

AMPACS Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

AMPACS CORPORATION

By

CHANG CHING HUANG
Chairman

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
AMPACS Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

The Occurrence of Sales Revenue

The sales revenue of the Group mainly comes from consumer electronics products and plastic components used in network communication products, and its changes mainly come from certain clients and products. Because certain sales revenue has a significant impact on financial performance, the occurrence of sales revenue from certain clients and products of AMPACS Group is considered as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023.

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

1. We obtained an understanding of the internal control systems and operating procedures related to sales transaction processes, evaluated the design and implementation of relevant internal controls and performed internal control testing to obtain sufficient and appropriate audit evidence on the effectiveness of relevant control implementation.
2. We determined the appropriate methods of sampling and sample sizes, audited external and internal vouchers to support the fact of shipments, and we confirmed the actual occurrence of certain sales revenue transactions.
3. We inspected the cash receipt records and vouchers. We evaluated the amounts entered into the accounts and confirmed that the recipients of the remittances were consistent with the recipients of the shipments to prove the occurrence of the sales transaction.

Other Matter

We did not audit the financial statements of Ability Technologies Co., Ltd., an associate included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the investments accounted for using the equity method, is based solely on the reports of other auditors. The investments accounted for using the equity method were NT\$0 and NT\$14,968 thousand as of December 31, 2023 and 2022, representing 0% and 0.18% of the consolidated total assets, respectively. The Group's share of profit of associate accounted for using the equity method was NT\$(2,383) and NT\$(4,442) thousand for the year then ended, representing 3.66% and (3.64%) of the consolidated total comprehensive income and loss, respectively.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chun-Yu Wang and Ming-Hsien Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

AMPACS CORPORATION AND SUBSIDIARIES

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

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 149,957	2	\$ 238,224	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	11,461	-
Financial assets at amortized cost (Notes 4, 9 and 30)	411,261	5	424,082	5
Trade receivables, net (Notes 10 and 29)	1,086,280	13	985,307	12
Other receivables (Note 29)	161,808	2	30,102	1
Inventories, net (Notes 4 and 12)	1,821,263	23	1,873,754	23
Non-current assets held for sale (Notes 4 and 11)	13,020	-	-	-
Other current assets	78,034	1	83,056	1
Total current assets	<u>3,721,623</u>	<u>46</u>	<u>3,645,986</u>	<u>45</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	30,710	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	255,361	3	3,043	-
Investments accounted for using the equity method (Notes 4 and 13)	-	-	14,968	-
Property, plant and equipment, net (Notes 4, 15 and 30)	3,121,141	39	3,480,417	43
Right-of-use assets, net (Notes 4, 16 and 30)	503,441	6	585,338	7
Investment property, net (Notes 4, 17 and 30)	86,782	1	90,521	1
Intangible assets, net (Notes 4 and 18)	112,804	2	114,535	2
Deferred tax assets (Notes 4 and 25)	155,140	2	161,559	2
Prepayments for business facilities	97,572	1	15,238	-
Other non-current assets	13,829	-	12,669	-
Total non-current assets	<u>4,376,780</u>	<u>54</u>	<u>4,478,288</u>	<u>55</u>
TOTAL	<u>\$ 8,098,403</u>	<u>100</u>	<u>\$ 8,124,274</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 19 and 30)	\$ 3,090,062	38	\$ 2,632,725	32
Short-term bills payable (Notes 4, 19 and 30)	250,000	3	100,000	1
Trade payables	873,500	11	1,108,246	14
Other payables (Note 20)	229,462	3	167,365	2
Current tax liabilities (Notes 4 and 25)	101,853	1	144,374	2
Lease liabilities (Notes 4 and 16)	40,100	1	47,152	1
Current portion of long-term borrowings (Notes 4, 19 and 30)	91,484	1	240,993	3
Other current liabilities	31,566	-	23,161	-
Total current liabilities	<u>4,708,027</u>	<u>58</u>	<u>4,464,016</u>	<u>55</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 19 and 30)	689,829	9	770,145	9
Lease liabilities (Notes 4 and 16)	24,706	-	74,678	1
Guarantee deposits	2,771	-	3,573	-
Total non-current liabilities	<u>717,306</u>	<u>9</u>	<u>848,396</u>	<u>10</u>
Total liabilities	<u>5,425,333</u>	<u>67</u>	<u>5,312,412</u>	<u>65</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	1,500,000	18	1,500,000	18
Capital surplus	1,044,837	13	1,097,937	14
Retained earnings				
Legal reserve	182,782	2	175,449	2
Special reserve	144,026	2	191,736	3
Unappropriated earnings	176,839	2	163,929	2
Total retained earnings	<u>503,647</u>	<u>6</u>	<u>531,114</u>	<u>7</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(172,611)	(2)	(115,816)	(2)
Unrealized loss of financial assets at fair value through other comprehensive loss	(27,872)	-	(28,210)	-
Equity directly associated with non-current assets classified as held for sale	(155)	-	-	-
Total other equity	<u>(200,638)</u>	<u>(2)</u>	<u>(144,026)</u>	<u>(2)</u>
Treasury shares	(185,294)	(2)	(185,294)	(2)
Total equity attributable to owners of the Company	2,662,552	33	2,799,731	35
NON-CONTROLLING INTERESTS	10,518	-	12,131	-
Total equity (Note 22)	<u>2,673,070</u>	<u>33</u>	<u>2,811,862</u>	<u>35</u>
TOTAL	<u>\$ 8,098,403</u>	<u>100</u>	<u>\$ 8,124,274</u>	<u>100</u>

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

AMPACS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)	\$ 3,861,301	100	\$ 5,051,971	100
OPERATING COSTS (Notes 12 and 24)	<u>(3,131,696)</u>	<u>(81)</u>	<u>(4,366,073)</u>	<u>(86)</u>
GROSS PROFIT	<u>729,605</u>	<u>19</u>	<u>685,898</u>	<u>14</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	(78,476)	(2)	(86,001)	(2)
General and administrative expenses	(300,614)	(8)	(288,636)	(6)
Research and development expenses	(174,943)	(5)	(217,176)	(4)
Expected credit reversed gain (Note 10)	<u>315</u>	<u>-</u>	<u>645</u>	<u>-</u>
Total operating expenses	<u>(553,718)</u>	<u>(15)</u>	<u>(591,168)</u>	<u>(12)</u>
OPERATING PROFIT	<u>175,887</u>	<u>4</u>	<u>94,730</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Other income	29,024	1	18,961	-
Other gains or losses	(24,496)	(1)	116,143	2
Finance costs	(170,635)	(4)	(111,581)	(2)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	<u>(2,383)</u>	<u>-</u>	<u>(4,442)</u>	<u>-</u>
Total non-operating income and expenses	<u>(168,490)</u>	<u>(4)</u>	<u>19,081</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	7,397	-	113,811	2
INCOME TAX EXPENSE (Note 25)	<u>(15,628)</u>	<u>-</u>	<u>(39,797)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(8,231)</u>	<u>-</u>	<u>74,014</u>	<u>1</u>

(Continued)

AMPACS CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 25)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (57,584)	(2)	\$ 50,053	1
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	338	-	(1,589)	-
Exchange differences on the translation of financial statements of affiliated companies and joint venture foreign operating institutions	<u>435</u>	<u>-</u>	<u>(590)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(56,811)</u>	<u>(2)</u>	<u>47,874</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (65,042)</u>	<u>(2)</u>	<u>\$ 121,888</u>	<u>2</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (6,817)	-	\$ 73,330	1
Non-controlling interests	<u>(1,414)</u>	<u>-</u>	<u>684</u>	<u>-</u>
	<u>\$ (8,231)</u>	<u>-</u>	<u>\$ 74,014</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (63,429)	(2)	\$ 121,040	2
Non-controlling interests	<u>(1,613)</u>	<u>-</u>	<u>848</u>	<u>-</u>
	<u>\$ (65,042)</u>	<u>(2)</u>	<u>\$ 121,888</u>	<u>2</u>
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	<u>\$ (0.05)</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ (0.05)</u>		<u>\$ 0.50</u>	

