

Allis Electric Co., Ltd. and Subsidiaries

Consolidated Financial Statements
for the Years Ended December 31, 2023 and 2022

(With Auditors' Report Thereon)

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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.

Allis Electric Co., Ltd. and Subsidiaries
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REPRESENTATION LETTER

The entities that are 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 those included in the consolidated financial statements of Allis Electric Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Allis Electric Co., Ltd. and its subsidiaries. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

ALLIS ELECTRIC CO., LTD.

By

Herr-Yeh Sung
Chairman

March 14, 2024

Earnest & Co., CPAs.

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INDEPENDENT AUDITORS' REPORT

Allis Electric Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Allis Electric Co., Ltd. and its subsidiaries (collectively referred to as "Allis Electric 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allis Electric 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 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 Allis Electric 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.

Revenue Recognition

Please refer to Note 4(16) of the consolidated financial statements for the accounting policies on revenue recognition.

Because revenue is high-risk in nature and parts of goods are customized, revenue recognition was identified as one of the key audit matters.

We have obtained understanding and have verified the accounting policy and the design and implementation of internal controls with respect to revenue recognition. We checked the compliance with the accounting policy on revenue recognition by reviewing the relevant documents. For ensuring Allis Electric Group's compliance with IFRS 15, samples from the recognized revenue have been selected to test if the conditions of revenue recognition were met.

Estimated Impairment of Accounts Receivable

Please refer to Note 4(6) of the consolidated financial statements for the accounting policies on impairment of accounts receivables and Note 5 of the consolidated financial statements for uncertainty of accounting estimation and assumptions for the estimated impairment of accounts receivable.

Because of measuring expected credit losses on accounts receivable involve significant judgments and uncertainties, the estimated impairment of accounts receivables was identified as one of the key audit matters.

We evaluated the reasonableness of allowance for impairment loss by testing the aging of accounts receivables and by quantifying the potential risk of accounts receivables that were overdue at the balance sheet date. We tested the recoverability of the accounts receivables by vouching cash receipts after the balance sheet date. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Other Matter

We did not audit the financial statements of certain subsidiaries of Allis Electric Group as of and for the years ended December 31, 2023 and 2022, which were included in the accompanying consolidated financial statements, but such financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in Allis Electric Group's consolidated financial statements for such subsidiaries, is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total assets of such subsidiaries were NT\$734,705 thousand and NT\$396,777 thousand, respectively, which represented 6.54% and 3.94%, respectively, of Allis Electric Group's consolidated total assets. For the years ended December 31, 2023 and 2022, the operating revenue of such subsidiaries were NT\$859,416 thousand and NT\$411,679 thousand, respectively, which represented 9.06% and 5.34%, respectively, of Allis Electric Group's consolidated total operating revenue. In addition, we did not audit the financial statements of certain associates of Allis Electric Group as of and for the years ended December 31, 2023 and 2022, which reflected in the consolidated financial statements using the equity of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Thus, our opinion, insofar as it relates to the amounts included in Allis Electric Group's consolidated financial statements for such associates, is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the aforementioned investments accounted for using equity method were NT\$367,146 thousand and NT\$342,824 thousand, respectively, which represented 3.27% and 3.40%, respectively, of Allis Electric Group's consolidated total assets. Allis Electric Group's share of comprehensive income or loss of such associates were NT\$75,386 thousand and NT\$73,472 thousand for the years ended December 31, 2023 and 2022, respectively, which represented 11.89% and 15.13%, respectively, of Allis Electric Group's consolidated total comprehensive income.

We have also audited the parent company only financial statements of Allis Electric Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with Other Matter section.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 Allis Electric 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 Allis Electric 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 Allis Electric 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 Allis Electric 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 Allis Electric 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 Allis Electric 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 Allis Electric 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 audit resulting in this independent auditors' report are Yu-ling Hung and Wen-Ting Hsiang.

Earnest & Co., CPAs.
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 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.

