,670	174,258
E00100	Cash and cash equivalents at the beginning of the year	<u>455,653</u>	<u>281,395</u>
E00200	Cash and cash equivalents at the end of the year	<u><u>\$ 532,323</u></u>	<u><u>\$ 455,653</u></u>

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

First Hi-tec Enterprise Co., Ltd.  
Notes to the Financial Statements  
January 1, 2022 to December 31, 2023  
(Unless otherwise stated, units are in thousands of New Taiwan Dollars)

1. Corporate History

The company was established on January 29, 1977, primarily engaged in the production and sale of printed circuit boards, computer peripherals, and related equipment. In May 1989, the Ministry of Finance and the Securities and Futures Bureau approved the company's listing on the stock exchange, and in June of the same year, its shares were officially listed for public trading.

This financial report is presented in New Taiwan Dollars, the functional currency of the company.

2. Approval Date and Procedures for Financial Reporting

This financial report was approved by the board of directors on March 13, 2024.

3. Application of Newly Issued and Amended Standards and Interpretations

- (1) Initial application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Interpretation Statements (SIC) approved and issued by the Financial Supervisory Commission (hereinafter referred to as "FSC").

The application of IFRS approved and issued by the FSC will not result in significant changes to the accounting policies of First Hi-tec Enterprise Co., Ltd.

- (2) The IFRS accounting standards approved by the FSC applicable for the year 2024.

Newly Issued/Amended/Revised Standards and Interpretations	Effective Dates of IASB Issuances (Note 1)
Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024
Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note1: Unless otherwise stated, the aforementioned new issuances/amendments/interpretations shall be effective for reporting periods beginning on or after the respective dates mentioned.

Note2: For sales transactions with leaseback arrangements entered into by a seller-lessee after the initial application of IFRS 16, the amendments to IFRS 16 shall be applied retrospectively.

Note3: Certain disclosure requirements are exempted upon initial application of this amendment.

As of the date of issuance of these financial statements, the Company has assessed that the amendments to other standards and interpretations will not have a significant impact on its financial position and performance.

- (3) IASB has issued but has not yet been endorsed and enacted by the FSC (Financial Supervisory Commission) IFRS accounting standards.

Newly Issued / Amended / Revised Standards and Interpretations:	Effective Date as Issued 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"	Undetermined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023

Note1: Unless otherwise stated, the above newly issued/ amended/ revised standards or interpretations shall be effective for annual reporting periods beginning on or after the respective dates mentioned.

Note2: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, the impact on numbers will be recognized in retained earnings as of the initial application date. When a consolidated entity uses a non-functional currency to express its monetary items, the numbers will affect the exchange differences of foreign operations under equity on the initial application date.

As of the date of approval of this financial report, the Company continues to assess the impact of the above standards and interpretations on its financial position and performance. Any related impacts will be disclosed upon completion of the assessment.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of Compliance

This financial report is prepared in accordance with the Financial Reporting Standards for Issuers of Securities and International Financial Reporting Standards (IFRS) approved and issued by the Financial Supervisory Commission (FSC).

##### (2) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit liability recognized by deducting the fair value of plan assets from the present value of defined benefit obligation, this financial report is prepared on the historical cost basis. Historical cost is generally determined based on the fair value of consideration paid to acquire assets.

Fair value measurements are classified into Level 1 to Level 3 based on the degree of observability and significance of relevant inputs:

- a. Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date.
- b. Level 2 inputs: Observable inputs other than Level 1 quoted prices, directly or indirectly, for the asset or liability.
- c. Level 3 inputs: Unobservable inputs for the asset or liability.

(3) Asset and Liability Classification Criteria for Current and Non-current  
Current assets include:

- a. Assets held primarily for trading purposes;
- b. Assets expected to be realized within 12 months after the balance sheet date; and
- c. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle liabilities for more than 12 months after the balance sheet date).

Current liabilities include:

- a. Liabilities held primarily for trading purposes;
- b. Liabilities due for settlement within 12 months after the balance sheet dates (even if there has been a long-term refinancing or renegotiation of payment terms completed between the balance sheet date and the issuance of the financial statements); and
- c. Liabilities that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of the liability may permit its settlement by issuing equity instruments at the option of the counterparty, without affecting its classification.

Items not classified as current assets or current liabilities are categorized as non-current assets or non-current liabilities.

(4) Financial Instruments

Financial assets and financial liabilities are recognized on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Upon initial recognition of financial assets and financial liabilities, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any directly attributable transaction costs of acquiring or issuing the financial asset or financial liability. Transaction costs directly attributable to the

acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial Assets

Financial assets are recognized and derecognized using the trade date accounting convention.

(a) Measurement Categories

All financial assets held by the Company are measured at amortized cost.

Financial Assets Measured at Amortized Cost

Financial assets held by the Company are classified as measured at amortized cost if they meet both of the following criteria:

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

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable and payable measured at amortized cost, other financial assets - current, financial assets measured at amortized cost - non-current, and deposits as collateral) are initially recognized at their total carrying amount determined under the effective interest method, less any impairment losses, after which they are measured at amortized cost. Any foreign exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets, except in the following two circumstances:

- A. For purchased or originated credit-impaired financial assets, interest income is calculated using the effective interest rate adjusted for credit, multiplied by the amortized cost of the financial asset.
- B. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, interest income should be calculated using the effective interest rate multiplied by the amortized cost of the financial asset from the next reporting period following the credit impairment.

Credit-impaired financial assets refer to cases where the issuer or debtor has experienced significant financial difficulties, default, is highly likely to file for bankruptcy or

other financial reorganization, or where the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include highly liquid deposits with maturities of three months or less from the acquisition date, readily convertible to known amounts of cash and subject to insignificant risk of changes in value, used to meet short-term cash commitments.

(b) Impairment of Financial Assets

The Company recognizes impairment losses on financial assets measured at amortized cost, including accounts receivable, at each balance sheet date based on expected credit losses.

Accounts receivable are recognized for expected credit losses over the period of their existence. For other financial assets, the Company first assesses whether there has been a significant increase in credit risk since initial recognition. If there has not been a significant increase, an allowance for expected credit losses is recognized based on 12-month expected credit losses. If there has been a significant increase, the allowance is based on expected credit losses over the expected period of existence.

Expected credit losses are calculated as the weighted average of credit losses considering the risk of default. The 12-month expected credit losses represent the expected credit losses from default events that could occur within 12 months after the reporting date, while the expected credit losses over the expected period of existence represent the expected credit losses from default events that could occur over the entire expected period of existence.

Impairment losses on all financial assets are deducted from their carrying amount through an allowance account.

(c) Disposal of Financial Assets

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

When a financial asset is derecognized in its entirety, any difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss.

b. Equity Instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance



of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount of proceeds received after deducting any directly attributable transaction costs.

Treasury shares of the Company are recognized in equity and deducted. Transactions involving the purchase, sale, issuance, or cancellation of treasury shares of the Company are not recognized in profit or loss.

c. Financial Liabilities

(a) Subsequent Measurement

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

(b) Derecognition of Financial Liabilities

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

(5) Foreign Currency

When preparing financial statements, transactions denominated in currencies other than the functional currency (foreign currencies) are recorded in the functional currency at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at closing exchange rates on each balance sheet date. Exchange differences arising from settlement of monetary items or from translating monetary items at exchange rates different from those at which they were initially recorded are recognized in profit or loss.

Non-monetary items denominated in foreign currencies and measured at fair value are translated at the exchange rates at the date when the fair value was determined. Exchange differences arising from such translations are recognized in profit or loss, except for those relating to fair value adjustments recognized in other comprehensive income, for which the exchange differences are recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies and measured at historical cost are translated at the exchange rates prevailing on the transaction dates and are not retranslated.

(6) Inventory

Inventory comprises raw materials, supplies, finished goods, and work in progress. Inventory is measured at the lower of cost and net realizable value, with cost being determined on an item-by-item basis for items other than those in the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the

estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted average method.

(7) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Construction in progress is recognized at cost less accumulated impairment losses. Costs include professional fees and borrowing costs that qualify for capitalization. These assets are classified and depreciation begins when they are completed and ready for their intended use.

Except for land, which is not depreciated, other property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives, with each significant component being depreciated separately. The estimated useful lives, residual values, and depreciation methods are reviewed at least annually, and changes in accounting estimates are accounted for prospectively.

When property, plant, and equipment are derecognized, any difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Property, Plant, and Equipment and Right-of-Use Assets Impairment

The Company assesses at each balance sheet date whether there are any indicators of impairment for property, plant, and equipment and right-of-use assets. If any impairment indicators exist, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of individual assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units on a reasonable and consistent basis.

For intangible assets with indefinite useful lives and intangible assets not yet available for use, impairment testing is performed at least annually or when indicators of impairment arise.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit, or related contract cost is increased to the revised recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognized in prior years (net of depreciation or amortization). The reversal of impairment loss is recognized in profit or loss.

(9) Revenue Recognition

Once performance obligations under customer contracts are identified, the transaction price is allocated to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

Revenue from Sale of Goods

Revenue from the sale of goods is derived from the sale of printed circuit boards. Since control of the goods has been transferred to the customer at the point of delivery to the customer's designated location, where the customer has a fixed price and the primary responsibility for resale and assumes the risk of obsolescence, revenue and accounts receivable are recognized at that point.

(10) Leases

On the inception date of a contract, the Company assesses whether the contract is, or contains, a lease.