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

(Concluded)

AMPACS CORPORATION AND SUBSIDIARIES

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

	Share Capital (Note 22)		Equity Attributable to Owners of the Company					Treasury Shares (Note 22)	Total	Non-controlling Interests (Note 22)	Total Equity
	Share (In Thousands)	Amount	Capital Surplus (Note 22)	Retained Earnings (Note 22)		Unappropriated Earnings	Other Equity (Note 22)				
				Legal Reserve	Special Reserve						
BALANCE AT JANUARY 1, 2022	150,000	\$ 1,500,000	\$ 1,161,362	\$ 175,449	\$ 174,422	\$ 118,238	\$ (191,736)	\$ (185,294)	\$ 2,752,441	\$ 11,283	\$ 2,763,724
Appropriation of the 2021 earnings											
Special reserve	-	-	-	-	17,314	(17,314)	-	-	-	-	-
Cash dividends distributed by the Company- \$0.07 per share	-	-	-	-	-	(10,325)	-	-	(10,325)	-	(10,325)
Other changes in capital surplus											
Issuance of cash dividends from capital surplus - \$0.43 per share	-	-	(63,425)	-	-	-	-	-	(63,425)	-	(63,425)
Net profit for the year ended December 31, 2022	-	-	-	-	-	73,330	-	-	73,330	684	74,014
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	47,710	-	47,710	164	47,874
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	73,330	47,710	-	121,040	848	121,888
BALANCE AT DECEMBER 31, 2022	150,000	1,500,000	1,097,937	175,449	191,736	163,929	(144,026)	(185,294)	2,799,731	12,131	2,811,862
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	7,333	-	(7,333)	-	-	-	-	-
Special reserve	-	-	-	-	(47,710)	47,710	-	-	-	-	-
Cash dividends distributed by the Company - \$0.14 per share	-	-	-	-	-	(20,650)	-	-	(20,650)	-	(20,650)
Other changes in capital surplus											
Issuance of cash dividends from capital surplus - \$0.36 per share	-	-	(53,100)	-	-	-	-	-	(53,100)	-	(53,100)
Net loss for the year ended December 31, 2023	-	-	-	-	-	(6,817)	-	-	(6,817)	(1,414)	(8,231)
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(56,612)	-	(56,612)	(199)	(56,811)
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	-	(6,817)	(56,612)	-	(63,429)	(1,613)	(65,042)
BALANCE AT DECEMBER 31, 2023	150,000	\$ 1,500,000	\$ 1,044,837	\$ 182,782	\$ 144,026	\$ 176,839	\$ (200,638)	\$ (185,294)	\$ 2,662,552	\$ 10,518	\$ 2,673,070

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

AMPACS CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,397	\$ 113,811
Adjustments for reconciliation of profit (loss):		
Depreciation expenses	494,139	454,270
Amortization expenses	3,140	4,351
Expected credit loss reversed on trade receivables	(315)	(645)
Finance costs	170,635	111,581
Interest income	(7,185)	(2,949)
Share of profit of associates and join ventures	2,383	4,442
Net (gain) loss on disposal of property, plant and equipment	1,447	(600)
Write-down and obsolescence (reversal) of inventories	(10,130)	629
Net loss on foreign currency exchange	4,575	39,388
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(20,556)	(11,461)
Trade receivables	(139,129)	774,895
Other receivables	(136,698)	31,853
Inventories	10,707	250,500
Other current assets	5,761	38
Trade payables	(212,884)	(440,082)
Other payables	67,134	(63,398)
Other current liabilities	<u>8,405</u>	<u>(5,007)</u>
Cash generated from operations	248,826	1,261,616
Interest received	7,185	2,949
Finance costs paid	(167,538)	(103,940)
Income tax paid	<u>(55,064)</u>	<u>(24,574)</u>
Net cash generated from operating activities	<u>33,409</u>	<u>1,136,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(265,340)	-
Purchase of financial assets at amortized cost	-	(87,708)
Proceeds from redemption of financial assets at amortized cost	10,713	-
Purchase of investment in long-term equity by using the equity method	-	(20,000)
Purchase of property, plant and equipment	(110,888)	(363,379)
Proceeds from disposal of property, plant and equipment	9,462	19,766
Increase in refundable deposits	-	(4,250)
Decrease in refundable deposits	197	-
Purchase of intangible assets	(1,419)	(970)
Increase in other non-current assets	(2,303)	-
Increase in prepayments for equipment	(82,334)	-
Decrease in prepayments for equipment	<u>-</u>	<u>128,059</u>
Net cash used in investing activities	<u>(441,912)</u>	<u>(328,482)</u>

(Continued)

AMPACS CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 510,738	\$ -
Decrease in short-term borrowings	-	(790,677)
Increase in short-term bills payable	150,000	100,000
Proceeds from long-term borrowings	150,000	150,000
Payment for long-term borrowings	(379,825)	(89,525)
Increase in guarantee deposits received	-	1,502
Decrease in guarantee deposits received	(802)	-
Repayments of lease capital	(53,568)	(48,834)
Payment of cash dividends	<u>(73,750)</u>	<u>(73,750)</u>
Net cash generated from (used in) financing activities	<u>302,793</u>	<u>(751,284)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>17,443</u>	<u>(28,745)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(88,267)	27,540
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>238,224</u>	<u>210,684</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 149,957</u>	<u>\$ 238,224</u>

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

(Concluded)

AMPACS CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

AMPACS Corporation (the “Company”) was founded in July 1998. The Company is mainly engaged in the design and manufacture of consumer electronics and the development of plastic components and molds. The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since December 14, 2020.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group’s board of directors on March 14, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

See Note 14, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

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

f. Inventories

Inventories consist of raw materials, supplies, work in progress and finished goods and are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associates and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced

due to its additional subscription of the new shares of the associates and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture are reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associates and joint venture, profits and losses resulting from the transactions with the associates and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associates and joint venture that are not related to the Group.

h. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

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

Depreciation is recognized using the straight-line method.

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

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

j. Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use, assets investment properties and intangible assets other than goodwill

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

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

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

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;

- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instrument that are measured at FVOCI.

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

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than one year past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

p. Revenue recognition

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

Revenue from the sale of goods

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

q. Lease

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

2) The Group as lessee

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

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

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

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

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

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 1,813	\$ 1,185
Checking accounts and demand deposits	<u>148,144</u>	<u>237,039</u>
	<u>\$ 149,957</u>	<u>\$ 238,224</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Bank deposits	0.01%-1.45%	0.01%-1.05%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
RMB wealth investment product (1)	<u>\$ -</u>	<u>\$ 11,461</u>
<u>Financial assets - non-current</u>		
Gains or losses on equity instruments mandatorily measured at fair value		
Other financial assets (2)	<u>\$ 30,710</u>	<u>\$ -</u>

- a. In 2022, The Group signed a financial investment product contract with the bank. The entire contract was recognized as financial asset at fair value through profit or loss upon initial recognition.
- b. In 2023, The Group acquired financial assets containing stock options. The entire contract recognized as financial asset at fair value through profit or loss upon initial recognition.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Investments in equity instruments	\$ 245,680	\$ -
Investments in debt instruments	<u>9,681</u>	<u>3,043</u>
	<u>\$ 255,361</u>	<u>\$ 3,043</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Foreign unlisted shares	\$ 284,697	\$ 26,835
Adjustments for change in value of investment	<u>(39,017)</u>	<u>(26,835)</u>
	<u>\$ 245,680</u>	<u>\$ -</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Foreign investments		
Corporate bonds - Ford Motor Company (1)	\$ 3,522	\$ 3,043
Corporate bonds - Pfizer Inc. (2)	<u>6,159</u>	<u>-</u>
	<u>\$ 9,681</u>	<u>\$ 3,043</u>

1) In February 2021, the Group bought 26-year corporate bonds issued by Ford Motor Company with a coupon rate of 5.291% and an effective interest rate of 4.70%.