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS		Notes	2023.12.31		2022.12.31		LIABILITIES AND EQUITY		Notes	2023.12.31		2022.12.31		
			Amount	%	Amount	%				Amount	%	Amount	%	
CURRENT ASSETS														
1100	Cash and cash equivalents	Note 4 and 6	\$ 751,079	6.69	\$ 670,064	6.65	2100	Short-term loans	Note 6	\$ 1,924,000	17.13	\$ 2,272,655	22.54	
1110	Financial assets at fair value through profit or loss	Note 4 and 6	—	—	2,423	0.02	2120	Financial liabilities at fair value through profit or loss	Note 4 and 6	1,064	0.01	—	—	
1120	Financial assets at fair value through other comprehensive income	Note 4 and 6	31,612	0.28	25,088	0.25	2130	Contract liabilities	Note 4 and 7	476,650	4.24	728,099	7.22	
1140	Contract assets	Note 4	491,143	4.37	532,698	5.28	2150	Notes payable	Note 7	27,949	0.24	70,773	0.70	
1150	Notes receivable, net	Note 4 and 6	210,241	1.87	119,785	1.18	2170	Accounts payable		2,256,726	20.09	2,055,793	20.39	
1160	Notes receivable from related parties	Note 7	7,837	0.07	3,504	0.03	2180	Accounts payable to related parties	Note 7	209,487	1.86	129,678	1.29	
1170	Accounts receivable, net	Note 4 and 6	4,140,452	36.86	3,464,345	34.36	2200	Other payables	Note 7	497,985	4.43	415,565	4.12	
1180	Accounts receivable from related parties	Note 6 and 7	31,594	0.28	32,044	0.32	2230	Current tax liabilities	Note 4	111,982	1.00	53,997	0.54	
1200	Other receivables	Note 4, 6, 7, and 8	87,695	0.78	92,822	0.93	2250	Provisions	Note 4 and 6	12,100	0.11	12,100	0.12	
1310	Inventories	Note 4 and 6	2,649,553	23.58	2,376,067	23.56	2280	Lease liabilities	Note 4	2,966	0.03	3,352	0.03	
1410	Prepayments		82,809	0.74	76,269	0.76	2320	Current portion of long-term loans	Note 6	30,586	0.27	8,394	0.08	
1479	Other current assets	Note 6	2,322	0.02	1,174	0.01	2399	Other current liabilities		1,924	0.02	2,496	0.03	
11xx	Total current assets		<u>8,486,337</u>	<u>75.54</u>	<u>7,396,283</u>	<u>73.35</u>	21xx	Total current liabilities		<u>5,553,419</u>	<u>49.43</u>	<u>5,752,902</u>	<u>57.06</u>	
NON-CURRENT ASSETS														
1517	Financial assets at fair value through other comprehensive income	Note 4 and 6	174,916	1.56	267,869	2.66	2530	Bonds payable	Note 4 and 6	572,064	5.09	—	—	
1550	Investments accounted for using equity method	Note 4 and 6	367,146	3.27	342,824	3.40	2540	Long-term loans	Note 6	180,077	1.60	211,728	2.10	
1600	Property, plant and equipment	Note 4, 6 and 8	1,659,519	14.77	1,536,559	15.24	2571	Deferred tax liabilities	Note 4 and 6	174,876	1.56	174,652	1.73	
1755	Right-of-use assets	Note 4 and 6	4,023	0.03	4,840	0.05	2580	Lease liabilities	Note 4	1,488	0.01	1,816	0.02	
1760	Investment properties	Note 4, 6 and 8	351,403	3.13	353,552	3.51	2640	Net defined benefit liabilities	Note 4 and 6	14,065	0.13	18,840	0.19	
1780	Intangible assets	Note 4 and 6	7,355	0.06	10,577	0.10	2645	Guarantee deposits		3,456	0.03	3,369	0.03	
1840	Deferred tax assets	Note 4 and 6	43,717	0.39	30,459	0.30	25xx	Total non-current liabilities		<u>946,026</u>	<u>8.42</u>	<u>410,405</u>	<u>4.07</u>	
1915	Prepayments for equipment		23,011	0.20	720	0.01	2xxx	Total liabilities		<u>6,499,445</u>	<u>57.85</u>	<u>6,163,307</u>	<u>61.13</u>	
1920	Refundable deposits		104,313	0.93	127,119	1.26	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
1975	Net defined benefit asset	Note 4 and 6	2,928	0.03	2,171	0.02	3110	Share capital		2,469,353	21.98	2,397,430	23.78	
1980	Other receivables	Note 6	405	0.00	390	0.00	3130	Bond conversion entitlement certificates		58,439	0.52	—	—	
1990	Other non-current assets	Note 6	9,748	0.09	9,748	0.10	3100	Total share capital	Note 6	<u>2,527,792</u>	<u>22.50</u>	<u>2,397,430</u>	<u>23.78</u>	
15xx	Total non-current assets		<u>2,748,484</u>	<u>24.46</u>	<u>2,686,828</u>	<u>26.65</u>	3200	Capital surplus	Note 6	<u>440,925</u>	<u>3.93</u>	<u>73,039</u>	<u>0.72</u>	
								Retained earnings						
								3310	Legal reserve		258,944	2.31	204,656	2.03
								3320	Special reserve		449,780	4.00	450,584	4.47
								3350	Unappropriated earnings		<u>1,068,907</u>	<u>9.51</u>	<u>693,356</u>	<u>6.87</u>
								3300	Total retained earnings	Note 6	<u>1,777,631</u>	<u>15.82</u>	<u>1,348,596</u>	<u>13.37</u>
								3400	Other equity		(69,505)	(0.62)	53,912	0.53
								3500	Treasury Stock	Note 6	<u>(41,616)</u>	<u>(0.37)</u>	<u>(41,616)</u>	<u>(0.41)</u>
								31xx	Total equity attributable to owners of the parent		4,635,227	41.26	3,831,361	37.99
								36xx	NON-CONTROLLING INTERESTS	Note 6	100,149	0.89	88,443	0.88
								3xxx	Total equity		<u>4,735,376</u>	<u>42.15</u>	<u>3,919,804</u>	<u>38.87</u>
1xxx	TOTAL ASSETS		<u>\$ 11,234,821</u>	<u>100.00</u>	<u>\$ 10,083,111</u>	<u>100.00</u>		TOTAL LIABILITIES AND EQUITY		<u>\$ 11,234,821</u>	<u>100.00</u>	<u>\$ 10,083,111</u>	<u>100.00</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2024)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Notes	2023		2022	
		Amount	%	Amount	%
4000 OPERATING REVENUE	Note 4, 6 and 7	\$ 9,483,392	100.00	\$ 7,709,152	100.00
5000 OPERATING COST	Note 6 and 7	7,797,516	82.22	6,418,988	83.26
5900 GROSS PROFIT		1,685,876	17.78	1,290,164	16.74
5910 LESS: UNREALIZED GROSS PROFIT ON SALES		—	—	1,262	0.02
5920 ADD: REALIZED GROSS PROFIT ON SALES		336	0.00	—	—
5950 NET GROSS PROFIT		1,686,212	17.78	1,288,902	16.72
OPERATING EXPENSES					
6100 Selling and marketing expenses	Note 7	413,003	4.36	454,330	5.89
6200 General and administrative expenses		190,684	2.01	201,797	2.62
6300 Research and development expenses	Note 7	123,520	1.30	125,220	1.62
6450 Expected credit impairment loss		21,694	0.23	10,602	0.14
6000 Total operating expenses		748,901	7.90	791,949	10.27
6900 OPERATING INCOME		937,311	9.88	496,953	6.45
NON-OPERATING INCOME AND EXPENSES					
7010 Other income	Note 6 and 7	31,440	0.33	28,324	0.36
7020 Other gains and losses	Note 6	(52,817)	(0.56)	25,182	0.33
7050 Finance costs	Note 6	(55,360)	(0.58)	(28,912)	(0.38)
7060 Share of profit of associates accounted for using equity method	Note 4 and 6	76,764	0.81	70,649	0.92
7000 Total non-operating income and expenses		27	0.00	95,243	1.23
7900 INCOME BEFORE INCOME TAX		937,338	9.88	592,196	7.68
7950 INCOME TAX EXPENSE	Note 4 and 6	169,977	1.79	66,316	0.86
8200 NET INCOME		767,361	8.09	525,880	6.82
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
8311 Remeasurement of defined benefit plans	Note 4 and 6	(9,378)	(0.10)	27,378	0.36
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Note 4	(121,423)	(1.28)	(77,683)	(1.01)
8321 Share of remeasurement of defined benefit plans of associates accounted for using equity method	Note 4	(909)	(0.01)	2,061	0.03
8349 Income tax relating to items that will not be reclassified to profit or loss	Note 4 and 6	(146)	(0.00)	(164)	0.00
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translating foreign operation		(1,222)	(0.01)	7,271	0.09
8370 Share of other comprehensive income (loss) of associates accounted for using equity method	Note 4	(469)	(0.01)	762	0.01
8300 Other comprehensive income, net		(133,547)	(1.41)	(40,375)	(0.52)
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 633,814	6.68	\$ 485,505	6.30
NET INCOME ATTRIBUTABLE TO					
8610 Owners of the parent		\$ 751,699	7.93	\$ 508,831	6.60
8620 Non-controlling interests		15,662	0.16	17,049	0.22
		\$ 767,361	8.09	\$ 525,880	6.82
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
8710 Owners of the parent		\$ 618,124	6.52	\$ 468,264	6.07
8720 Non-controlling interests		15,690	0.16	17,241	0.23
		\$ 633,814	6.68	\$ 485,505	6.30
9750 BASIC EARNINGS PER SHARE	Note 6	\$ 3.08		\$ 2.09	
9850 DILUTED EARNINGS PER SHARE	Note 6	\$ 2.99		2.08	