As a Lessee

Except for leases of low-value assets and short-term leases, for which exemptions to recognition apply, lease payments are recognized as an expense on a straight-line basis over the lease term. For all other leases, the right-of-use asset and lease liability are recognized on the lease commencement date.

The right-of-use asset is initially measured at cost (comprising the initial measurement of the lease liability, lease payments made before the commencement date less any lease incentives received, initial direct costs, and the estimate of costs to dismantle and remove the underlying asset). It is subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is presented separately in the statement of financial position.

Depreciation of the right-of-use asset is recognized on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or rate), discounted using the rate implicit in the lease if readily determinable; otherwise, the lessee's incremental borrowing rate is used.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, and interest expense is recognized over the lease term. If there are changes in the lease term or the index or rate used to determine lease payments that result in changes to future lease payments, the lease liability is remeasured, and the right-of-use asset is adjusted accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement

amount is recognized in profit or loss. The lease liability is presented separately in the statement of financial position.

(11) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Specific borrowings made to finance qualifying expenditure before the commencement of capitalization activities are deducted from the borrowing costs eligible for capitalization.

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

(12) Government Grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are conditional on the purchase, construction, or other acquisition of non-current assets are recognized as deferred income and are systematically transferred to profit or loss over the useful lives of the related assets on a reasonable and systematic basis.

(13) Employee Benefits

a. Short-Term Employee Benefits

The liability for short-term employee benefits is measured at the undiscounted amount expected to be paid in exchange for employee services.

b. Post-Employment Benefits

Defined contribution retirement benefits are recognized as an expense over the period during which employees provide service. Defined benefit retirement plan costs (including service costs, net interest, and remeasurements) are determined using the projected unit credit method. Service costs, including current service costs and net defined benefit liability (assets), are recognized as employee benefit expenses when incurred, or when there is a plan amendment or curtailment. Remeasurements (including actuarial gains and losses, changes in the asset ceiling, and the return on plan assets, net of interest) are recognized in other comprehensive income when incurred and transferred to retained earnings, and subsequently not reclassified to profit or loss.

The net defined benefit liability (asset) is the shortfall (surplus) of the defined benefit retirement plan. The net defined benefit asset

may not exceed the present value of future contributions to be refunded from the plan or the present value of reduced future contributions.

(14) Income Taxes

Income tax expense comprises the total of current tax and deferred tax.

a. Current Tax

Unappropriated earnings are subject to additional income tax calculated in accordance with the Income Tax Act of the Republic of China and recognized annually based on resolutions of the shareholders' meeting. Adjustments to the provision for income taxes for prior years are included in current tax.

b. Deferred Tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities and their tax bases used for computing taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences, losses, or tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets not previously recognized are reviewed at each balance sheet date and recognized to the extent that it is probable that future taxable profit will be available for recovery of the asset.

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

c. Current and Deferred Tax

Current and deferred tax are recognized in profit or loss, except for items related to other comprehensive income or directly recognized in equity, where current and deferred tax are recognized in other comprehensive income or directly in equity, respectively.

## 5. Major Accounting Judgments, Estimates, and Assumptions Uncertainty

When adopting accounting policies, management must make judgments, estimates, and assumptions for which relevant information is not readily available from other sources. Actual results may differ from estimates.

Management continually reviews estimates and underlying assumptions. If a revision to an estimate affects only the current period, it is recognized in that period. If a revision affects both the current and future periods, it is recognized in the current and future periods.

### Primary Sources of Uncertainty in Estimates and Assumptions

#### (1) Estimation of Impairment of Financial Assets

The estimation of impairment of accounts receivable is based on assumptions regarding default rates and expected loss rates. The company considers historical experience, current market conditions, and forward-looking information to make these assumptions and selects the inputs for impairment assessment. Significant impairment losses may arise if future cash flows are lower than expected.

As of December 31, Year 2023 and December 31, Year 2022, the gross amounts of accounts receivable (including related parties), notes, and receivables were NT\$1,350,801 thousand and NT\$1,088,214 thousand (net of allowance for doubtful accounts of NT\$14,558 thousand and NT\$14,553 thousand, respectively).

#### (2) Inventory Valuation

Because inventory is measured at the lower of cost and net realizable value, the company must exercise judgment and make estimates to determine the net realizable value of inventory at the end of the financial reporting period.

Due to rapid technological changes, the company assesses the amount of inventory that may be obsolete or have no market sales value at the end of the financial reporting period and writes down inventory cost to its net realizable value. This inventory valuation is primarily based on estimates of product demand within a specific future period, which may result in significant changes.

As of December 31, Year 2023 and December 31, Year 2022, the carrying amounts of the company's inventory were NT\$912,301 thousand and NT\$816,482 thousand (net of provision for inventory write-down of NT\$54,584 thousand and NT\$57,191 thousand, respectively).

6. Cash and Cash Equivalents

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Cash on hand	\$ 303	\$ 201
Bank checks and current deposits	179,851	141,346
Cash equivalents - fixed deposits	167,824	104,492
Cash equivalents - repurchase agreements	184,345	209,614
	<u>\$532,323</u>	<u>\$455,653</u>

The market interest rate ranges for the company's cash equivalents as of the balance sheet date are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Fixed deposits	4.14%-5.10%	2.95%-4.05%
Repurchase agreements	5.45%-5.50%	4.30%-4.60%

7. Other Financial Assets

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Restricted term deposits	<u>\$ 19,000</u>	<u>\$ 12,234</u>
Current	\$ 19,000	\$ 12,234
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 19,000</u>	<u>\$ 12,234</u>

(1) The market interest rate ranges for restricted term deposits as of the balance sheet date are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Restricted Term Deposits	1.13%	0.88%-1.01%

(2) For information on financial assets pledged, refer to Note 25.

8. Notes Receivable, Accounts Receivable, and Other Receivables

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Notes Receivable		
Arising from operations	<u>\$ 3,832</u>	<u>\$ 11,238</u>
Accounts Receivable		
Measured at amortized cost		
Accounts Receivable	\$ 1,322,838	\$ 1,069,743
Accounts Receivable - Related Parties	27,267	10,364
Less: Allowance for doubtful accounts	( <u>3,136</u> )	( <u>3,131</u> )
	<u>\$ 1,346,969</u>	<u>\$ 1,076,976</u>
Other Receivables		
Measured at amortized cost		
Total carrying amount	<u>\$ 13,628</u>	<u>\$ 14,103</u>

The company's average credit period for sales of goods is 120 days. When determining the recoverability of accounts receivable, the company considers any changes in the credit quality of accounts receivable from the original credit date to the balance sheet date. The company's policy is to transact only with entities with a good credit rating. Credit rating information is provided by independent rating agencies; if such information is not available, the company will use other publicly available financial information and historical transaction records to rate major customers. The company continuously monitors credit risks and the credit ratings of counterparties, and diversifies the total transaction amount among different customers with qualified credit ratings. Additionally, annual reviews and approval of credit limits for counterparties are conducted to manage credit risks.

Before accepting new customers, the company evaluates the credit quality of potential customers based on external publicly available information and sets credit limits for those customers. Customer credit limits and ratings are reviewed annually, and accounts receivable that have not experienced actual impairment are classified as the best credit rating.

The company recognizes allowances for doubtful accounts for accounts receivable based on expected credit losses over the expected duration of the relationship. Expected credit losses are calculated using a provisioning matrix, which considers the customer's past default history, current financial condition, industry economic conditions, as well as GDP forecasts and industry outlooks. As the company's historical experience with credit losses shows no significant differences among different customer groups, the provisioning matrix does not further distinguish customer groups but only sets expected credit loss rates based on the number of days past due for accounts receivable.

If there is evidence indicating that a counterparty is facing severe financial difficulties and the company cannot reasonably expect to recover the amount, the company directly writes off the related accounts receivable. However, the company continues its collection efforts, and any amounts recovered through collection activities are recognized in the income statement.

The company measures the allowance for doubtful accounts (including related parties) based on a provisioning matrix as follows:

As of December 31, 2023

	Not Overdue	Overdue 1-90 days	Overdue 91-120 days	Overdue 121-180 days	Overdue >180 days	Total
Expected Credit Loss						
Rate	0.18%	2.27%	41.91%	46.15%	-	
Total Carrying						
Amount	\$1,323,964	\$ 25,615	\$ 513	\$ 13	\$ -	\$1,350,105



	Not Overdue	Overdue 1-90 days	Overdue 91-120 days	Overdue 121-180 days	Overdue >180 days	Total
Allowance for Doubtful Accounts (Expected Credit Loss over Expected Lifetime)	( <u>2,333</u> )	( <u>582</u> )	( <u>215</u> )	( <u>6</u> )	<u>-</u>	( <u>3,136</u> )
Amortized Cost	<u>\$1,321,631</u>	<u>\$ 25,033</u>	<u>\$ 298</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$1,346,969</u>

### As of December 31, 2022

	Not Overdue	Overdue 1-90 days	Overdue 91-120 days	Overdue 121-180 days	Overdue >180 days	Total
Expected Credit Loss Rate	0.14%	4.96%	-	-	-	
Total Book Value	\$1,046,004	\$ 34,103	\$ -	\$ -	\$ -	\$1,080,107
Allowance for Doubtful Accounts (Expected Credit Loss over the remaining period)	( <u>1,438</u> )	( <u>1,693</u> )	<u>-</u>	<u>-</u>	<u>-</u>	( <u>3,131</u> )
Amortized Cost	<u>\$1,044,566</u>	<u>\$ 32,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,076,976</u>

The changes in the allowance for doubtful accounts are as follows:

	2023		2022	
	Accounts receivable (including related parties)	Collections	Accounts receivable (including related parties)	Collections
Beginning balance	\$ 3,131	\$ 11,422	\$ 35,657	\$ 11,422
(Plus) (Minus):	5	-	( 7,127 )	-
Provision for doubtful accounts (reversals) for the period	<u>-</u>	<u>-</u>	( <u>25,399</u> )	<u>-</u>
Actual write-offs for the period	<u>\$ 3,136</u>	<u>\$ 11,422</u>	<u>\$ 3,131</u>	<u>\$ 11,422</u>

As of December 31, 2023, the allowance for doubtful accounts includes individual impaired receivables that have been liquidated or are in significant financial difficulty, both totaling NT\$11,422 thousand for the two years (refer to Note 13). The Company does not hold any collateral for these receivable balances.