2) In August 2023, the Group bought 10-year corporate bonds issued by Pfizer Inc. with a coupon rate of 4.75% and an effective interest rate of 4.63%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Pledged demand deposits	\$ 208,868	\$ 236,548
Pledged time deposit	182,393	187,534
Pledged repurchase agreements collateralized by bonds	<u>20,000</u>	<u>-</u>
	<u>\$ 411,261</u>	<u>\$ 424,082</u>

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. TRADE RECEIVABLES, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,087,276	\$ 986,605
Allowance for impairment loss	<u>(996)</u>	<u>(1,298)</u>
	<u>\$ 1,086,280</u>	<u>\$ 985,307</u>

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default records of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. Since the credit loss historical experience of the Group shows that there is no significant difference in the loss of different customer bases, the expected credit loss rate is only determined by the number of days overdue accounts receivable without further distinguishing customer groups.

The Group recognizes adequate loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, whichever occurs earlier. For loss allowance that has been recognized adequate, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of trade receivables is as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Up to 30 Days	\$ 1,056,402	\$ 969,703
31 to 120 Days	25,385	12,845
121 to 240 Days	3,932	2,172
241 to 360 Days	561	43
Over 360 Days	<u>996</u>	<u>1,842</u>
	<u>\$ 1,087,276</u>	<u>\$ 986,605</u>

The above is an aging analysis based on the number of past due days.

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,298	\$ 1,916
Expected credit reversed gain	(315)	(645)
Foreign exchange gains and losses	<u>13</u>	<u>27</u>
Balance at December 31	<u>\$ 996</u>	<u>\$ 1,298</u>

Refer to Note 28(g) for details of the factoring agreements for trade receivables.

Refer to Note 30 for information on the part of trade receivables pledged as security.

11. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2023	2022
Non-current assets held for sale	<u>\$ 13,020</u>	<u>\$ -</u>

The Group invested in Ability Technologies Co., Ltd., the investee company, which is an unlisted company with low stock liquidity. On December 27, 2023, the Group signed a share purchase agreement with other shareholders of Ability Technologies Co., Ltd., the purchaser, and agreed to purchase 2,000 thousand shares of Ability Technologies Co., Ltd.'s stock held by the Group by June 2024 and complete the delivery. Therefore, the equity-method investment was reclassified as non-current assets held for sale.

12. INVENTORIES, NET

	December 31	
	2023	2022
Raw materials	\$ 942,647	\$ 969,847
Work in progress	24,902	98,544
Semi-finished goods	298,203	289,998
Finished goods	<u>555,511</u>	<u>515,365</u>
	<u>\$ 1,821,263</u>	<u>\$ 1,873,754</u>

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

	For the Year Ended December 31	
	2023	2022
Operating costs related to inventory	\$ 3,141,826	\$ 4,365,444
Write-down and obsolescence (reversal) loss	<u>(10,130)</u>	<u>629</u>
	<u>\$ 3,131,696</u>	<u>\$ 4,366,073</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>For the Year Ended December 31</u>	
	2023	2022
Associate and venture that is not individually material		
Ability Technologies Co., Ltd.	\$ <u> -</u>	\$ <u>14,968</u>

The joint venture that are not individually material is as follows:

Company Name	Nature of Activities	Principal Places of Business	<u>Rights Held and Voting Right Ratio</u>	
			<u>For the Year Ended December 31</u>	
			2023	2022
Ability Technologies Co., Ltd.	Manufacturing of computer peripheral equipment, photographic equipment, electronic components and trading	New Taipei City	-	40%

In April 2022, the Company signed an agreement with Ability Technologies Co., Ltd. to establish Ability Technologies Co., Ltd. for the amount of \$20,000 thousand in cash, with a shareholding ratio of 40% but did not obtain substantial control.

As of December 31, 2023, the Group has reclassified its equity-method investment in Ability Technologies Co., Ltd. as a non-current asset held for sale; refer to Note 11.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss for the Group were calculated based on the audited financial statements.

Aggregate information of associates that are not individually material

	<u>December 31</u>	
	2023	2022
Summary information that is not individually material share of the associate and joint venture		
Net loss for current	\$ (2,383)	\$ (4,442)
Other comprehensive loss	<u>435</u>	<u>(590)</u>
Total comprehensive loss	\$ <u>(1,948)</u>	\$ <u>(5,032)</u>

14. SUBSIDIARIES

a. The entities included in the consolidated financial statements are listed below:

Investor	Investee	Nature of Activities	<u>Proportion of Ownership (%)</u>		Remark
			<u>December 31</u>		
			2023	2022	
Ampacs Corporation, Ltd. (parent company)	Tech. Pioneer, Ltd.	Investment activities	100.00	100.00	-
	Ampacs International company Limited	Production and sale of plastic products and consumer electronics	100.00	100.00	Note
Tech. Pioneer, Ltd.	Brilliance Investment Co., Ltd.	Investment activities and the sale of plastic products	100.00	100.00	-
	Sunlight Ocean Holding Limited	Investment activities	100.00	100.00	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2023	2022	
	Richmake International Limited	Investment activities and the sale consumer electronics	100.00	100.00	-
	Fortune Channel Universal Limited	Investment activities and sale of plastic products	100.00	100.00	-
Brilliance Investment Co., Ltd.	Dong Guan Yi Zhuo Electronics Co., Ltd.	Production and sale of plastic products	100.00	100.00	-
Sunlight Ocean Holding Limited	Dong Guan Han Lei Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Richmake International Limited	Dong Guan Yi Xing Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	100.00	100.00	-
Fortune Channel Universal Limited	Modern Pioneer (Kunshan) Co., Ltd.	Production and sale of plastic products	100.00	100.00	-
Dong Guan Han Lei Electronics Co., Ltd.	Dongguan Shi Hong Jun Electronics Co., Ltd.	Production and sale of headphone cables	51.00	51.00	-

(Concluded)

Note: On December 29, 2022, the Company's board of directors resolved to increase its capital in the subsidiary Ampacs International Company Limited in the amount of US\$20,000 thousand, and the Company's shareholding increased 100% after the acquisition. As of December 31, 2023, the Company had paid US\$20,000 thousand for the capital increase.

b. Subsidiaries excluded from consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,206,525	\$ 934,872	\$ 1,611,029	\$ 18,815	\$ 56,077	\$ 486,457	\$ 3,427	\$ 4,317,202
Additions	-	4,234	310,708	572	1,742	35,095	8,723	361,074
Disposals	-	-	(76,282)	(20)	(9,282)	(41,529)	(244)	(127,357)
Reclassifications	-	(85,000)	119,744	(1,254)	14,487	(3,586)	(10,160)	34,231
Effects of foreign currency exchange differences	-	44,056	67,623	591	1,995	16,262	214	130,741
Balance at December 31, 2022	\$ 1,206,525	\$ 898,162	\$ 2,032,822	\$ 18,704	\$ 65,019	\$ 492,699	\$ 1,960	\$ 4,715,891
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 144,251	\$ 423,378	\$ 12,624	\$ 25,663	\$ 190,824	\$ -	\$ 796,740
Depreciation expenses	-	44,459	252,770	1,219	4,814	90,091	-	393,353
Disposals	-	-	(60,475)	(18)	(9,219)	(38,479)	-	(108,191)
Reclassifications	-	(4,247)	82,638	(448)	25,662	28,921	-	132,526
Effects of foreign currency exchange differences	-	6,683	8,936	300	415	4,712	-	21,046
Balance at December 31, 2022	\$ -	\$ 191,146	\$ 707,247	\$ 13,677	\$ 47,335	\$ 276,069	\$ -	\$ 1,235,474
Carrying amount at December 31, 2022	\$ 1,206,525	\$ 707,016	\$ 1,325,575	\$ 5,027	\$ 17,684	\$ 216,630	\$ 1,960	\$ 3,480,417
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,206,525	\$ 898,162	\$ 2,032,822	\$ 18,704	\$ 65,019	\$ 492,699	\$ 1,960	\$ 4,715,891
Additions	-	4,090	94,884	5,146	375	22,970	2,420	129,885
Disposals	-	-	(116,390)	(1,984)	(21,625)	(88,754)	-	(228,753)
Reclassifications	-	(52)	(104,806)	-	(12,252)	(5,531)	726	(121,915)
Effects of foreign currency exchange differences	-	(22,255)	(52,552)	(504)	(515)	(9,709)	(160)	(85,695)
Balance at December 31, 2023	\$ 1,206,525	\$ 879,945	\$ 1,853,958	\$ 21,362	\$ 31,002	\$ 411,675	\$ 4,946	\$ 4,409,413