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2024)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of Parent													
	Share Capital			Retained Earnings				Other Equity					Non-controlling Interests	Total Equity
	Ordinary Shares	Bond Conversion Entitlement Certificates	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operation	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value		Treasury Stock	Total			
Through Other Comprehensive Income														
BALANCE, JANUARY 1, 2022	\$ 2,283,267	\$ —	\$ 71,031	\$ 167,107	\$ 451,387	\$ 473,428	\$ (13,807)	\$ 144,773	\$ (41,616)	\$ 3,535,570	\$ 72,998	\$ 3,608,568		
Appropriation of the 2021 earnings														
Legal reserve appropriated	—	—	—	37,549	—	(37,549)	—	—	—	—	—	—		
Cash dividends-NT\$0.75 per share	—	—	—	—	—	(171,245)	—	—	—	(171,245)	—	(171,245)		
Stock dividends-NT\$0.50 per share	114,163	—	—	—	—	(114,163)	—	—	—	—	—	—		
Net income in 2022	—	—	—	—	—	508,831	—	—	—	508,831	17,049	525,880		
Other comprehensive income and loss in 2022, net of income tax	—	—	—	—	—	29,165	6,829	(76,561)	—	(40,567)	192	(40,375)		
Total comprehensive income in 2022	—	—	—	—	—	537,996	6,829	(76,561)	—	468,264	17,241	485,505		
Cash dividends from subsidiaries	—	—	—	—	—	—	—	—	—	—	(12,051)	(12,051)		
Cash dividends distributed to subsidiaries	—	—	2,012	—	—	—	—	—	—	2,012	2	2,014		
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	7,322	—	(7,322)	—	—	—	—		
Changes in ownership interests in subsidiaries	—	—	—	—	—	(3,236)	—	—	—	(3,236)	10,253	7,017		
Return of donation from owners	—	—	(4)	—	—	—	—	—	—	(4)	—	(4)		
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—	—	—		
BALANCE, DECEMBER 31, 2022	2,397,430	—	73,039	204,656	450,584	693,356	(6,978)	60,890	(41,616)	3,831,361	88,443	3,919,804		
Appropriation of the 2022 earnings														
Legal reserve appropriated	—	—	—	54,288	—	(54,288)	—	—	—	—	—	—		
Cash dividends-NT\$1.00 per share	—	—	—	—	—	(239,744)	—	—	—	(239,744)	—	(239,744)		
Stock dividends-NT\$0.30 per share	71,923	—	—	—	—	(71,923)	—	—	—	—	—	—		
Net income in 2023	—	—	—	—	—	751,699	—	—	—	751,699	15,662	767,361		
Other comprehensive income and loss in 2023, net of income tax	—	—	—	—	—	(10,530)	(1,231)	(121,814)	—	(133,575)	28	(133,547)		
Total comprehensive income in 2023	—	—	—	—	—	741,169	(1,231)	(121,814)	—	618,124	15,690	633,814		
Cash dividends from subsidiaries	—	—	—	—	—	—	—	—	—	—	(3,626)	(3,626)		
Cash dividends distributed to subsidiaries	—	—	2,818	—	—	—	—	—	—	2,818	1	2,819		
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	372	—	(372)	—	—	—	—		
Changes in equity of subsidiaries accounted for using equity method	—	—	—	—	—	(839)	—	—	—	(839)	(359)	(1,198)		
Return of donation from owners	—	—	(8)	—	—	—	—	—	—	(8)	—	(8)		
Reversal of special reserve	—	—	—	—	(804)	804	—	—	—	—	—	—		
Equity components of convertible bonds issued by the Company	—	—	83,247	—	—	—	—	—	—	83,247	—	83,247		
Conversion of convertible bonds	—	58,439	281,829	—	—	—	—	—	—	340,268	—	340,268		
BALANCE, DECEMBER 31, 2023	<u>\$ 2,469,353</u>	<u>\$ 58,439</u>	<u>\$ 440,925</u>	<u>\$ 258,944</u>	<u>\$ 449,780</u>	<u>\$ 1,068,907</u>	<u>\$ (8,209)</u>	<u>\$ (61,296)</u>	<u>\$ (41,616)</u>	<u>\$ 4,635,227</u>	<u>\$ 100,149</u>	<u>\$ 4,735,376</u>		