### 9. Inventory

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Finished Goods	\$ 460,684	\$ 378,819
Work in Process	302,082	292,047
Raw Materials	76,044	81,517
Merchandise	<u>73,491</u>	<u>64,099</u>
	<u>\$ 912,301</u>	<u>\$ 816,482</u>

The cost of goods sold for the years 2023 and 2022 includes gains (losses) on the net realizable value of inventory of NT\$2,607 thousand and (NT\$5,903) thousand, respectively.

10. Non-current Financial Assets at Amortized Cost

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Foreign Investments		
	\$ 9,306	\$ 9,337
Standard Chartered Bank Financial Bonds	<u>9,158</u>	<u>-</u>
	<u>\$ 18,464</u>	<u>\$ 9,337</u>

The company purchased a 10-year financial bond from Standard Chartered Bank in May 2020, with a maturity date of February 19, 2027, a face value interest rate of 4.30%, and an effective interest rate of 3.79%. Additionally, in February 2023, the company acquired a 2-year and 4-month financial bond from Macquarie Bank, with a maturity date of June 10, 2025, a face value interest rate of 4.88%, and an effective interest rate of 5.29%.

11. Property, Plant, and Equipment

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Each Category's Carrying Amount		
Land	\$ 213,811	\$ 213,811
Buildings and Structures	303,085	327,445
Machinery and Equipment	567,229	572,878
Other Equipment	98,852	80,325
Equipment under Inspection	<u>83,843</u>	<u>38,113</u>
	<u>\$ 1,266,820</u>	<u>\$ 1,232,572</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Test	Total
Cost						
January 1, 2023						
Balance	\$ 213,811	\$ 646,198	\$ 1,532,193	\$ 206,843	\$ 38,113	\$ 2,637,158
Additions	-	13,334	26,390	36,477	124,541	200,742
Disposals	-	-	( 59,020)	( 6,916)	-	( 65,936)
Reclassifications	<u>-</u>	<u>6,577</u>	<u>65,602</u>	<u>6,632</u>	<u>( 78,811)</u>	<u>-</u>
December 31, 2023						
Balance	<u>\$ 213,811</u>	<u>\$ 666,109</u>	<u>\$ 1,565,165</u>	<u>\$ 243,036</u>	<u>\$ 83,843</u>	<u>\$ 2,771,964</u>
Accumulated Depreciation and Impairment						
January 1, 2023						
Balance	\$ -	\$ 318,753	\$ 959,315	\$ 126,518	\$ -	\$ 1,404,586
Disposals	-	-	( 57,803)	( 6,567)	-	( 64,370)
Depreciation Expense	<u>-</u>	<u>44,271</u>	<u>96,424</u>	<u>24,233</u>	<u>-</u>	<u>164,928</u>
December 31, 2023						
Balance	<u>\$ -</u>	<u>\$ 363,024</u>	<u>\$ 997,936</u>	<u>\$ 144,184</u>	<u>\$ -</u>	<u>\$ 1,505,144</u>
Net Amount as of						
December 31, 2023	<u>\$ 213,811</u>	<u>\$ 303,085</u>	<u>\$ 567,229</u>	<u>\$ 98,852</u>	<u>\$ 83,843</u>	<u>\$ 1,266,820</u>
Cost						
January 1, 2022						
Balance	\$ 213,811	\$ 674,798	\$ 1,397,336	\$ 190,445	\$ 149,686	\$ 2,626,076
Additions	-	10,298	50,507	27,443	40,457	128,705
Disposals	-	( 44,153)	( 57,701)	( 15,769)	-	( 117,623)
Reclassifications	<u>-</u>	<u>5,255</u>	<u>142,051</u>	<u>4,724</u>	<u>( 152,030)</u>	<u>-</u>
December 31, 2022						
Balance	<u>\$ 213,811</u>	<u>\$ 646,198</u>	<u>\$ 1,532,193</u>	<u>\$ 206,843</u>	<u>\$ 38,113</u>	<u>\$ 2,637,158</u>

Accumulated Depreciation and Impairment January 1, 2022						
Balance	\$ -	\$ 314,482	\$ 917,910	\$ 118,110	\$ -	\$ 1,350,502
Disposals	-	( 42,088)	( 57,356)	( 14,080)	-	( 113,524)
Depreciation Expense	-	46,359	98,761	22,488	-	167,608
December 31, 2022						
Balance	\$ -	\$ 318,753	\$ 959,315	\$ 126,518	\$ -	\$ 1,404,586
Net Amount as of December 31, 2022	\$ 213,811	\$ 327,445	\$ 572,878	\$ 80,325	\$ 38,113	\$ 1,232,572

The company's property, plant, and equipment are depreciated on a straight-line basis over the following useful lives:

Building and construction	5 to 45 years
Machinery and equipment	3 to 10 years
Other equipment	2 to 10 years

The significant components of the company's buildings mainly consist of factory buildings and mechanical and electrical engineering, depreciated over their useful lives of 45 years and 5 years, respectively.

There were no instances of interest capitalization in 2023 and 2022 years. The amount of real estate, factories, and equipment pledged as collateral for loans is disclosed in Note 25.

## 12. Lease Agreement

### (1) Right-of-Use Assets

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Carrying Amount of Right-of-Use Assets		
Buildings	\$ 146,050	\$ 147,051
	Dec. 31 <sup>st</sup> , Year 112	Dec. 31 <sup>st</sup> , Year 111
Additions to Right-of-Use Assets	\$ 8,023	\$ -
Depreciation Expense of Right-of-Use Assets		
Buildings	\$ 9,024	\$ 8,912

Apart from the aforementioned additions and depreciation expense recognition, there were no significant subleasing or impairment events related to the Company's right-of-use assets in the fiscal years 2023 and 2022.

### (2) Lease Liabilities

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Carrying Amount of Lease Liabilities		
Current	\$ 10,120	\$ 7,451
Non-current	\$ 143,368	\$ 145,745

The discount rates for lease liabilities are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Buildings	1.435%-2.185%	1.435%

(3) Significant Leasing Activities and Terms

The Company leases buildings for use as factories, with original lease terms ranging from 3 to 18 years. At the end of the lease term, the Company does not have any favorable purchase options for the leased buildings.

(4) Other Lease Information

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Short-term and Low-value Lease Assets	<u>\$ 1,397</u>	<u>\$ 75</u>
Total Cash Outflow from Leases	<u>( \$ 11,112 )</u>	<u>( \$ 9,675 )</u>

The Company elects for exemptions from recognition for certain transportation equipment leases qualifying as short-term leases and several office equipment leases qualifying as low-value asset leases, and does not recognize related right-of-use assets and lease liabilities for these leases.

13. Other Assets

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Prepayments	<u>\$ 7,933</u>	<u>\$ 7,897</u>
Refundable Value Added Tax Receivables	8,404	11,270
Accounts Receivable from Sales	11,422	11,422
Less: Allowance for Doubtful Accounts (See Note 8)	<u>( 11,422 )</u>	<u>( 11,422 )</u>
Deposits Placed	<u>2,898</u>	<u>2,441</u>
Prepayments	<u>\$ 19,235</u>	<u>\$ 21,608</u>
Refundable Value Added Tax Receivables		
Accounts Receivable from Sales	<u>\$ 16,337</u>	<u>\$ 19,167</u>
Less: Allowance for Doubtful Accounts (See Note 8)	<u>2,898</u>	<u>2,441</u>
	<u>\$ 19,235</u>	<u>\$ 21,608</u>

14. Borrowings

(1) Short-term Borrowings

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Secured Loans		
	<u>\$ 125,000</u>	<u>\$ -</u>
Real Estate Secured Loans		
Unsecured Loans	<u>150,000</u>	<u>170,000</u>
Credit Line Borrowings	<u>\$ 275,000</u>	<u>\$ 170,000</u>
Interest Rate Ranges		
Secured Loans	1.75%	-
Unsecured Loans	1.75%-1.78%	1.60%-1.83%

Secured loans are mortgage loans provided to meet operational funding needs. For collateral information, please refer to Note 25.