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 191,146	\$ 707,247	\$ 13,677	\$ 47,335	\$ 276,069	\$ -	\$ 1,235,474
Depreciation expenses	-	43,300	279,541	1,423	10,060	89,227	-	423,551
Disposals	-	-	(102,991)	(1,590)	(21,587)	(91,676)	-	(217,844)
Reclassifications	-	-	(104,806)	-	(11,666)	(2,606)	-	(119,078)
Effects of foreign currency exchange differences	-	(4,740)	(22,444)	(287)	(313)	(6,047)	-	(33,831)
Balance at December 31, 2023	\$ -	\$ 229,706	\$ 756,547	\$ 13,223	\$ 23,829	\$ 264,967	\$ -	\$ 1,288,272
Carrying amount at December 31, 2023	\$ 1,206,525	\$ 650,239	\$ 1,097,411	\$ 8,139	\$ 7,173	\$ 146,708	\$ 4,946	\$ 3,121,141

(Concluded)

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

Buildings	20-50 years
Machinery equipment	2-10 years
Transportation equipment	4-10 years
Office equipment	3-10 years
Other equipment	2-10 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 30.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2023	2022
<u>Carrying amount</u>		
Land use rights	\$ 439,335	\$ 464,267
Buildings	61,271	114,089
Transportation equipment	<u>2,835</u>	<u>6,982</u>
	<u>\$ 503,441</u>	<u>\$ 585,338</u>
	<u>For the Year Ended December 31</u>	
	2023	2022
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 376,394</u>
Depreciation charge for right-of-use assets		
Land use rights	\$ 12,153	\$ 7,956
Buildings	51,540	47,175
Transportation equipment	<u>4,084</u>	<u>4,108</u>
	<u>\$ 67,777</u>	<u>\$ 59,239</u>

The amount of the right-of-use assets that set as loan guarantee, please refer to Note 30.

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Current	\$ 40,100	\$ 47,152
Non-current	\$ 24,706	\$ 74,678

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	1.32%-2.85%	1.32%-2.85%
Transportation equipment	1.43%-2.85%	1.43%-2.85%

c. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases and low-value asset leases	\$ 4,715	\$ 6,799
Total cash outflow for leases	\$ 59,551	\$ 56,794

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

17. INVESTMENT PROPERTY (OTHER NON-CURRENT ASSETS OF THE ACCOUNT)

	<u>December 31,</u> <u>2023</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 96,677
Net exchange differences	<u>(1,101)</u>
Balance at December 31, 2023	\$ <u>95,576</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 6,156
Depreciation expense	2,811
Net exchange differences	<u>(173)</u>
Balance at December 31, 2023	\$ <u>8,794</u>
Carrying amount at December 31, 2023	\$ <u>86,782</u>

(Continued)

	December 31, 2023
<u>Cost</u>	
Balance at January 1, 2022	\$ -
Property, plant, equipment and right-of-use asset	96,402
Net exchange differences	<u>275</u>
Balance at December 31, 2022	<u>\$ 96,677</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ -
Depreciation expense	1,678
Property, plant, equipment and right-of-use asset	4,447
Net exchange differences	<u>31</u>
Balance at December 31, 2022	<u>\$ 6,156</u>
Carrying amount at December 31, 2022	<u>\$ 90,521</u> (Concluded)

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

Buildings	20-50 years
Right-of-use asset	45 years

The Group's investment properties are located in Vietnam. Because the transaction price of similar real estate in the adjacent area is negotiated by both parties, and the market transaction price is hard to obtain, it is impossible to obtain a reliable alternative fair value estimate, so it is impossible to reliably determine the fair value.

The fair values of investment properties located in Taipei were not evaluated by an independent valuer but valued by the Group's management refers to the market evidence of similar properties transaction prices. The fair value from the evaluation is as follows:

	<u>December 31</u>	
	2023	2022
Fair value	<u>\$ 432,045</u>	<u>\$ 432,295</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 30.

18. INTANGIBLE ASSET, NET

	For the Year Ended December 31	
	2023	2022
Goodwill	\$ 108,404	\$ 108,404
Cost of computer software	3,428	5,386
Others	<u>972</u>	<u>745</u>
	<u>\$ 112,804</u>	<u>\$ 114,535</u>

The above intangible assets with finite useful lives are amortized using straight-line method 1-19 years.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 30)</u>		
Bank loans	\$ 2,139,463	\$ 1,815,772
Trade receivables	<u>488,166</u>	<u>549,417</u>
	<u>2,627,629</u>	<u>2,365,189</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>462,433</u>	<u>267,536</u>
	<u>\$ 3,090,062</u>	<u>\$ 2,632,725</u>
Interest rate range	2.00%-7.304%	1.72%-8.41%

b. Short-term bills payable

	December 31	
	2023	2022
Commercial notes payable (Note 30)	<u>\$ 250,000</u>	<u>\$ 100,000</u>
Interest rate range	1.558%-2.733%	2.258%

c. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 30)</u>		
Bank loans	\$ 743,813	\$ 951,138
Less: Current portion	<u>(61,484)</u>	<u>(210,993)</u>
	<u>682,329</u>	<u>740,145</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	37,500	60,000
Less: Current portion	<u>(30,000)</u>	<u>(30,000)</u>
	<u>7,500</u>	<u>30,000</u>
Long-term borrowings	<u>\$ 689,829</u>	<u>\$ 770,145</u>
Interest rate range	2.050%-2.350%	1.925%-2.224%

20. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	\$ 87,426	\$ 87,614
Payables for equipment	31,293	12,296
Payables for interest	14,677	11,580
Payables for professional services	4,147	3,640
Others (Note)	<u>91,919</u>	<u>52,235</u>
	<u>\$ 229,462</u>	<u>\$ 167,365</u>

Note: Mainly including testing service fee, utilities fee and shipping fee, etc.

21. RETIREMENT BENEFIT PLANS

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

Some subsidiaries, which are mainly investment holding companies, have no staff. Such subsidiaries have no pension plans; thus, they do not contribute to pension funds and do not recognize pension costs.

Except for such subsidiaries, the remaining subsidiaries all contribute to pension funds and recognize pension costs based on the regulations of their local governments.

22. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>150,000</u>	<u>150,000</u>
Shares issued	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Share premiums	\$ 1,039,175	\$ 1,092,275
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,481	2,481
Treasury share transactions	<u>801</u>	<u>801</u>
	<u>1,042,457</u>	<u>1,095,557</u>
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>2,380</u>	<u>2,380</u>
	<u>\$ 1,044,837</u>	<u>\$ 1,097,937</u>

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

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve in accordance with the laws and regulations. If the Company distribute its earnings in the form of cash, it shall be approved by the board of directors in their meeting; if the earnings are distributed in the form of new shares, it shall be approved by the shareholders in their meeting.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 24-f.

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

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The distribution of dividends to shareholders of the Company can be made in cash or shares, the distribution is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company. The Company's dividend distribution shouldn't be less than 10% of the accumulated retained earnings for each year should be distributed as shareholder dividends., however, that if the accumulated retained earnings is less than 10% of the capital paid up, the Company may not declare dividends. If the Company decides to distribute dividends to shareholders, the proportion of cash dividends should not be less than 10% of the total dividends.

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
Legal reserve	\$ 7,333	\$ -	\$ -	\$ -
(Reversal) special reserve	(47,710)	17,314	-	-
Cash dividends	20,650	10,325	0.14	0.07
Share dividends	-	-	-	-
Cash dividends from capital surplus	53,100	63,425	0.36	0.43
Share dividends from capital surplus	-	-	-	-

The above appropriations of earnings as cash dividends were resolved by the Company's board of directors on April 27, 2023 and April 28, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 16, 2023 and July 14, 2022, respectively.