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2024)

Allis Electric Co., Ltd. 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	\$ 937,338	\$ 592,196
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	50,696	50,624
Amortization expense	4,724	5,466
Expected credit impairment loss	21,694	10,602
Net gain on financial instruments at fair value through profit or loss	(10,829)	(10,658)
Interest expense	55,360	28,912
Interest income	(5,938)	(4,025)
Dividend income	(5,745)	(4,207)
Share of profit of associates accounted for using equity method	(76,764)	(70,649)
Net loss on disposal of property, plant and equipment	(25)	50
Unrealized (realized) gross profit on sales	(336)	1,262
Impairment loss	25,000	—
Changes in operating assets and liabilities		
Decrease (increase) in contract assets	41,555	(213,922)
Increase in notes receivable	(90,948)	(17,443)
Increase in notes receivable from related parties	(4,333)	(3,504)
Increase in accounts receivable	(700,276)	(490,230)
Decrease in accounts receivable from related parties	450	5,708
Decrease (increase) in other receivables	(34,090)	14,722
Increase in inventories	(274,420)	(800,396)
Increase in prepayments	(4,975)	(3,869)
Increase in other current assets	(608)	(1,288)
Increase in net defined benefit asset	(28)	(10)
Changes in financial instruments at fair value through profit or loss	3,246	8,593
Increase (decrease) in contract liabilities	(251,691)	476,717
Increase (decrease) in notes payable	(42,824)	53,570
Increase in accounts payable	199,402	596,288
Increase (decrease) in accounts payable to related parties	79,809	(42,778)
Increase in other payables	118,929	130,076
Increase (decrease) in other current liabilities	(572)	1,264
Decrease in net defined benefit liabilities	(14,882)	(14,793)

Allis Electric Co., Ltd. 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 inflow generated from operations	18,919	298,278
Income tax paid	(124,758)	(73,238)
Net cash generated from (used in) operating activities	(105,839)	225,040
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of financial assets at fair value through profit or loss	657	—
Acquisition of financial assets at fair value through other comprehensive income	(42,814)	(48,558)
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,820	18,254
Acquisition of property, plant and equipment	(227,966)	(199,028)
Proceeds from disposal of property, plant and equipment	38	—
Acquisition of intangible assets	(1,369)	(1,294)
Decrease (increase) in prepayments for equipment	(22,291)	4,999
Decrease (increase) in refundable deposits	22,806	(55,750)
Decrease in other receivables	38,742	500
Interest received	6,071	4,341
Cash dividend received	56,666	53,707
Net cash flows used in investing activities	(161,640)	(222,829)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase in short-term loans	10,070,447	13,050,899
Decrease in short-term loans	(10,418,952)	(12,678,357)
Proceeds from issuance of convertible bonds	999,610	—
Increase in long-term loans	—	5,760
Decrease in long-term loans	(9,968)	(7,669)
Repayment of the principal portion of lease liabilities	(3,591)	(4,219)
Increase (decrease) in guarantee deposits	87	(38)
Interest paid	(49,182)	(27,914)
Cash dividends paid	(240,553)	(181,509)
Cash capital increase	—	8,377
Others	(8)	(4)
Net cash flows generated from financing activities	347,890	165,326
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	604	3,223
NET INCREASE IN CASH AND CASH EQUIVALENTS	81,015	170,760
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	670,064	499,304
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 751,079	\$ 670,064

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 14, 2024)

Allis Electric Co., Ltd. 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

Allis Electric Co., Ltd. (the “Company”) was incorporated in September 1968. Allis Electric Co., Ltd. and Subsidiaries (collectively referred to as the “Group”) is engaged in manufacturing and selling of switchgear, transformer, electrical products, and construction and installation of electrical equipment. Please refer to Note 4(2) and 14.