(2) Accounts Payable - Short-term Notes

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Commercial Paper	\$ 60,000	\$ -
Minus:Discount on Accounts Payable		
- Short-term Notes	( 43 )	-
	<u>\$ 59,957</u>	<u>\$ -</u>

The outstanding short-term notes payable are as follows:

Dec.31<sup>st</sup>, 2023

	Face Value	Discount Amount	Book Value	Interest Rate Range
Accounts Payable -				
Commercial Paper				
Mega Bank Paper	\$ 60,000	\$ 43	\$ 59,957	1.46%

(3) Long-term Borrowings

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Bank Loans	\$ 19,748	\$ 26,865
Minus: Current Portion	( 7,271 )	( 7,126 )
Long-term Borrowings	<u>\$ 12,477</u>	<u>\$ 19,739</u>

The bank loans serve as secured borrowings for operational funding (refer to Note 25). As of December 31, 2023, and December 31, 2022, the loan interest rates were 2.185% and 2.060%, respectively. In August 2019, the company borrowed a long-term loan of 50,000 thousand to repay the original long-term loan, with a loan term from August 8, Year 2019, to August 8, 2026, with monthly installments over 84 periods for principal and interest repayment.

15. Accounts Payable

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Accounts Payable	<u>\$ 847,034</u>	<u>\$ 808,410</u>

The average payment period for accounts payable ranges from 60 days to 90 days. The company has established a financial risk management policy to ensure that all payables are settled within the agreed credit terms in advance.

## 16. Other Liabilities

	<u>Dec.31<sup>st</sup>, 2023</u>	<u>Dec.31<sup>st</sup>, 2022</u>
Current Liabilities		
Other Accounts Payable		
Accrued Expenses	\$ 259,371	\$ 214,849
Equipment Payables	34,947	17,199
Others	<u>2,593</u>	<u>2,112</u>
	<u>\$ 296,911</u>	<u>\$ 234,160</u>
Other Current Liabilities		
	\$ 360	\$ 450
Deferred Revenue	119	119
Funds Collected on Behalf	<u>19,071</u>	<u>53</u>
	<u>\$ 19,550</u>	<u>\$ 622</u>

As of December 31, 2023, the temporary receipts primarily consist of subsidies received by First Hi-tec Enterprise Co., Ltd. from the Ministry of Economic Affairs for the promotion of low-carbon and smart transformation upgrades in the manufacturing industry.

Details of accounts payable are as follows:

	<u>Dec.31<sup>st</sup>, 2023</u>	<u>Dec.31<sup>st</sup>, 2022</u>
Salaries and bonuses payable	\$ 119,215	\$ 101,635
Employee and director remuneration payable (Refer to Note 19)	65,184	50,377
Repair expenses payable	19,801	15,095
Utilities payable (water, electricity, gas)	11,708	10,158
Unpaid leave bonuses payable	7,929	6,501
Labor and health insurance payable	7,211	6,720
Retirement benefits payable	2,689	2,342
Commissions payable	-	1,055
Service fees payable	813	771
Interest payable	145	150
Others	<u>24,676</u>	<u>20,045</u>
	<u>\$ 259,371</u>	<u>\$ 214,849</u>

## 17. Retirement Benefit Plan

### (1) Defined Contribution Plan

The retirement pension system of the Company follows the government-regulated defined contribution retirement plan under the "Labor Pension Act". According to this scheme, 6% of the employee's monthly salary is allocated to the retirement fund and deposited into individual accounts with the Labor Insurance Bureau.

(2) Defined Benefit Plan

The retirement pension system of the Company, governed by the Labor Standards Act of Taiwan, is classified as a defined benefit retirement plan. Payment of employee retirement benefits is calculated based on years of service and the average monthly salary for the six months preceding the approved retirement date. The Company allocates 3.5% of the total monthly salary of employees to the Employee Retirement Fund, which is deposited into an account at the Taiwan Bank in the name of the Labor Retirement Reserve Supervisory Committee. If, by the end of the fiscal year, it is estimated that the account balance is insufficient to cover the estimated retirement benefits for eligible employees in the following year, the shortfall is allocated in a lump sum by the end of March of the subsequent year.

The amounts of the defined benefit plan included in the balance sheet are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Defined Benefit Obligation	\$ 58,248	\$ 61,127
Fair Value of Plan Assets	( 559 )	( 26,700 )
Net Defined Benefit Liability	<u>\$ 57,689</u>	<u>\$ 34,427</u>

Changes in Net Defined Benefit Liability:

	Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
January 1, 2022 Balance	<u>\$ 57,547</u>	( \$ 24,223 )	<u>\$ 33,324</u>
Service Cost			
Current Service Cost	-	-	-
Interest Cost (Income)	<u>397</u>	( <u>175</u> )	<u>222</u>
Recognized in Profit or Loss	<u>397</u>	( <u>175</u> )	<u>222</u>
Remeasurement Amount			
Plan Asset Gain (excluding the amount included in net interest)	-	( 1,852 )	( 1,852 )
Actuarial Gain - Financial Assumption Changes	( 3,950 )	-	( 3,950 )
Actuarial Loss - Experience Adjustments	<u>10,844</u>	<u>-</u>	<u>10,844</u>
Recognized in Other Comprehensive Income	<u>6,894</u>	( <u>1,852</u> )	<u>5,042</u>
Employer Contributions	-	( 4,161 )	( 4,161 )
Benefit Payments	( <u>3,711</u> )	<u>3,711</u>	<u>-</u>
December 31, 2022 <del>++</del> Balance	<u>61,127</u>	( <u>26,700</u> )	<u>34,427</u>
Service Cost			
Current Service Cost	-	-	-
Interest Cost (Income)	<u>795</u>	( <u>361</u> )	<u>434</u>
Recognized in Profit or Loss	<u>795</u>	( <u>361</u> )	<u>434</u>

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	Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Remeasurement Amount			
Plan Asset Gain (excluding the amount included in net interest)	\$ -	( \$ 1 )	( \$ 1 )
Actuarial Loss - Financial Assumption Changes	132	-	132
Actuarial Loss - Experience Adjustments	<u>27,863</u>	<u>-</u>	<u>27,863</u>
Recognized in Other Comprehensive Income	<u>27,995</u>	( <u>1</u> )	<u>27,994</u>
Employer Contributions	-	( 5,166 )	( 5,166 )
Benefit Payments	( <u>31,669</u> )	<u>31,669</u>	<u>-</u>
December 31, 2023 Balance	<u>\$ 58,248</u>	( <u>\$ 559</u> )	<u>\$ 57,689</u>

The company is exposed to the following risks under the retirement pension system governed by the Labor Standards Act:

- Investment Risk:** The Labor Pension Fund Management Committee of the Ministry of Labor invests the retirement pension funds in domestic and foreign equities, debt securities, and bank deposits through self-management and entrusted management. However, the return on plan assets for the company is calculated based on yields not lower than the local bank's 2-year fixed deposit rate.
- Interest Rate Risk:** A decrease in government bond interest rates will increase the present value of defined benefit obligations. However, the return on debt investments of plan assets will also increase accordingly, partially offsetting the impact on the net defined benefit liability.
- Salary Risk:** The calculation of the present value of defined benefit obligations is based on the future salaries of plan members. Therefore, an increase in plan members' salaries will increase the present value of defined benefit obligations.

The present value of the company's defined benefit obligations is determined by a qualified actuary. The significant assumptions as of the measurement date are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Discount Rate	1.28%	1.30%
Expected Salary Increase Rate	2.00%	2.00%



If significant actuarial assumptions change reasonably, while all other assumptions remain unchanged, the impact on the present value of defined benefit obligations (increase/decrease) would be as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Discount Rate		
Increase by 0.25%	( \$ 1,452 )	( \$ 1,614 )
Decrease by 0.25%	\$ 1,503	\$ 1,674
Expected Salary Increase Rate	\$ 1,343	\$ 1,504
Increase by 0.25%	( \$ 1,306 )	( \$ 1,461 )

Due to the potential interdependence of actuarial assumptions, the likelihood of a single assumption changing independently is minimal. Therefore, the sensitivity analysis above may not accurately reflect the actual changes in the present value of defined benefit obligations.

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Expected contribution amount within 1 year	\$ 1,124	\$ 2,071
Average expected period until the maturity of defined benefit obligations	1 year	3 years

## 18. Equity

### (1) Capital Stock

#### Common Shares

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Authorized Shares (in thousands)	120,000	120,000
Authorized Capital	\$ 1,200,000	\$ 1,200,000
Issued and Fully Paid Shares (in thousands)	92,976	92,976
Issued Capital	\$ 929,757	\$ 929,757

### (2) Capital Surplus

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Stock Issuance Premium	\$ 485,112	\$ 485,112
Treasury Stock Transactions	3,795	3,795
Expired Stock Options	6,000	6,000
	\$ 494,907	\$ 494,907

Surplus in capital reserves, including the excess amount from the issuance of shares above their face value (including issuing ordinary shares above par value and treasury stock transactions), as well as amounts received from donations, may be used to offset losses. Additionally, when the company is not in a deficit, such surplus may be utilized to distribute cash dividends or to increase share capital. However, when increasing share capital, there is an annual limit based on a certain percentage of the paid-up capital.

(3) Retained Earnings and Dividend Policy

The dividend distribution policy of our company stipulates that if there is a surplus in the annual financial statements, in addition to settling taxes and donations in accordance with the law and compensating for losses from previous years, 10% shall be allocated as statutory surplus reserves. However, when the statutory surplus reserve reaches the prescribed statutory limit, this requirement does not apply. Moreover, depending on operational needs or legal requirements, after setting aside or reversing special surplus reserves, if there is still a balance remaining, along with the accumulated undistributed earnings from previous years, the Board of Directors shall propose a dividend distribution resolution to the shareholders' meeting in accordance with Article 20 of the Articles of Association, seeking approval for the distribution of dividends to shareholders. In the absence of profits, no dividends or bonuses will be distributed. However, if the statutory surplus reserve exceeds 50% of the paid-up capital, the excess may be distributed to shareholders as dividends. For the policy regarding the distribution of remuneration to employees and directors and supervisors as stipulated in the company's articles of association, please refer to Note 19(6) on the remuneration of employees and directors and supervisors.