As of the date of approval of the consolidated financial report, the Company's board of directors has not yet proposed the appropriation of earnings of 2023.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 191,736	\$ 174,422
Appropriations in respect of (Reversed) recognized special reserve	<u>(47,710)</u>	<u>17,314</u>
Balance at December 31	<u>\$ 144,026</u>	<u>\$ 191,736</u>

e. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (115,816)	\$ (165,115)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(57,385)	49,889
Share of associates and joint venture joint venture for using the equity method	(435)	(590)
Reclassification adjustments		
Equity directly associated with non-current assets classified as held for sale	<u>155</u>	<u>-</u>
Other comprehensive income recognized for the year	<u>(56,795)</u>	<u>49,299</u>
Balance at December 31	<u>\$ (172,611)</u>	<u>\$ (115,816)</u>

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (28,210)	\$ (26,621)
Recognized for the year		
Unrealized profit and loss		
Debt instruments	<u>338</u>	<u>(1,589)</u>
Other comprehensive income recognized for the year	<u>338</u>	<u>(1,589)</u>
Balance at December 31	<u>\$ (27,872)</u>	<u>\$ (28,210)</u>

3) Equity directly associated with non-current assets classified as held for sale

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Exchange differences on translation of the financial statements of foreign operations	<u>(155)</u>	<u>-</u>
Balance at December 31	<u>\$ (155)</u>	<u>\$ -</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 12,131	\$ 11,283
Net income (loss)	(1,414)	684
Other comprehensive income (loss)		
Exchange differences on translating foreign operations	<u>(199)</u>	<u>164</u>
Balance at December 31	<u>\$ 10,518</u>	<u>\$ 12,131</u>

g. Treasury shares

Purpose of Buy-back	2023	2022
Number of shares at January 1 and December 31 (in thousand shares)	<u>2,500</u>	<u>2,500</u>

In August 2022, the Company's board of directors approved to buy back treasury shares and intend to transfer shares to the employees.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

23. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Consumer electronics	\$ 3,567,677	\$ 4,677,856
Plastic components	<u>293,624</u>	<u>374,115</u>
	<u>\$ 3,861,301</u>	<u>\$ 5,051,971</u>

24. NET PROFIT (LOSS)

a. Other income

	For the Year Ended December 31	
	2023	2022
Interest income	\$ 7,185	\$ 2,949
Rental income	<u>21,839</u>	<u>16,012</u>
	<u>\$ 29,024</u>	<u>\$ 18,961</u>

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (loss) gains	\$ (28,479)	\$ 132,238
Gain (loss) on disposal of property, plant and equipment	(1,447)	600
Depreciation expense of investment property	(2,811)	(1,678)
Others	<u>8,241</u>	<u>(15,017)</u>
	<u>\$ (24,496)</u>	<u>\$ 116,143</u>

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on loans	\$ 165,400	\$ 105,228
Interest on lease liabilities	1,268	1,161
Fees on pledged trade receivables	<u>3,967</u>	<u>5,192</u>
	<u>\$ 170,635</u>	<u>\$ 111,581</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 399,492	\$ 348,143
Operating expenses	91,836	104,449
Other gains and losses	<u>2,811</u>	<u>1,678</u>
	<u>\$ 494,139</u>	<u>\$ 454,270</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 3,140</u>	<u>\$ 4,351</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 982,082	\$ 1,154,778
Other employee expenses	12,070	13,854
Post-employment benefits		
Defined contribution plans (Note 21)	<u>42,812</u>	<u>40,409</u>
Total employee benefits expense	<u>\$ 1,036,964</u>	<u>\$ 1,209,041</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 741,702	\$ 907,388
Operating expenses	<u>295,262</u>	<u>301,653</u>
	<u>\$ 1,036,964</u>	<u>\$ 1,209,041</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues the compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. However, if the Company has accumulated losses, it should offset the losses in advance.

Because of a net loss in 2023, the Company did not appropriate an amount for employees' compensation and remuneration to directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022, which were approved by the Company's board of directors on March 22, 2023 is as follows:

Accrual rate

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

Amount

	<u>For the Year Ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Cash</u>	<u>Shares</u>	<u>Cash</u>	<u>Shares</u>
Compensation of employees	\$ -	\$ -	\$ 1,090	\$ -
Remuneration of directors	-	-	1,090	-

The Company did not estimate and allocate compensation of employees and remuneration of directors for the year ended December 31, 2023 because of the net loss.

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022.

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

25. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 1,546	\$ 40,196
Income tax on unappropriated earning	4,575	-
Adjustments for prior year	<u>6,495</u>	<u>(7,316)</u>
	<u>12,616</u>	<u>32,880</u>
Deferred tax		
In respect of the current year	<u>3,012</u>	<u>6,917</u>
Income tax expense recognized in profit or loss	<u>\$ 15,628</u>	<u>\$ 39,797</u>

A reconciliation of accounting profit (loss) and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2023	2022
Profit (loss) before tax from continuing operations	\$ 7,397	\$ 113,811
Income tax expense (benefit) calculated at the statutory rate	\$ (6,484)	\$ 28,966
Income tax on unappropriated earnings	4,575	-
Unrecognized deductible temporary differences	10,201	17,671
Nondeductible expenses in determining taxable income	841	476
Adjustments for prior years' tax	<u>6,495</u>	<u>(7,316)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 15,628</u>	<u>\$ 39,797</u>

According to the Law on Corporate Income Tax approved by the government of Vietnam, local subsidiaries are eligible for tax exemption in the first two years and a 50% deduction in the following four years since the first profit-earning year should they have investments in the industrial park.

b. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized losses on foreign currency exchange	\$ 2,879	\$ 1,440	\$ -	\$ (55)	\$ 4,264
Loss on impairment of inventories	5,091	(945)	-	(79)	4,067
Short-term warranties provisions	3,162	1,898	-	-	5,060
Gain on investments accounted for using the equity method	30,744	4,173	-	11	34,928
Others	<u>1,404</u>	<u>(758)</u>	<u>-</u>	<u>(8)</u>	<u>638</u>
	43,280	5,808	-	(131)	48,957
Tax losses	<u>118,279</u>	<u>(8,820)</u>	<u>-</u>	<u>(3,276)</u>	<u>106,183</u>
	<u>\$ 161,559</u>	<u>\$ (3,012)</u>	<u>\$ -</u>	<u>\$ (3,407)</u>	<u>\$ 155,140</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized losses on foreign currency exchange	\$ 7,571	\$ (4,721)	\$ -	\$ 29	\$ 2,879
Loss on impairment of inventories	6,006	(1,008)	-	93	5,091
Short-term warranties provisions	3,018	144	-	-	3,162
Gain on investments accounted for using the equity method	39,310	(4,184)	(4,382)	-	30,744
Others	<u>888</u>	<u>509</u>	<u>-</u>	<u>7</u>	<u>1,404</u>
	56,793	(9,260)	(4,382)	129	43,280
Tax losses	<u>114,766</u>	<u>(1,592)</u>	<u>-</u>	<u>5,105</u>	<u>118,279</u>
	<u>\$ 171,559</u>	<u>\$ (10,852)</u>	<u>\$ (4,382)</u>	<u>\$ 5,234</u>	<u>\$ 161,559</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 3,870	\$ (3,928)	\$ -	\$ 58	\$ -
Unrealized gains on foreign currency exchange	<u>7</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,877</u>	<u>\$ (3,935)</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ -</u>

c. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised of:

Unused Amount	Expiry Year
\$ 44,564	2026
378,800	2027
136,422	2028
<u>9,935</u>	2032
<u>\$ 569,721</u>	

d. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities. The Group has no material discrepancy with the approved content.

26. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2023	2022
Basic (loss) earnings per share	<u>\$ (0.05)</u>	<u>\$ 0.50</u>
Diluted (loss) earnings per share	<u>\$ (0.05)</u>	<u>\$ 0.50</u>

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit (Loss) for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share	<u>\$ (6,817)</u>	<u>\$ 73,330</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	147,500	147,500
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u> -</u>	<u> 30</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>147,500</u>	<u>147,530</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Since the compensation of employees are anti-dilutive in the computation of diluted losses per share in 2023, they are excluded from the computation.

27. CAPITAL MANAGEMENT

The Group conducts capital management to ensure the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

There is no material change in the overall strategy of the Group.

The Group must maintain its capital to support equipment upgrades. The capital management of the Group is to make sure that the Group has sufficient and necessary financial resources and operating plans to be able to provide the required funds for operating capital, capital expenditure, research and development expenses, repayment of debts, and payment of dividends.

28. FINANCIAL INSTRUMENTS

a. The fair value of financial instruments at amortized cost

The management of the Group considered that the carrying amount of financial assets and financial liabilities at amortized cost in the financial statement is close to the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Other financial assets	\$ -	\$ -	\$ 30,710	\$ 30,710
Financial assets at FVTOCI				
Foreign unlisted shares	\$ -	\$ -	\$ 245,680	\$ 245,680
Investments in debt instruments	<u>9,681</u>	<u>-</u>	<u>-</u>	<u>9,681</u>
	<u>\$ 9,681</u>	<u>\$ -</u>	<u>\$ 245,680</u>	<u>\$ 255,361</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
RMB wealth investment product	\$ -	\$ -	\$ 11,461	\$ 11,461
Financial assets at FVTOCI				
Investments in debt instruments	\$ 3,043	\$ -	\$ -	\$ 3,043

There were no transfers between Levels 1 and 2 in 2023 and 2022.

c. Reconciliation of Level 3 fair value measurements of financial instruments

December 31, 2023

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ -	\$ -	\$ -
Increase in currently	32,017	257,862	289,879
Recognized in profit or loss (included in other gains and losses)	<u>(1,307)</u>	<u>(12,182)</u>	<u>(13,489)</u>
Balance at December 31	<u>\$ 30,710</u>	<u>\$ 245,680</u>	<u>\$ 276,390</u>

December 31, 2022

Financial Assets	Financial Assets at FVTPL Financial Products of RMB
Balance at January 1	\$ -
Increase in currently	<u>11,461</u>
Balance at December 31	<u>\$ 11,461</u>

d. Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted equity instruments is estimated based on the most recent trading price of the investee and the valuation multiplier of comparable companies, etc., and is not based on assumptions supported by prices or interest rates in an observable market. The remaining financial assets were based on the Group use counterparty quotations as evaluation techniques and significant unobservable input values to calculate the expected return from the investment.

e. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL	\$ 30,710	\$ 11,461
Financial assets at amortized cost (1)	1,820,576	1,689,389
Financial assets at FVTOCI	255,361	3,043
<u>Financial liabilities</u>		
Measured at amortized cost (2)	5,227,108	5,023,047

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, receivables, other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, trade payables, other payables, current portion of long-term borrowings, long-term borrowings and guarantee deposits received.

f. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities, short-term and long-term borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The management routinely monitors foreign currency risk and would take necessary measures in response to significant foreign currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar, Chinese Yuan and Vietnamese dong (the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, financial assets at fair value through profit or loss and investment in debt instruments at fair value through other comprehensive income. A negative number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar weakening 1% against the U.S. dollar. For a 1% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on profit or loss, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ (781)	\$ (9,866)

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrows funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets (i)	\$ 202,393	\$ 187,534
Financial liabilities (ii)	314,806	221,830
Cash flow interest rate risk		
Financial assets (iii)	356,879	473,454
Financial liabilities (iv)	3,871,375	3,643,863

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$35,145 thousand and \$31,704 thousand, respectively, which was mainly a result of variable-rate bank deposits and variable-rate borrowings. If interest rates had been 100 basis points lower, there would be an equal and opposite impact on pre-tax profit, and the balances would be negative.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

If equity prices had been 10% higher/lower, other comprehensive income for the year ended December 31, 2023 would have increased/decreased by \$24,568 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

The Group was exposed to debt instrument price risk through its investments in debt instrument. The main purpose of the Group is to collect the cash flow of debt instruments and evaluate to sell if necessary.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The Group's accounts receivable is mainly from the sale of wireless headsets, game headsets, and plastic products in various geographic regions. The Group continuously evaluates the financial status of its accounts receivable customers. The Group's credit risk is concentrated in the Americas and Asia.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2023

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>	.		
Variable interest rate liabilities	\$ 3,206,620	\$ 295,595	\$ 447,718
Fixed interest rate liabilities	250,000	-	-
Non-interest bearing	1,083,265	-	-
Lease liabilities	<u>40,676</u>	<u>24,829</u>	<u>-</u>
	<u>\$ 4,580,561</u>	<u>\$ 320,424</u>	<u>\$ 447,718</u>

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>	.		
Variable interest rate liabilities	\$ 2,890,272	\$ 342,528	\$ 490,208
Fixed interest rate liabilities	100,000	-	-
Non-interest bearing	1,196,466	-	-
Lease liabilities	<u>57,093</u>	<u>79,084</u>	<u>-</u>
	<u>\$ 4,243,831</u>	<u>\$ 421,612</u>	<u>\$ 490,208</u>

b) Financing facilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank overdraft facilities:		
Amount used	\$ 499,933	\$ 327,536
Amount unused	<u>274,652</u>	<u>342,404</u>
	<u>\$ 774,585</u>	<u>\$ 669,940</u>
Secured bank overdraft facilities:		
Amount used	\$ 3,621,442	\$ 3,416,327
Amount unused	<u>4,846,764</u>	<u>5,227,569</u>
	<u>\$ 8,468,206</u>	<u>\$ 8,643,896</u>

g. Transfers of financial assets

During the years ended December 31, 2023 and 2022, the Group discounted the derecognized trade receivables with an aggregate carrying amount of \$565,830 thousand and \$628,004 thousand, respectively, to banks for cash proceeds of related debt of \$488,166 thousand and \$549,417 thousand, respectively. According to the contract, if these trade receivables are not recoverable at maturity, banks have the right to request that the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amounts of these trade receivables and treats these trade receivables that have been transferred to banks as collateral for borrowings (see Note 30).

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Merged Company</u>
Ability Technology Co., Ltd.	Other related parties

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Ability Technology Co., Ltd.	<u>\$ 20,489</u>	<u>\$ -</u>

The Group's sales price and collection period to related parties are the same as those to regular customers.

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Ability Technology Co., Ltd.	\$ 5,789	\$ -
Other receivables	Ability Technology Co., Ltd.	<u>847</u>	<u>1,256</u>
		<u>\$ 6,636</u>	<u>\$ 1,256</u>

The outstanding receivables from related parties are unsecured. For the year ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

d. Lease arrangements

Operating lease

In 2023, the Group leases the factory to its associates, Ability Technology Co., Ltd. as the operating lease with the lease term of five year, and the rent is referred to the similar assets' rental level, and a fixed payment is received monthly according to the lease agreement. As of December 31, 2023 and 2022, the total amount of future lease receivable were \$13,093 thousand and \$16,664 thousand, respectively. For the years ended December 31, 2023 and 2022, the lease income recognized were \$6,249 thousand and \$1,181 thousand, respectively.

e. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 19,582	\$ 25,006
Post-employment benefits	<u>322</u>	<u>322</u>
	<u>\$ 19,904</u>	<u>\$ 25,328</u>

The remuneration of directors and key executives is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2023	2022
Property, plant and equipment (including construction in progress)	\$ 2,639,696	\$ 2,179,332
Trade receivables	565,830	628,004
Pledged demand deposits (classified as financial assets at amortized cost)	391,261	424,082
Right-of-use assets	174,356	64,828
Investment property	86,782	90,521
Pledged repurchase agreements collateralized by bonds (classified as financial assets at amortized cost)	<u>20,000</u>	<u>-</u>
	<u>\$ 3,877,925</u>	<u>\$ 3,386,767</u>