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

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

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

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

- (1) 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- (2) The IFRSs endorsed by the FSC for application starting from 2024

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

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

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the aforementioned 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 SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of consolidation

a. The basis of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by 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 Group’s interests 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.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the

former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

b. The subsidiaries in the consolidated financial statements

Name of Subsidiaries	Principle Businesses		Percentage of Ownership	
			2023.12.31	2022.12.31
Air King Industrial Co., Ltd.	Design and installation of electrical equipment	Taipei, Taiwan	83.12%	83.12%
Ares Technology Co., Ltd.	Manufacturing of UPS	New Taipei City, Taiwan	100.00%	100.00%
Yishun Investment Co., Ltd.	Investment and holding	Taipei, Taiwan	99.94%	99.94%
Allis Communications Co., Ltd.	Manufacturing of GPS antennas	New Taipei City, Taiwan	82.64%	82.64%
Hengyuan Allis Electric Co., Ltd.	Selling of electrical equipment	Qingdao, China	65.38%	65.38%
AEC International S.r.l.	Selling of electrical equipment	Italy	70.00%	70.00%
PHD Powerhouse Distributions (PTY) Ltd.	Selling of electrical equipment	South Africa	90.00%	90.00%
Allis Electric (S) Pte. Ltd.	Selling of electrical equipment	Singapore	100.00%	100.00%

(3) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Company and non-controlling interests as appropriate).

(4) Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

The Group engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

(5) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents are cash on hand, checking accounts, demand deposit, and short-term time deposits with original maturities less than one year.

(6) Financial instruments

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

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

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

① Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss.

② Financial assets at amortized cost

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

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

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

③ 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, they 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

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For all other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 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. In contrast, Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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

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 an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Debt and equity instruments issued by the Group entity 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 entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

a. Subsequent measurement

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. 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.

Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus – share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus-share premiums.

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Derivative financial instruments

The Group enters into the foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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

(7) Inventories

Inventories consist of raw materials, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. 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.

(8) Investments accounted for using equity method

An associate is an entity over which the Group has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate 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 associate as well as the distribution received. The Group also recognizes the changes in the Group's share of equity of associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses, 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.

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 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 acquisition, after reassessment, this is recognized immediately in profit or loss.

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

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments accounted for using equity method with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of

the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(9) Property, plant and equipment

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

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation on 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 method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

(10) Leases

a. 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 low-value asset leases and short-term leases accounted for 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, in-substance fixed payments, variable lease

payments which depend on an index or a rate. 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 Group uses the lessee's incremental borrowing rate.

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 or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

b. 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 income from operating leases is recognized on a straight-line basis over the terms of the lease. 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.

(11) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation on buildings is recognized using the straight-line method.

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

(12) Intangible assets

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

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.

(13) 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, right-of-use assets, investment properties and other intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or 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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(14) 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.

(15) Retirement benefits

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

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

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

(16) Revenue Recognition

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

a. Revenue from sale of goods

Revenue from sale of goods comes from sales of transformer, switchgear, transmission and distribution apparatus and electrical equipment. Sales of goods are

recognized as revenue when the goods are delivered to the customer's specific location or shipped 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. Revenue and accounts receivables are recognized concurrently. Advance receipts received before the merchandise has been transferred are recognized as a contract liability.

b. Construction contract revenue

Customers control construction contract while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

(17) Taxation

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

a. Current tax

According to the Income Tax Law of the Republic of China, an additional tax on unappropriated earnings is provided for as income tax 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.

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the 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 only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset realized or the liability is settled, 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 assets and liabilities 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.

c. Current and deferred tax

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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated impairment of accounts receivable

The provision for impairment of account receivable is based on assumptions about risk of default and expected loss. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

As of December 31, 2023 and 2022, the carrying amounts of accounts receivable were NT\$4,172,046 thousand and NT\$3,496,389 thousand, respectively.