Our company belongs to a technology and capital-intensive industry and is in a period of industry growth to keep up with the continuous innovation in downstream electronic products. Therefore, the precision and automation levels of our company's technological layers and production equipment need to be continuously improved. Therefore, our company adopts a residual dividend policy for dividend distribution. We will consider the actual capital expenditure budget and operational plans for the year. Generally, the proportion of cash dividends distributed by our company is set at no less than one-tenth of the total dividends for the year. If the total dividends distributed are less than one dollar, cash dividends may not be distributed.

At the shareholders' meetings held on June 21, 2023 and June 30, 2022, respectively, the following profit distribution proposals for 2022 and 2021 were approved:

	Profit Distribution Proposal		Dividend per Share (NTD)	
	2022	2021	2022	2021
Statutory Surplus Reserve	\$ 36,621	\$ 38,893	\$ -	\$ -
Cash Dividend	306,820	334,713	3.30	3.60

The Board of Directors proposed the profit distribution plan for the fiscal 2023 on March 13, 2024, as follows:

	Profit Distribution Proposal	Dividend per Share (NTD)
Statutory Surplus Reserve	\$ 44,886	\$ -
Cash Dividend	381,200	4.1

Regarding the profit distribution plan for the fiscal 2023, it is yet to be deliberated and resolved at the shareholder's annual meeting scheduled for June 26, 2024.

## 19. Continuing Operations Net Profit

### (1) Interest Income

	2023	2022
Bank Deposits	\$ 3,717	\$ 1,547
Held-to-Maturity Securities	5,317	1,605
Others	<u>765</u>	<u>2,231</u>
	<u>\$ 9,799</u>	<u>\$ 5,383</u>

Interest Income - Others" primarily represents delayed interest income calculated by the Company based on the statutory interest rate for delayed payments.

### (2) Other Income and Expenses

	2023	2022
Net Foreign Exchange (Loss) Gain	( \$ 10,793 )	\$ 65,240
Loss on Disposal and Write-off of Property, Plant, and Equipment	( 635 )	( 3,119 )
Subsidy Income	6,843	12,324
Net (Loss) Gain on Compensation	( 9,218 )	( 3,250 )
Others	<u>3,996</u>	<u>2,370</u>
	<u>( \$ 9,807 )</u>	<u>\$ 73,565</u>

Subsidy Income" primarily comprises subsidy income recognized by the Company in accordance with the regulations of the Ministry of Economic Affairs' Forward-looking Infrastructure Development Program.

### (3) Financial Costs

	2023	2022
Interest on Bank Borrowings	\$ 5,035	\$ 2,920
Interest on Lease Liabilities	2,164	2,256
Other Interest	<u>468</u>	<u>14</u>
	<u>\$ 7,667</u>	<u>\$ 5,190</u>

(4) Depreciation Expenses

	2023	2022
Property, Plant, and Equipment	\$ 164,928	\$ 167,608
Leased Assets	9,024	8,912
	<u>\$ 173,952</u>	<u>\$ 176,520</u>
Depreciation expenses aggregated by functional category		
Cost of Sales	\$ 164,061	\$ 166,254
Operating Expenses	9,891	10,266
	<u>\$ 173,952</u>	<u>\$ 176,520</u>

(5) Employee Benefits Expense

	2023	2022
Short-term Employee Benefits (including salaries, bonuses, and labor insurance premiums)	\$ 700,493	\$ 562,000
Post-employment Benefits		
Defined Contribution Plans	15,102	13,424
Defined Benefit Plans (see Note 17)	434	222
	<u>15,536</u>	<u>13,646</u>
Total Employee Benefits Expense	<u>\$ 716,029</u>	<u>\$ 575,646</u>
Aggregated by functional category		
Cost of Goods Sold	\$ 589,333	\$ 459,976
Operating Expenses	126,696	115,670
	<u>\$ 716,029</u>	<u>\$ 575,646</u>

(6) Employee and Director Remuneration

In accordance with the company's articles of association, the company allocates employee remuneration and director remuneration at rates ranging from 6% to 8% and not exceeding 4% of the pre-tax profits for the year, respectively, before deducting employee and director remuneration. The remuneration for employees and directors for the years 2023 and 2022 were determined by the board of directors on March 13, 2024, and March 15, 2023, respectively.

Estimated Allocation Ratio

	2023	2022
Employee Remuneration	7%	7%
Director Remuneration	3%	3%

Amount (in thousands)

	2023		2022	
	Cash	Stock	Cash	Stock
Employee Remuneration	\$ 45,629	\$ -	\$ 35,264	\$ -
Director Remuneration	19,555	-	15,113	-

Before the release date of the annual financial report, if there is a significant change in the amount to be disbursed as decided by the Board of Directors, the original provision for annual expenses will be adjusted accordingly. If there are still changes in the amount after the release date of the annual financial report, they will be handled as accounting estimate changes and adjusted in the following year's accounts.

The amounts for employee and director remuneration in the 2022 and 2021 fiscal years did not differ from the amounts recognized in the financial reports for the respective years.

For information on the employee and director remuneration determined by the Board of Directors for the 2024 and 2023 fiscal years, please refer to the "Public Information Observation Station" of the Taiwan Stock Exchange.

(7) Reversal of Impairment Losses on Financial Assets

	2023	2022
Accounts Receivable (Recognized in Operating Expenses)	( \$ <u>5</u> )	\$ <u>7,127</u>

(8) Reversal of Impairment Losses on Non-financial Assets

	2023	2022
Reversal of Inventory Write-downs (Recognized in Cost of Goods Sold)	\$ <u>2,607</u>	( \$ <u>5,903</u> )

20. Income Tax for Continuing Operations

(1) Components of Income Tax Expense Recognized in Profit or Loss

	2023	2022
Current Income Tax		
Current Year	\$ 121,101	\$ 84,474
Adjustments from Prior Years	( <u>1,942</u> )	( <u>8,124</u> )
	<u>119,159</u>	<u>76,350</u>
Deferred Income Tax		
Current Year	( <u>3,753</u> )	<u>6,802</u>
Income Tax Expense Recognized in Profit or Loss	\$ <u>115,406</u>	\$ <u>83,152</u>

The adjustment between accounting income and current income tax expense is as follows:

	2023	2022
Income before tax from continuing operations	\$ <u>586,661</u>	\$ <u>453,397</u>
Income tax expense calculated at statutory tax rates on income before tax		
Non-deductible expenses for tax purposes	\$ 117,332	\$ 90,679

Adjustment for prior year's income tax expense recognized in the current period	16	597
Income tax expense recognized in the income statement	( 1,942 )	( 8,124 )
Income before tax from continuing operations	<u>\$ 115,406</u>	<u>\$ 83,152</u>

(2) Recognition of income tax benefits in other comprehensive income

	2023	2022
<u>Deferred tax</u>		
Re-measurement of defined benefit plans	<u>\$ 5,599</u>	<u>\$ 1,008</u>

(3) Current income tax assets and liabilities

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Current income tax liabilities		
Payable income tax	<u>\$ 78,116</u>	<u>\$ 31,273</u>

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

For the year ended 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred Tax Assets</u>				
Temporary Differences				
Inventory	\$ 11,438	( \$ 521 )	\$ -	\$ 10,917
Defined Benefit Retirement Plans	6,885	( 946 )	5,599	11,538
Capitalization of Expenses	4,281	( 256 )	-	4,025
Allowance for Doubtful Accounts	702	( 541 )	-	161
Others	<u>3,073</u>	<u>6,017</u>	<u>-</u>	<u>9,090</u>
	<u>\$ 26,379</u>	<u>\$ 3,753</u>	<u>\$ 5,599</u>	<u>\$ 35,731</u>

For the year ended 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred Tax Assets</u>				
Temporary Differences				
Inventory	\$ 10,258	\$ 1,180	\$ -	\$ 11,438
Defined Benefit Retirement Plans	6,665	( 788 )	1,008	6,885
Capitalization of Expenses	5,841	( 1,560 )	-	4,281
Allowance for Doubtful Accounts	7,686	( 6,984 )	-	702
Others	<u>1,723</u>	<u>1,350</u>	<u>-</u>	<u>3,073</u>
	<u>\$ 32,173</u>	<u>( \$ 6,802 )</u>	<u>\$ 1,008</u>	<u>\$ 26,379</u>

(5) **Income Tax Assessment**

The income tax settlement and declaration cases of the Company for previous years have been audited and confirmed by the tax authorities up to the year 2021.

21. **Earnings Per Share**

	Unit: Per share in NT dollars	
	2023	2022
Basic Earnings Per Share	<u>\$ 5.07</u>	<u>\$ 3.98</u>
Diluted Earnings Per Share	<u>\$ 5.04</u>	<u>\$ 3.94</u>

**Net Profit for the Period**

	2023	2022
Net profit used in calculating earnings per share	<u>\$ 471,525</u>	<u>\$ 370,245</u>

**Number of Shares**

	Unit: Thousands of NT dollars	
	2023	2022
Weighted average number of ordinary shares used in calculating basic earnings per share	92,976	92,976
Effect of potentially dilutive ordinary shares - Employee compensation	<u>480</u>	<u>903</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>93,456</u>	<u>93,879</u>

If the company chooses to distribute employee compensation in the form of stock or cash, when calculating diluted earnings per share, it is assumed that the employee compensation will be distributed in the form of stock. The weighted average number of outstanding shares is then adjusted to include the effect of potential dilution from the issuance of shares to employees. This is done to calculate diluted earnings per share. When calculating diluted earnings per share before the issuance of shares for employee compensation in the following year's board meeting, the dilutive effect of such potential ordinary shares continues to be considered.