The above assets were provided as collateral for bank borrowings.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 111,696	30.71 (USD:TWD)	\$ 3,430,183
USD	17,346	7.0973 (USD:CNY)	<u>532,691</u>
			<u>\$ 3,962,874</u>
Non-monetary items			
Non-derivative financial assets			
USD	9,315	30.71 (USD:TWD)	<u>\$ 286,071</u>
<u>Financial liabilities</u>			
Monetary items			
USD	47,436	30.71 (USD:TWD)	\$ 1,466,049
USD	84,364	24,667 (USD:VND)	2,590,824
USD	8,801	7.0973 (USD:CNY)	<u>270,271</u>
			<u>\$ 4,327,144</u>

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 107,427	30.71 (USD:TWD)	\$ 3,299,091
USD	23,117	6.9669 (USD:CNY)	<u>709,924</u>
			<u>\$ 4,009,015</u>
Non-monetary items			
Non-derivative financial assets			
USD	99	30.71 (USD:TWD)	<u>\$ 3,043</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 47,797	30.71 (USD:TWD)	\$ 1,467,853
USD	103,092	23,899 (USD:VND)	3,165,950
USD	11,881	6.9669 (USD:CNY)	<u>364,854</u>
			<u>\$ 4,998,657</u>
			(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$(28,479) thousand and \$132,238 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (None)
- 10) Information on investees (Table 7)

- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 5 and 6)
- d. Intercompany relationships and significant intercompany transactions (Table 9)
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were the manufacture, process and sale of audio electronic devices, computer peripherals and plastic products. For the purposes of financial statement presentation, these individual operating segments have been aggregated into a single operating segment given that the Group centrally manages the manufacture and sale of products.

AMPACS CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Brilliance Investment Co., Ltd.	Richmake International Limited	Other receivables from related parties	Yes	\$ 270,248 (US\$ 8,800)	\$ 270,248 (US\$ 8,800)	\$ 246,794 (US\$ 8,036)	-	Short-term financing	\$ -	Operational needs	\$ -	None	\$ -	\$ 316,127 (US\$ 10,293)	\$ 316,127 (US\$ 10,293)	Note 3
2	Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	Other receivables from related parties	Yes	154,778 (US\$ 5,040)	154,778 (US\$ 5,040)	112,629 (US\$ 3,668)	-	Short-term financing	-	Operational needs	-	None	-	151,500 (CNY 34,988)	151,500 (CNY 34,988)	Note 4

Note 1: The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The amount was calculated using the spot rate on December 31, 2023 (US\$1=NT\$30.71; CNY1=NT\$4.33).

Note 3: The aggregate financing limit and financing limit for each borrower of Brilliance Investment Co., Ltd., calculated based on the Group's policy, were both 120% of the Company's net asset value.

Note 4: The aggregate financing limit and financing limit for each borrower of Dong Guan Yi Zhuo Electronics Co., Ltd., calculated based on the Group's policy, were both 120% of the Company's net asset value.

Note 5: The highest balance and ending balance for the period are the financing limits approved by the lender's board of directors.

Note 6: All intercompany financing transactions have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Modern Pioneer (Kunshan) Co., Ltd.	AMPACS Corporation	b	\$ 237,193 (CNY 54,779)	\$ 199,615 (US\$ 6,500)	\$ 199,615 (US\$ 6,500)	\$ 184,260 (US\$ 6,000)	\$ 26,035 (CNY 6,017)	7.50	\$ 237,193 (CNY 54,779)	N	Y	N	

Note 1: Relationship between endorser/guarantor and endorsee/guarantee are as follows:

- a. Business relationship.
- b. A subsidiary in which the Company holds directly and indirectly over 50% of an equity interest.
- c. An investee in which the Company and its subsidiaries hold directly and indirectly over 50% of an equity interest.

Note 2: a. The aggregate amount of guarantees/endorsements by Modern Pioneer (Kunshan) Co., Ltd. and for any single entity should not exceed 100% of its net worth.
b. The net worth is based on the latest audited financial statements.

Note 3: The amount was calculated using the spot rate on December 31, 2023 (US\$1=NT\$30.71; CNY1=NT\$4.33).

AMPACS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
AMPACS Corporation	<u>Bonds</u>							
	Ford Motor Company	-	Financial assets at FVTOCI - non-current	US\$ 130	\$ 3,522	-	\$ 3,522	
	Corporate bonds - Pfizer Inc.	-	Financial assets at FVTOCI - non-current	US\$ 200	6,159	-	6,159	
	Government bonds	-	Financial assets at amortized cost	\$ 20,000	20,000	-	20,000	
	<u>Other financial assets</u>							
	4EST INC.	-	Financial assets at fair value through profit or loss - non-current	-	30,710	-	30,710	
	Substrate Manufacturing Corporation	-	Financial assets at FVTOCI - non-current	2,247	245,680	-	245,680	
Richmake International Limited	<u>Ordinary shares</u>							
	Iota Communications, Inc.	-	Financial assets at FVTOCI - non-current	2,478,000	-	1.26	-	Note 1

Note 1: The carrying values of financial instruments were all assessed for impairment.

Note 2: The number of units of the bonds is the face value of the bonds.

AMPACS CORPORATION AND

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
AMPACS Corporation	Ampacs International Company Limited	Investments accounted for using the equity method (Note 1)	Ampacs International Company Limited (Note 2)	Subsidiaries	-	\$ 382,402	-	\$ 624,803	-	\$ -	\$ -	\$ -	-	\$ 1,002,791

Note 1: Investments accounted for under the equity method have been eliminated in the consolidated financial statements.

Note 2: The Company increased capital for its 100% owned subsidiary.

AMPACS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMPACS Corporation	Ampacs International Company Limited	Subsidiary	Purchase	\$ (2,923,055)	(84)	About 120 days	Contract price	No significant difference	\$ -	-	
	Richmake International Limited	Subsidiary	Purchase	(488,247)	(7)	About 120 days	Contract price	No significant difference	-	-	
	Fortune Channel Universal Limited	Subsidiary	Purchase	(239,254)	(7)	About 120 days	Contract price	No significant difference	(118,153)	(37)	
Tech. Pioneer, Ltd.	AMPACS Corporation	Parent company	Purchase	(263,744)	(100)	About 120 days	Contract price	No significant difference	(64,857)	(100)	
Richmake International Limited	Dongguan Yi Xing Electronics Co., Ltd.	Subsidiary	Purchase	(527,987)	(100)	About 180 days	Contract price	No significant difference	(21,023)	(31)	
Fortune Channel Universal Limited	Modern Pioneer (Kunshan) Co., Ltd.	Subsidiary	Purchase	(239,254)	(100)	About 180 days	Contract price	No significant difference	(148,440)	(100)	
Ampacs International Company Limited	Dongguan Yi Xing Electronics Co., Ltd. AMPACS Corporation	Subsidiary	Purchase	(133,683)	(5)	About 180 days	Contract price	No significant difference	(195,499)	(7)	
		Parent company	Sale	2,923,055	99	About 120 days	Contract price	No significant difference	-	-	
Richmake International Limited	AMPACS Corporation	Parent company	Sale	488,247	95	About 120 days	Contract price	No significant difference	-	-	
Fortune Channel Universal Limited	AMPACS Corporation	Parent company	Sale	239,254	100	About 120 days	Contract price	No significant difference	118,153	100	
AMPACS Corporation	Tech. Pioneer, Ltd.	Subsidiary	Sale	263,744	7	About 120 days	Contract price	No significant difference	64,857	6	
Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	Subsidiary	Sale	239,254	85	About 120 days	Contract price	No significant difference	148,440	93	
Dongguan Yi Xing Electronics Co., Ltd.	Richmake International Limited	Subsidiary	Sale	527,987	80	About 180 days	Contract price	No significant difference	21,023	10	
	Ampacs International Company Limited	Sister company	Sale	133,683	20	About 180 days	Contract price	No significant difference	195,499	29	

Note: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

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

Company Name	Related Party	Relationship	Ending Balance of Trade Receivables	Ending Balance of Other Receivables	Turnover Rate	Past Due		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
Dongguan Yi Xing Electronics Co., Ltd.	Ampacs International Company Limited	Sister company	\$ 195,499	\$ -	0.63	\$ -	-	\$ 30,710	\$ -
Dong Guan Yi Zhuo Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	Sister company	-	112,629	Note 2	-	-	-	-
AMPACS Corporation	Ampacs International Company Limited	Subsidiary	-	378,047	Note 1	-	-	176,356	-
Brilliance Investment Co., Ltd.	Richmake International Limited	Sister company	-	246,794	Note 2	-	-	-	-
Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	Subsidiary	148,440	-	2.27	-	-	30,710	-
Fortune Channel Universal Limited	AMPACS Corporation	Parent company	118,153	-	3.69	-	-	30,710	-

Note 1: The other receivables are purchased raw materials.