6. SIGNIFICANT ACCOUNTS DISCLOSURES

(1) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Petty cash and cash on hand	\$ 10,185	\$ 1,631
Checking accounts and demand deposits	712,094	651,433
Cash equivalents		
Time deposits with original maturities less than one year	<u>28,800</u>	<u>17,000</u>
Total	<u>\$ 751,079</u>	<u>\$ 670,064</u>

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

<u>Financial assets</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Financial assets mandatorily classified as at FVTPL		
Convertible Bonds	\$ —	\$ 540
Foreign exchange contracts	—	1,883
	<u>\$ —</u>	<u>\$ 2,423</u>
<u>Financial liabilities</u>		
Financial liabilities mandatorily classified as at FVTPL		
Redemption and put option of convertible bonds	<u>\$ (1,064)</u>	<u>\$ —</u>

a. The Group entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates. These forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting treatment for these forward exchange contracts.

b. Outstanding forward exchange contracts consisted of the following:

<u>2022.12.31</u>	<u>Maturity Date</u>	<u>Contract Amount</u>
Sell NTD/Buy USD	2023.03.01-2023.06.02	USD 2,800 /NTD 83,195

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Listed shares	\$ 31,612	\$ 25,088
Unlisted shares	174,916	267,869
Total	<u>\$ 206,528</u>	<u>\$ 292,957</u>
Current	\$ 31,612	\$ 25,088
Non-current	174,916	267,869
Total	<u>\$ 206,528</u>	<u>\$ 292,957</u>

As of December 31, 2023 and 2022, FVTOCI were not pledged as collateral for bank borrowings.

(4) Notes receivable and accounts receivable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Notes receivable	\$ 211,343	\$ 120,410
Less: Allowance for impairment loss	(1,102)	(625)
Notes receivable, net	<u>\$ 210,241</u>	<u>\$ 119,785</u>
Accounts receivable	\$ 4,271,452	\$ 3,559,743
Less : Unrealized interest income	(34,805)	(19,527)
Allowance for impairment loss	(96,195)	(75,871)
Accounts receivable, net	<u>\$ 4,140,452</u>	<u>\$ 3,464,345</u>
Accounts receivable from related parties	<u>\$ 31,594</u>	<u>\$ 32,044</u>

The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all accounts receivables. The expected credit losses on accounts receivables are estimated with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

All notes receivable were not past due.

The following table details the loss allowance of accounts receivables:

2023.12.31

	Not Past Due	Past Due 0-3 Months	Past Due 3-6 Months	Past Due 6-9 Months	Past Due 9-12 Months	Past Due 1-2 years	Past Due Over 2 years	Total
Gross carrying amount	\$ 3,049,399	\$ 740,922	\$ 143,544	\$ 183,433	\$ 122,817	\$ 44,854	\$ 18,077	\$ 4,303,046
Loss allowance	(47,721)	(7,299)	(1,408)	(5,752)	(7,604)	(15,778)	(10,633)	(96,195)
Amortized cost	<u>\$ 3,001,678</u>	<u>\$ 733,623</u>	<u>\$ 142,136</u>	<u>\$ 177,681</u>	<u>\$ 115,213</u>	<u>\$ 29,076</u>	<u>\$ 7,444</u>	<u>\$ 4,206,851</u>

2022.12.31

	Not Past Due	Past Due 0-3 Months	Past Due 3-6 Months	Past Due 6-9 Months	Past Due 9-12 Months	Past Due 1-2 years	Past Due Over 2 years	Total
Gross carrying amount	\$ 2,526,302	\$ 358,138	\$ 258,524	\$ 122,131	\$ 260,051	\$ 38,125	\$ 28,516	\$ 3,591,787
Loss allowance	(31,721)	(9,639)	(2,572)	(4,713)	(7,738)	(8,497)	(10,991)	(75,871)
Amortized cost	<u>\$ 2,494,581</u>	<u>\$ 348,499</u>	<u>\$ 255,952</u>	<u>\$ 117,418</u>	<u>\$ 252,313</u>	<u>\$ 29,628</u>	<u>\$ 17,525</u>	<u>\$ 3,515,916</u>

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Balance, beginning of the year	\$ 76,496	\$ 90,405
Loss allowance recognized	21,694	10,602
Amounts written off	(823)	(24,530)
Effect of foreign currency exchange differences	(70)	19
Balance, end of the year	<u>\$ 97,297</u>	<u>\$ 76,496</u>

(5) Other receivables, net

	<u>2023.12.31</u>	<u>2022.12.31</u>
Pledged time deposits	\$ 4,663	\$ 5,072
Loan receivable	20,472	59,214
Restricted deposit	19,850	18,261
Others	<u>43,115</u>	<u>10,665</u>
Other receivables, net	<u>\$ 88,100</u>	<u>\$ 93,212</u>

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current	\$ 87,695	\$ 92,822
Non-current	<u>405</u>	<u>390</u>
Total	<u>\$ 88,100</u>	<u>\$ 93,212</u>

(6) Inventories

	<u>2023.12.31</u>	<u>2022.12.31</u>
Finished goods	\$ 633,527	\$ 523,858
Work-in-process	628,264	562,372
Raw materials	1,299,950	1,225,872
Inventory in transit	<u>87,812</u>	<u>63,965</u>
Inventories, net	<u>\$ 2,649,553</u>	<u>\$ 2,376,067</u>

For the cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022, please refer to Note 6(20).

For the years ended December 31, 2023 and 2022, write-down of inventories to net realizable value were included in the cost of goods sold as follows:

	<u>2023</u>	<u>2022</u>
Inventory losses	<u>\$ 23,005</u>	<u>\$ 20,033</u>

As of December 31, 2023 and 2022, inventories were not pledged as collateral for bank borrowings.