22. **Non-cash Transactions**

The company purchased property, plant, and equipment in the amounts of 34,947 thousand NT dollars and 17,199 thousand NT dollars for the years ended Year 2023 and Year 2022, respectively, as of the reporting period end dates, which remained unpaid.

23. **Capital Risk Management**

The company conducts capital management to ensure that it can continue operations while optimizing the balance between debt and equity to maximize shareholder returns.

The capital structure of the company consists of net debt (i.e., borrowings less cash and cash equivalents) attributable to equity holders of the company (i.e., share capital, capital reserves, and retained earnings). The company is not subject to any external capital requirements.

## 24. Financial Instruments

### (1) Information on Fair Value

#### Financial Instruments Measured at Other than Fair Value

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Dec. 31 <sup>st</sup> , 2023					
<u>Financial Assets</u>					
Financial assets measured at amortized cost	\$ 18,464	\$ 17,923	\$ -	\$ -	\$ 17,923
Dec. 31 <sup>st</sup> , 2022					
<u>Financial Assets</u>					
Financial assets measured at amortized cost	9,337	8,899	-	-	8,899

### (2) Types of Financial Instruments

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
<u>Financial Assets</u>		
Financial assets measured at amortized cost (Note 1)	\$ 1,937,114	\$ 1,581,982
<u>Financial Liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	1,500,050	1,240,695

Note1: The balance includes cash and cash equivalents, notes receivable, accounts receivable including related parties, other receivables, other financial assets — current, financial assets measured at amortized cost - non-current, and deposits paid as collateral, all measured at amortized cost.

Note2: The balance includes short-term borrowings, accounts payable, other payables, long-term borrowings (including those due within one year), and deposits received as collateral, all measured at amortized cost.

### (3) Financial Risk Management Objectives and Policies

The main financial instruments of First Hi-tec Enterprise Co., Ltd. include accounts receivable, accounts payable, lease liabilities, short-term borrowings, and long-term borrowings. The financial management department of the company provides services to various business units, overseeing and coordinating operations in the domestic financial market.



It supervises and manages financial risks related to the company's operations by analyzing internal risk reports according to the level and breadth of risk. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

a. Market Risk

The primary financial risks borne by First Hi-tec Enterprise Co., Ltd. due to its operating activities are foreign exchange rate risk (refer to (1) below) and interest rate risk (refer to (2) below).

The company's exposure to market risk related to financial instruments and its methods of managing and measuring such exposures have not changed.

(a) Foreign Exchange Rate Risk

The company engages in sales and purchases transactions denominated in foreign currencies, exposing it to exchange rate fluctuations. Approximately 81% of the sales in the fiscal year 2023 were denominated in currencies other than the functional currency of the counterparty, while about 51% of the cost amounts were denominated in currencies other than the functional currency of the counterparty.

Information on monetary assets and liabilities denominated in non-functional currencies as of the balance sheet date can be found in Note 28.

Sensitivity Analysis

The company's operations are primarily affected by fluctuations in the exchange rates of the US dollar, Japanese yen, and Thai baht.

The following table provides a detailed explanation of the sensitivity analysis of First Hi-tec Enterprise Co., Ltd. when the New Taiwan Dollar (functional currency) appreciates or depreciates by 1% against the relevant foreign currencies. The 1% represents the sensitivity ratio used by the company's senior management to report exchange rate risk internally and reflects their assessment of the reasonable range of potential fluctuations in foreign exchange rates. The sensitivity analysis includes only foreign currency-denominated items that are outstanding at the end of the period, adjusted by a 1% change in the exchange rate. Positive numbers in the table indicate the amount by which post-tax profit or equity would increase when the foreign currency appreciates by 1% against the New Taiwan Dollar. Conversely, when the foreign currency depreciates by 1% against the New Taiwan Dollar,

the impact on profit or equity would be the same amount but negative.

Impact of US Dollar		
	2023	2022
Income Statement	\$ 8,596	\$ 5,715

  

Impact of Japanese Yen		
	2023	2022
Income Statement	\$ 286	\$ 58

  

Impact of Thai Baht		
	2023	2022
Income Statement	\$ 63	\$ -

(b) Interest Rate Risk

As of the balance sheet date, the financial assets and financial liabilities subject to interest rate risk are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Fair Value Interest Rate Risk		
Financial Assets	\$ 389,633	\$ 335,677
Financial Liabilities	213,445	153,196
Cash Flow Interest Rate Risk		
Financial Liabilities	294,748	196,865

Sensitivity Analysis

The following sensitivity analysis is based on interest rate risk as of the balance sheet date. For floating-rate liabilities, the analysis assumes that the amount of liabilities outstanding on the balance sheet date remains outstanding throughout the entire year. The volatility rate used for internal reporting to the key management personnel of the Company is an increase or decrease of 1% in interest rates, which also represents the management's assessment of the reasonable range of potential interest rate fluctuations.

The financial assets subject to fair value interest rate risk of the Company mainly consist of time deposits, repurchase agreements, and financial bonds. Since the interest rates at the time of contracting are fixed, they are not affected by interest rate fluctuations and are therefore not included in the scope of sensitivity analysis. Additionally, for the financial liabilities subject to cash flow interest rate risk, if the interest rates increase/decrease by 1%, with all other variables remaining constant, the Company's after-tax net income for the fiscal years 2023 and 2022 will decrease/increase by NT\$2,358 thousand and NT\$1,575 thousand, respectively,

mainly due to the exposure to cash flow interest rate risk of the Company's variable-rate borrowings.

b. Credit Risk

Credit risk refers to the risk of financial loss to the Company due to counterparties failing to fulfill contractual obligations. As of the balance sheet date, the maximum credit risk exposure arising from counterparties' failure to fulfill obligations that may cause financial losses primarily comes from the carrying amounts of financial assets recognized in the balance sheet.

The Company's policy is to transact only with counterparties of outstanding creditworthiness and to obtain adequate collateral, where necessary, to mitigate the risk of financial loss resulting from defaults. The Company evaluates its major customers based on publicly available financial information and trading records and continuously monitors credit exposures and credit ratings of counterparties. Additionally, the Company diversifies total transaction amounts among customers with qualified credit ratings and annually reviews and approves credit limits for counterparties to control credit exposures.

When counterparties are related entities, the Company defines them as counterparties with similar characteristics. The Company's credit risk is primarily concentrated on its top two customers. As of December 31, 2023 and 2022, respectively, the balances of accounts receivable from the top two customers were NT\$1,102,058 thousand and NT\$771,828 thousand, accounting for 81% and 71% of the total accounts receivable, respectively.

c. Liquidity Risk

The Company manages and maintains sufficient positions of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow volatility. Senior management oversees the utilization of bank financing facilities and ensures compliance with loan contract terms.

(a) Liquidity and Interest Rate Risk Schedule

The following table provides a detailed analysis of the remaining contractual maturities of non-derivative financial liabilities for which the Company has agreed repayment terms. It is based on the earliest possible dates that the Company could be required to repay, and is prepared using undiscounted cash flows for financial liabilities, including cash flows for both interest and principal.

Bank borrowings for which the Company could be required to repay immediately are listed within the earliest periods in the table, without consideration of the probability of banks exercising this right immediately. Other non-derivative

financial liabilities' maturity analysis is prepared based on the agreed repayment dates.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the yield curve as of the balance sheet date.

#### Dec.31<sup>st</sup>, 2023

	Weighted Average Effective Interest Rate (%)	Immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Non-Derivative Financial Liabilities							
Non-interest- bearing liabilities	-	\$ 131,553	\$ 684,926	\$ 327,340	\$ 1,526	\$ -	\$ 1,145,345
Lease liabilities	1.435%-2.185%	1,025	2,051	9,229	45,197	113,700	171,202
Floating-rate instruments	1.750%-2.185%	275,600	1,203	5,468	12,477	-	294,748
Fixed-rate instruments	1.460%	<u>59,957</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,957</u>
		<u>\$ 468,135</u>	<u>\$ 688,180</u>	<u>\$ 342,037</u>	<u>\$ 59,200</u>	<u>\$ 113,700</u>	<u>\$ 1,671,252</u>

#### Dec.31<sup>st</sup>, 2022

	Weighted Average Effective Interest Rate (%)	Immediate payment or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Non-derivative Financial Liabilities							
Non-interest- bearing liabilities	-	\$ 128,471	\$ 569,229	\$ 342,970	\$ 3,160	\$ -	\$ 1,043,830
Lease liabilities	1.435%	800	1,600	7,200	39,300	123,900	172,800
Floating rate instruments	1.60%-2.06%	<u>120,588</u>	<u>1,179</u>	<u>55,359</u>	<u>19,739</u>	<u>0</u>	<u>196,865</u>
		<u>\$ 249,859</u>	<u>\$ 572,008</u>	<u>\$ 405,529</u>	<u>\$ 62,199</u>	<u>\$ 123,900</u>	<u>\$ 1,413,495</u>

#### (b) Financing and Credit Limits

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Financing and credit limits, annually reviewed		
Amount utilized (Note)	\$ 325,000	\$ 220,000
Unused amount	<u>165,000</u>	<u>330,000</u>
	<u>\$ 490,000</u>	<u>\$ 550,000</u>

#### Note:

The utilized amounts in the aforementioned financing and credit limits are calculated based on the principal amount borrowed under the company's original long-term loans and do not affect the initially utilized amount until fully repaid.