Note 2: Financing.

Note 3: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
AMPACS Corporation	Tech. Pioneer, Ltd.	Samoa	Investment activities	US\$ 21,780	US\$ 21,780	23,003	100	\$ 833,322	\$ (18,280)	\$ (18,280)	Subsidiary
	Ampacs International company Limited	Vietnam	Production and sale of plastic products and consumer electronics	HK\$ 9,500	HK\$ 9,500	-	100	1,002,791	(US\$ -587)	40,838	Subsidiary
	Ability Technology Co., Ltd.	Taipei	Computer peripheral equipment, photographic equipment and electronic components and trading	US\$ 50,000	US\$ 30,000	-	-	-	(VND 31,780,420)	(2,383)	Note 2
Tech. Pioneer, Ltd.	Brilliance Investment Co., Ltd.	Samoa	Investment activities and the sale of plastic products	\$ -	\$ 20,000	2,000	40	-	(5,959)	(2,383)	Note 2
	Sunlight Ocean Holding Limited	Samoa	Investment activities and the sale of plastic products	US\$ 1,050	US\$ 1,050	1,050	100	263,440	(US\$ (751)	(751)	Subsidiary
	Richmake International Limited	Samoa	Investment activities and the sale of consumer electronics	US\$ 850	US\$ 850	850	100	62,036	(US\$ -24)	7,587	Subsidiary
	Fortune Channel Universal Limited	Seychelles	Investment activities and the sale of plastic products	US\$ 9,500	US\$ 9,500	1,224	100	125,351	(US\$ 244)	(26,149)	Subsidiary
				US\$ 16,000	US\$ 16,000	16,000	100	385,951	(US\$ (839)	3,813	Subsidiary
									(US\$ 122)		

Note 1: Refer to Table 8 for information on investments in mainland China.

Note 2: The Company has transferred Ability Technologies Co., Ltd. to non-current assets for sale on December 31, 2023.

Note 3: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 3)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 3)	Investment of Flows (Note 2)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 3)	Net Income (Loss) of the Investee (Note 4)	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Dongguan Yi Zhao Electronics Co., Ltd.	Production and sale of plastic products	\$ 32,246 (US\$ 1,050)	Note 1	\$ 32,246 (US\$ 1,050)	\$ -	\$ -	\$ 32,246 (US\$ 1,050)	\$ (39,630) (CNY -9,015)	100	\$ (39,630) (US\$ -1,272)	\$ 126,184 (US\$ 4,019)	\$ -
Dongguan Han Lei Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	26,104 (US\$ 850)	Note 1	26,104 (US\$ 850)	-	-	26,104 (US\$ 850)	7,619 (CNY 1,733)	100	7,619 (US\$ 245)	60,578 (US\$ 1,973)	-
Dongguan Yi Xing Electronics Co., Ltd.	Production and sale of plastic products and consumer electronics	37,326 (HK\$ 9,500)	Note 1	37,326 (HK\$ 9,500)	-	-	37,326 (HK\$ 9,500)	(34,798) (CNY -7,916)	100	(34,798) (US\$ -1,117)	193,307 (US\$ 6,295)	-
Modern Pioneer (Kunshan) Co., Ltd.	Production and sale of plastic products	414,585 (US\$ 13,500)	Note 1	414,585 (US\$ 13,500)	-	-	414,585 (US\$ 13,500)	11,003 (CNY 2,503)	100	3,890 (US\$ 125)	397,936 (US\$ 12,958)	-
Dongguan Shi Hong Jun Electronics Co., Ltd.	Production and sale of headphone wire	8,660 (CNY 2,000)	Note 2	Note 2	-	-	Note 2	(2,886) (CNY -657)	51	(1,472) (CNY -335)	10,953 (CNY 2,529)	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment
\$ 510,261 (US\$ 15,400) (HK\$ 9,500)	\$ 510,261 (US\$ 15,400) (HK\$ 9,500)	\$ 1,603,842 (Note 5)

Note 1: The companies were invested through regions outside of Taiwan and mainland China (the third region).

Note 2: The capital of Dongguan Shi Hong Jun Electronics Co., Ltd. is remitted out with the self-owned fund of Dongguan Han Lei Electronics Co., Ltd.

Note 3: The amount was calculated using the spot rates on December 31, 2023 (US\$1=NT\$30.71; HK\$1=NT\$3.929; CNY1=NT\$4.33).

Note 4: The amount was calculated using the yearly average rates on 2023 (US\$1=NT\$31.155; HK\$1=NT\$3.98; CNY1=NT\$4.396).

Note 5: The amount was calculated based on 60% of the Group's net worth.

Note 6: All intercompany gains and losses from investment have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			% of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Item	Amount	Terms	
0	AMPACS Corporation	Ampacs International company Limited	1	Other receivables	\$ 378,047	Mutual agreement	5
		Ampacs International company Limited	1	Advance payment	823,780	Mutual agreement	10
		Richmake International Limited	1	Advance payment	78,979	Mutual agreement	1
		Tech. Pioneer, Ltd.	1	Sales	263,744	Mutual agreement	7
1	Ampacs International Company Limited	AMPACS Corporation	2	Sales	2,923,055	Mutual agreement	76
2	Richmake International Limited	AMPACS Corporation	2	Sales	488,247	Mutual agreement	13
3	Fortune Channel Universal Limited	AMPACS Corporation	2	Sales	239,254	Mutual agreement	6
		AMPACS Corporation	2	Accounts receivable	118,153	Mutual agreement	1
4	Brilliance Investment Co., Ltd.	Richmake International Limited	3	Other receivables	246,794	Financing provided	3
5	Dongguan Yi Xing Electronics Co., Ltd.	Richmake International Limited	3	Sales	527,987	Mutual agreement	14
		Ampacs International company Limited	3	Sales	133,683	Mutual agreement	3
		Ampacs International company Limited	3	Accounts receivable	195,499	Mutual agreement	2
6	Modern Pioneer (Kunshan) Co., Ltd.	Fortune Channel Universal Limited	3	Sales	239,254	Mutual agreement	6
		Fortune Channel Universal Limited	3	Accounts receivable	148,440	Mutual agreement	2
7	Dongguan Yi Zhao Electronics Co., Ltd.	Brilliance Investment Co., Ltd.	3	Accounts receivable	112,629	Financing provided	1

Note 1: The Company and its subsidiaries are coded as follows:

- The Company is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- From the Company to its subsidiary.
- From a subsidiary to its parent company.
- Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance was shown as a percentage to consolidated total assets as of December 31, 2023. For profit or loss items, the cumulative amounts were shown as a percentage to consolidated total operating revenues for the year ended December 31, 2023.

Note 4: The above table only discloses each of the related-party transactions which material amount of total revenue or total assets, while the reverse flow of transactions are not additionally disclosed.

Note 5: The intercompany transactions have been eliminated upon consolidation.

AMPACS CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Huang, Chang-Ching	27,671,900	18.44
Lung An Investment Co., Ltd.	11,907,304	7.93
Chang An Investment Co., Ltd.	11,681,569	7.78
Hsiao, Hsiu-Ju	9,562,545	6.37

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.