(7) Investments accounted for using equity method

<u>Name of Associates</u>	<u>2023.12.31</u>		<u>2022.12.31</u>	
	% of Ownership	Amount	% of Ownership	Amount
Nissin-Allis Electric Co., Ltd.	30.00%	\$ 275,995	30.00%	\$ 250,109
Nissin Allis Union Ion Equipment Co., Ltd.	40.00%	91,151	40.00%	92,715
AYM International Corporation	40.00%	—	40.00%	—
Intelici Corporation	29.16%	<u>—</u>	29.16%	<u>—</u>
Total		<u>\$ 367,146</u>		<u>\$ 342,824</u>

The aforementioned associates were not listed companies and immaterial to the Group.

Aggregate information of associates that are not individually material:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Equity	<u>\$ 1,153,115</u>	<u>\$ 1,071,857</u>

	2023	2022
The Group's share of :		
Net income for the year	\$ 76,764	\$ 70,649
Other comprehensive income (loss)	(1,378)	2,823
Total comprehensive income (loss) for the year	<u>\$ 75,386</u>	<u>\$ 73,472</u>

(8) Property, plant and equipment

	2023.12.31	2022.12.31
Land	\$ 757,675	\$ 711,977
Buildings	443,632	462,337
Machinery and equipment	99,474	71,252
Transportation equipment	12,922	10,831
Other equipment	60,279	57,965
Construction in progress	285,537	222,197
Total carrying amounts	<u>\$ 1,659,519</u>	<u>\$ 1,536,559</u>

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Balance at January 1, 2023	\$ 711,977	\$ 870,554	\$ 465,735	\$ 44,912	\$ 169,191	\$ 222,197	\$ 2,484,566
Additions	45,698	181	67,976	4,187	11,331	63,340	192,713
Disposals	—	—	(23,291)	(1,406)	(9,271)	—	(33,968)
Effect of foreign currency exchange differences	—	—	627	(13)	(2)	—	612
Balance at December 31, 2023	<u>\$ 757,675</u>	<u>\$ 870,735</u>	<u>\$ 511,047</u>	<u>\$ 47,680</u>	<u>\$ 171,249</u>	<u>\$ 285,537</u>	<u>\$ 2,643,923</u>
Accumulated depreciation and impairment							
Balance at January 1, 2023	\$ —	\$ 408,217	\$ 394,483	\$ 34,081	\$ 111,226	\$ —	\$ 948,007
Impairment loss	—	—	25,000	—	—	—	25,000
Depreciation expense	—	18,886	14,852	2,093	9,006	—	44,837
Disposals	—	—	(23,291)	(1,406)	(9,258)	—	(33,955)
Effect of foreign currency exchange differences	—	—	529	(10)	(4)	—	515
Balance at December 31, 2023	<u>\$ —</u>	<u>\$ 427,103</u>	<u>\$ 411,573</u>	<u>\$ 34,758</u>	<u>\$ 110,970</u>	<u>\$ —</u>	<u>\$ 984,404</u>
Carrying amounts at December 31, 2023	<u>\$ 757,675</u>	<u>\$ 443,632</u>	<u>\$ 99,474</u>	<u>\$ 12,922</u>	<u>\$ 60,279</u>	<u>\$ 285,537</u>	<u>\$ 1,659,519</u>

Cost			Machinery and	Transportation	Other	Construction	Total
	Land	Buildings	Equipment	Equipment	Equipment	in Progress	
Balance at January 1, 2022	\$ 711,977	\$ 631,463	\$ 442,717	\$ 42,329	\$ 152,536	\$ 282,529	\$ 2,263,551
Additions	—	1,727	25,021	3,512	18,855	177,032	226,147
Disposals	—	—	(2,712)	(936)	(2,383)	—	(6,031)
Internal transfer	—	237,364	—	—	—	(237,364)	—
Effect of foreign currency exchange differences	—	—	709	7	183	—	899
Balance at December 31, 2022	<u>\$ 711,977</u>	<u>\$ 870,554</u>	<u>\$ 465,735</u>	<u>\$ 44,912</u>	<u>\$ 169,191</u>	<u>\$ 222,197</u>	<u>\$ 2,484,566</u>
Accumulated depreciation and impairment							
Balance at January 1, 2022	\$ —	\$ 390,592	\$ 381,190	\$ 33,251	\$ 103,990	\$ —	\$ 909,023
Depreciation expense	—	17,625	15,463	1,766	9,434	—	44,288
Disposals	—	—	(2,712)	(936)	(2,333)	—	(5,981)
Effect of foreign currency exchange differences	—	—	542	—	135	—	677
Balance at December 31, 2022	<u>\$ —</u>	<u>\$ 408,217</u>	<u>\$ 394,483</u>	<u>\$ 34,081</u>	<u>\$ 111,226</u>	<u>\$ —</u>	<u>\$ 948,007</u>
Carrying amounts at							
December 31, 2022	<u>\$ 711,977</u>	<u>\$ 462,337</u>	<u>\$ 71,252</u>	<u>\$ 10,831</u>	<u>\$ 57,965</u>	<u>\$ 222,197</u>	<u>\$ 1,536,559</u>

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

Buildings	3-55 years
Machinery and equipment	3-13 years
Transportation equipment	5-13 years
Other equipment	3-13 years

b. For the carrying amount of property, plant and equipment pledged as collateral for bank borrowings, please refer to Note 8.

c. For the years ended December 31, 2023 and 2022, capitalized interests were NT\$5,006 thousand and NT\$1,350 thousand, respectively; capitalization rate were 1.74%~1.94% and 1.26%, respectively.

d. For the year ended December 31, 2023, an impairment loss of NT\$25,000 thousand was recognized for certain idle machinery and equipment, accounted for as other gains and losses.

e. As of December 31, 2023 and 2022, the title of farmland with carrying amounts of NT\$46,006 and NT\$308 thousand, respectively, were temporarily registered in the names of Herr-Yeh Sung and Mei-Qiu Sung who had signed agreements and had pledged the land to the Company.