#### 25. Pledged Assets

The following assets of the company have been pledged as collateral for bank borrowings or as performance guarantees for applying for subsidies from the Ministry of Economic Affairs:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Real estate, factories, and equipment -		
Land	\$ 174,236	\$ 174,236
Restricted-term deposits	<u>19,000</u>	<u>12,234</u>
	<u>\$ 193,236</u>	<u>\$ 186,470</u>

The land is provided as collateral for long-term borrowings; the restricted-term deposits are provided as performance guarantees for applying for subsidies from the Ministry of Economic Affairs.

## 26 Significant Contingent Liabilities and Unrecognized Obligations

The undisclosed contractual commitments of the Company are as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Acquisition of real estate, factories, and equipment	<u>\$ 193,121</u>	<u>\$ 86,022</u>

## 27. Related Party Transactions

### (1) Names of Related Parties and their Relationships

Related Party Name	Relationship with the Company
IEI Integration Corp.	The directors of the Company are directors of that company (prior to September 1, 111) (Note 1).
QNAP Systems, Inc.	Substantial Related Parties (Note 2).

Note 1:

The directors of the Company resigned from the board of directors of IEI Integration Corp. on September 1, 111.

Note 2:

The directors of the Company are the same individuals as the managers of QNAP Systems, Inc.

### (2) Sales Transactions - Sales Revenue and Accounts Receivable

#### a. Sales Revenue

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Transactions with Other Related Enterprises	<u>\$ 88,066</u>	<u>\$ 109,087</u>

Due to the customized and diversified nature of our products, the specifications of products sold to related parties differ from those sold to unrelated parties, making it difficult to compare sales prices. Additionally, there are no significant differences in payment terms compared to unrelated parties.

#### b. Accounts Receivable

The balance of receivables from related parties as of the balance sheet date is as follows:

	Dec.31 <sup>st</sup> , 2023	Dec.31 <sup>st</sup> , 2022
Transactions with Other Related Enterprises	<u>\$ 27,267</u>	<u>\$ 10,364</u>
(3) Other Related Party Transactions		
<u>Compensation Losses</u>		
	2023	2022
Other Related Companies	<u>\$ 99</u>	<u>\$ 92</u>

It mainly refers to the compensation expenses paid by the company for product defects occurring in products sold to customers.

(4) Remuneration for Key Management Personnel

The total remuneration for directors and other key management personnel for the years 2023 and 2022 is as follows:

	2023	2022
Short-term Employee Benefits	<u>\$ 53,261</u>	<u>\$ 49,588</u>

The compensation of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

28. Significant Foreign Currency Assets and Liabilities Information

The information regarding significant foreign currency financial assets and liabilities of the company is as follows:

Dec. 31<sup>st</sup> , 2023

	Foreign Currency	Exchange Rate	Book Value
<u>Financial Assets</u>			
Monetary Items			
US Dollar (USD)	\$ 51,629	30.71	\$ 1,585,258
Japanese Yen (JPY)	164,361	0.23	35,699
<u>Financial Liabilities</u>			
Monetary Items			
US Dollar (USD)	16,633	30.71	510,714
Thai Baht (THB)	8,696	0.90	7,841

Dec. 31<sup>st</sup> , 2022

	Foreign Currency	Exchange Rate	Book Value
<u>Financial Assets</u>			
Monetary Items			
US Dollar (USD)	\$ 39,399	30.71	\$ 1,209,938
Japanese Yen (JPY)	31,463	0.23	7,312
<u>Financial Liabilities</u>			
Monetary Items			
US Dollar (USD)	16,137	30.71	495,557

Realized and unrealized foreign exchange gains and losses with significant impact are as follows:

Foreign Currency	2023		2022	
	Exchange Rate	Net Exchange (Loss) Gain	Exchange Rate	Net Exchange (Loss) Gain
US Dollar (USD)	31.16 (USD : NT)	( \$ 10,329 )	29.81 (USD : NT)	\$ 65,513
Japanese Yen (JPY)	0.22 (JPY : NT)	( 640 )	0.23 (JPY : NT)	( 269 )
Chinese Yuan (CNY)	4.40 (CNY : NT)	( 4 )	4.42 (CNY : NT)	( 4 )
Thai Baht (THB)	0.90 (THB : NT)	<u>180</u>	0.90 (THB : NT)	<u>-</u>
		( \$ 10,793 )		\$ 65,240

## 29. Note Disclosures

### (1) Significant Transactions and (2) Information Related to Investees:

1. Lending funds to others. (None)
2. Endorsement guarantees for others. (None)
3. Details of securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures). (See Schedule 1)
4. Accumulated purchases or sales of the same securities amounting to NT\$300 thousand or more, or exceeding 20% of paid-in capital. (None)
5. Acquisition of real estate amounting to NT\$300 thousand or more, or exceeding 20% of paid-in capital. (None)
6. Disposal of real estate amounting to NT\$300 thousand or more, or exceeding 20% of paid-in capital. (None)
7. Sales or purchases of goods with related parties amounting to NT\$100 thousand or more, or exceeding 20% of paid-in capital. (None)
8. Accounts receivable from related parties amounting to NT\$100 thousand or more, or exceeding 20% of paid-in capital. (None)
9. Engagement in derivative transactions. (None)
10. Others: Business relationships and significant transactions between the parent company and subsidiaries, as well as among subsidiaries, including their respective amounts. (None)
11. Information on investee companies. (None)

### (3) Mainland China investment information. (None)

### (4) Information on major shareholders: Names, holdings, and percentages of shareholders holding 5% or more of the shares. (See Schedule 2)

### 30. Financial Information for Operating Segments

#### (1) Segment Information

The Company operates solely in the manufacturing and trading of printed circuit boards and computer peripheral equipment, constituting a single industry. Therefore, the operating segment and reporting segment are considered a single segment.

#### (2) Regional Information

The detailed breakdown of revenue and the location of non-current assets by region for the fiscal years 2023 and 2022 are as follows:

	Revenue from External Customers		Non-current Assets	
	2023	2022	2023	2022
			Dec. 31 <sup>st</sup>	Dec. 31 <sup>st</sup>
Asia	\$ 2,166,481	\$ 1,459,251	\$ 7,911	\$ -
Taiwan	2,108,805	1,721,410	1,404,959	1,379,623
Others	75,196	43,917	-	-
	<u>\$ 4,350,482</u>	<u>\$ 3,224,578</u>	<u>\$ 1,412,870</u>	<u>\$ 1,379,623</u>

Non-current assets do not include financial instruments and deferred tax assets.

#### (3) Important Customer Information

The details of customers accounting for more than 10% of the operating revenue as per the income statement for the fiscal years 2023 and 2022 are as follows:

Client	2023		2022	
	Amount	Percentage of Operating Net Amount	Amount	Percentage of Operating Net Amount
Client A	\$ 1,857,914	43	\$ 1,133,612	35
Client B	<u>1,608,699</u>	<u>37</u>	<u>978,716</u>	<u>31</u>
	<u>\$ 3,466,613</u>	<u>80</u>	<u>\$ 2,112,328</u>	<u>66</u>



# Appendix 1 Status of Securities Held at End of Period:

Unit: Thousand New Taiwan Dollars

Company Held	Type and Name of Securities Held	Relationship with Issuer of Securities	Account Classification	Year End				Notes
				Number of Shares/Units (Thousand Shares/Thousand Units)	Book Value	Percentage of Ownership (%)	Market Value	
First Hi-tec Enterprise Co., Ltd	Foreign Corporate Bonds Standard Chartered Bank	None	Financial assets measured at amortized cost - Non-current	300	\$ 9,306	-	\$ 8,831	
	MacGregor Bank	"	"	300	9,158	-	9,092	

Appendix II Key Shareholder Information:

Shareholder Name	Shares	
	Number of Shares Held	Percentage of Ownership
Shareholders Holding Less Than 5%	-	-

Nore:

The key shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation based on the total number of common and preferred shares held by shareholders as of the last business day of the quarter, excluding physical delivery (including treasury shares), which accounts for 5% or more. The recorded share capital in the company's financial reports may differ from the actual shares completed without physical delivery due to differences in calculation bases.

## §CATEGORY OF THE DETAILED LIST OF IMPORTANT ACCOUNTING ITEMS§

<u>PROJECT</u>	<u>NUMBER/INDEX</u>
Schedule of Assets, Liabilities and Equity Items	
Cash and Equivalent Cash Schedule	Schedule 1
Schedule of Notes Receivable	Schedule 2
Accounts Receivable Schedule	Schedule 3
Inventory list	Schedule 4
Other current assets	Note 13
Schedule of Changes in Real Estate, Plant and Equipment	Note 11
Schedule of Changes in Accumulated Depreciation of Real Estate, Plant and Equipment	Note 11
Right-of-Use Assets	Schedule 5
Schedule of Deferred Income Tax Assets	Note 20
Short-term loan schedule	Note 14
Schedule of short-term bills payable	Note 14
Accounts Payable Schedule	Schedule 6
Other Payables Schedule	Note 16
Other current liabilities	Note 16
Lease Liabilities	Schedule 7
Long-term loan schedule	Note 14
Profit and loss item schedule	
Operating income statement	Schedule 8
Operating Cost Schedule	Schedule 9
Schedule of Operating Expenses	Schedule 10
Schedule of Other Income and Expenses and Losses, Net	Note 19
Financial Cost Schedule	Note 19
Functional summary of employee benefits, depreciation, depletion and amortization expenses incurred in the current period	Schedule 11

First Hi-tec Enterprise Co., Ltd.  
Cash and Equivalent Cash Schedule  
December 31, 2023

Schedule 1

Unit: NT\$ thousand

<u>project</u>	<u>Summary</u>	<u>the amount</u>
cash in stock		<u>\$ 303</u>
Bank savings		
Check Deposit		289
demand		179,562
deposit		
time deposit	Annual interest rate 4.145%-5.10%	<u>167,824</u>
		<u>347,675</u>
Bonds with repos	Annual interest rate 5.45%-5.50%	<u>184,345</u>
		<u>\$532,323</u>

First Hi-tec Enterprise Co., Ltd.

Schedule of Notes Receivable

December 31, 2023

Schedule 2

Unit: NT\$ thousand

<u>client's name</u>	<u>Summary</u>	<u>the amount</u>
D customer	payment	\$ 2,604
E customer	"	1,006
F customer	"	210
other	The sum of those who do not reach 5% of the subject amount	<u>12</u>
		<u>\$ 3,832</u>

First Hi-tec Enterprise Co., Ltd.  
Accounts Receivable Schedule  
December 31, 2023

Schedule 3

Unit: NT\$ thousand

<u>c l i e n t ' s   n a m e</u>	<u>S u m m a r y</u>	<u>t h e   a m o u n t</u>
B customer	payment	\$ 619,122
A customer	"	482,936
other	The sum of those who do not reach 5% of the subject amount	<u>220,780</u>
		1,322,838
Less: Allowance for losses		( <u>3,136</u> )
		<u><u>\$1,319,702</u></u>

First Hi-tec Enterprise Co., Ltd.  
Inventory list  
December 31, 2023

Schedule 4

Unit: NT\$ thousand

project	Summary	the amount	
		cost	net realizable value
commodity inventory		\$80,650	\$ 73,491
manufactures		503,487	460,684
WIP		304,568	302,082
raw material		<u>78,180</u>	<u>76,044</u>
		966,885	<u>\$912,301</u>
Less: Allowance for impairment losses		( <u>54,584</u> )	
		<u>\$912,301</u>	

Note: The company's inventories are priced at the lower of cost and net realizable value, and the comparison of cost and net realizable value is based on individual items except for inventories of the same category.

First Hi-tec Enterprise Co., Ltd.  
Right-of-Use Assets  
December 31, 2023

Schedule 5

Unit: NT\$ thousand

Project	Opening Balance	Increased	Decrease	Ending balance
Cost				
Buildings	<u>\$163,390</u>	<u>\$ 8,023</u>	<u>\$ -</u>	<u>\$171,413</u>
Accumulated Depreciation Buildings	<u>\$ 16,339</u>	<u>\$ 9,024</u>	<u>\$ -</u>	<u>\$ 25,363</u>



First Hi-tec Enterprise Co., Ltd.  
Accounts Payable Schedule

December 31, 2023

Schedule 6

Unit: NT\$ thousand

<u>T r a d e   N a m e s</u>	<u>S u m m a r y</u>	<u>t h e   a m o u n t</u>
Manufacturer A	payment	\$139,621
Manufacturer B	"	83,923
Manufacturer C	"	63,553
Manufacturer D	"	51,162
Manufacturer E	"	49,478
Manufacturer F	"	47,918
Other	The sum of those who do not reach 5% of the subject amount	<u>411,379</u>
		<u>\$847,034</u>

First Hi-tec Enterprise Co., Ltd.  
Lease Liabilities  
Year 2023

Schedule 7

Unit: NT\$ thousand

<u>Project</u>	<u>Summar</u>	<u>Period</u>	<u>Discount rates</u>	<u>Ending balance</u>
Buildings	Office 、Park dormitories and factories	2021/3/1~2039/6/1	1.435%~2.185%	\$ 153,488

First Hi-tec Enterprise Co., Ltd.  
Operating income statement  
Year 2023

Schedule 8

Unit: NT\$ thousand

<u>project</u>	<u>Summary</u>	<u>the amount</u>
Single sided		\$ 1,522
Double panel		135,136
4-layer board		1,138,004
6-layer board		991,495
8-layer board		870,347
10-layer board		155,969
12-layer board		308,293
14-layer board		377,098
Other multilayer boards		244,551
other		<u>151,125</u>
		4,373,500
Minus: Returned sales		(5,065)
sales allowance		( <u>17,953</u> )
		<u><u>\$4,350,482</u></u>

First Hi-tec Enterprise Co., Ltd.  
Operating Cost Schedule  
Year 2023

Schedule 9

Unit: NT\$ thousand

<u>project</u>	<u>the amount</u>
1. Cost of sales of self-made products	
Beginning inventory	\$ 83,958
Add: Incoming material in this period (net amount)	1,390,239
Less: end-of-period inventory	( 78,180 )
Number of raw materials used	1,396,017
Direct labor	389,393
Manufacturing costs	<u>1,323,566</u>
manufacturing cost	3,108,976
Add: Work in progress at the beginning of the period	303,500
Less: Work in progress at the end of the period	( 304,568 )
finished product cost	3,107,908
Add: Beginning finished goods	419,703
Transfer to commodity	( 1,074 )
Less: finished goods at the end of the period	( 503,487 )
cost of goods sold	<u>3,023,050</u>
2. the cost of goods sold	
Beginning Inventory - Commodities	66,512
Add: net purchases in the current period	651,203
Transfer of self-made finished products	1,074
Less: Ending Inventory	( 80,650 )
Cost of Goods Sold	<u>638,139</u>
3. Inventory price loss	( 2,607 )
4. Scrap income	( 140,506 )
	<u>\$3,518,076</u>

First Hi-tec Enterprise Co., Ltd.  
Schedule of Operating Expenses  
Year 2023

Schedule 10

Unit: NT\$ thousand

<u>project</u>	<u>Summary</u>	<u>the amount</u>
salary		\$ 71,381
research fee		44,336
entertainment fee		14,897
insurance		13,279
other	The sum of those who do not reach 5% of the subject amount	<u>94,177</u>
		<u>\$238,070</u>

First Hi-tec Enterprise Co., Ltd.  
Functional summary of employee benefits, depreciation, and amortization expenses  
incurred in the current period

From January 1st to December 31st in 2023 and years 2022

Schedule 11

Unit: NT\$ thousand

	2022 years			2021 years		
	belongs to business coster	belongs to business Payer	total	belongs to business coster	belongs to business Payer	total
Employee Benefit Expenses						
Salary costs	\$509,552	\$ 87,698	\$ 597,250	\$ 400,549	\$83,702	\$484,251
labor health insurance	35,035	11,005	46,040	28,582	10,311	38,893
Pension costs	12,144	3,392	15,536	10,549	3,097	13,646
Director's remuneration	-	19,555	19,555	-	15,113	15,113
Other employee benefit expenses	32,602	5,046	37,648	20,296	3,447	23,743
Depreciation expense	164,061	9,891	173,952	166,254	10,266	176,520

Note:

1. The average number of employees in this year and the previous year was 772 and 657 respectively, of which 5 directors were not concurrently employees.
2. (1) The average employee welfare expense this year is NT971 thousands.  
The average employee welfare expense in the previous year was NT860 thousands.  
(2) The average salary cost of employees this year is NT833 thousands.  
The average employee salary cost in the previous year was NT743 thousands.
3. The average employee salary adjustment changes by 12.11%.
4. The policy, standard and combination of rewards, the procedures for setting rewards, and the correlation with business performance and future risks:
  - A. Directors: The remuneration of the directors of the company includes salary, transportation expenses, remuneration for profit distribution, etc., in accordance with the company's "Articles of Association":
    - (a) When the directors of the company perform their duties in the company, their remuneration and business execution expenses are determined by the board of directors in accordance with their participation in the company's operations, contribution, and value, and in accordance with the usual industry standards. The amount is limited to the company's highest salary system level.
    - (b) Directors' remuneration for profit distribution shall be handled in accordance with Article 19 of the company's articles of association.
  - B. General manager and deputy general manager: The remuneration of the general manager and deputy general manager of the company includes salary, bonus, transportation expenses, and employee bonuses for surplus distribution. The manager's

contribution and value to the company's operations, and after considering the peer level and the company's salary standard, the board of directors will decide.

- C. Relevance between business performance and future risks: The remuneration of directors, general managers, and deputy general managers is calculated based on their contribution to the company's operations and contributions, and when reviewing the remuneration system, it is adjusted by considering the future business risks of the company.
- D. Employees: The company's employee remuneration policy is committed to providing employees with developmental and internally fair remuneration and benefits. Employee remuneration includes monthly salaries, allowances, bonuses, and remuneration (dividends) issued by the company based on profitability. The company determines the total amount of bonuses and remuneration based on the company's operating results. The amount allocated to each employee is determined according to their duties, contributions, and performance

## Disclaimer

This is a translation of the financial statements and auditor's report ("the statements") of First Hi – tec Enterprise Co., Ltd. ("the company") The translation is intended for reference only and no other purpose. The company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the statements shall govern any and all matters related to the interpretation of the subject matter stated herein.