(9) Right-of-use assets

	<u>2023.12.31</u>		<u>2022.12.31</u>	
Buildings	\$	—	\$	—
Transportation equipment		1,264		1,375
Other equipment		<u>2,759</u>		<u>3,465</u>
Total carrying amounts	<u>\$</u>	<u>4,023</u>	<u>\$</u>	<u>4,840</u>
<u>Cost</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Balance at January 1, 2023	\$ 761	\$ 2,568	\$ 13,858	\$ 17,187
Additions	—	584	2,409	2,993
Decrease	(761)	(871)	—	(1,632)
Effect of foreign currency exchange differences	—	(143)	(18)	(161)
Balance at December 31, 2023	<u>\$ —</u>	<u>\$ 2,138</u>	<u>\$ 16,249</u>	<u>\$ 18,387</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2023	\$ 761	\$ 1,193	\$ 10,393	\$ 12,347
Depreciation expense		608	3,102	3,710
Decrease	(761)	(871)	—	(1,632)
Effect of foreign currency exchange differences	—	(56)	(5)	(61)
Balance at December 31, 2023	<u>\$ —</u>	<u>\$ 874</u>	<u>\$ 13,490</u>	<u>\$ 14,364</u>
Carrying amounts at December 31, 2023	<u>\$ —</u>	<u>\$ 1,264</u>	<u>\$ 2,759</u>	<u>\$ 4,023</u>
<u>Cost</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ 2,777	\$ 2,498	\$ 13,858	\$ 19,133
Additions	—	—	—	—
Decrease	(2,016)	—	—	(2,016)
Effect of foreign currency exchange differences	—	70	—	70
Balance at December 31, 2022	<u>\$ 761</u>	<u>\$ 2,568</u>	<u>\$ 13,858</u>	<u>\$ 17,187</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ 1,822	\$ 554	\$ 7,795	\$ 10,171
Depreciation expense	955	634	2,598	4,187
Decrease	(2,016)	—	—	(2,016)
Effect of foreign currency exchange differences	—	5	—	5
Balance at December 31, 2022	<u>\$ 761</u>	<u>\$ 1,193</u>	<u>\$ 10,393</u>	<u>\$ 12,347</u>
Carrying amounts at December 31, 2022	<u>\$ —</u>	<u>\$ 1,375</u>	<u>\$ 3,465</u>	<u>\$ 4,840</u>

(10) Investment properties

	<u>2023.12.31</u>	<u>2022.12.31</u>
Land	\$ 308,269	\$ 308,269
Buildings	43,134	45,283
Total carrying amounts	<u>\$ 351,403</u>	<u>\$ 353,552</u>

<u>Cost</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2023	\$ 308,269	\$ 74,077	\$ 382,346
Additions	—	—	—
Balance at December 31, 2023	<u>\$ 308,269</u>	<u>\$ 74,077</u>	<u>\$ 382,346</u>

<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ —	\$ 28,794	\$ 28,794
Depreciation expense	—	2,149	2,149
Balance at December 31, 2023	<u>\$ —</u>	<u>\$ 30,943</u>	<u>\$ 30,943</u>
Carrying amounts at December 31, 2023	<u>\$ 308,269</u>	<u>\$ 43,134</u>	<u>\$ 351,403</u>

<u>Cost</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2022	\$ 308,269	\$ 74,077	\$ 382,346
Additions	—	—	—
Balance at December 31, 2022	<u>\$ 308,269</u>	<u>\$ 74,077</u>	<u>\$ 382,346</u>

<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ —	\$ 26,645	\$ 26,645
Depreciation expense	—	2,149	2,149
Balance at December 31, 2022	<u>\$ —</u>	<u>\$ 28,794</u>	<u>\$ 28,794</u>
Carrying amounts at December 31, 2022	<u>\$ 308,269</u>	<u>\$ 45,283</u>	<u>\$ 353,552</u>

- a. The investment properties held by the Group are depreciated on a straight-line basis over the estimated useful lives of 45 to 60 years.
- b. For the carrying amount of investment properties pledged as collateral for bank borrowings, please refer to Note 8.
- c. The fair values of the investment properties owned by the Group were NT\$594,089 thousand and NT\$518,729 thousand as of December 31, 2023 and 2022, respectively. The fair value of investment properties was measured using the comparison approach with unobservable inputs (Level 3).

(11) Intangible assets

	<u>2023.12.31</u>		<u>2022.12.31</u>	
Computer software	\$	1,699	\$	2,354
Other intangible assets		<u>5,656</u>		<u>8,223</u>
Total carrying amounts	\$	<u><u>7,355</u></u>	\$	<u><u>10,577</u></u>

<u>Cost</u>	<u>Computer Software</u>	<u>Other Intangible Assets</u>	<u>Total</u>	
Balance at January 1, 2023	\$ 44,702	\$ 72,901	\$	117,603
Additions	398	971		1,369
Decrease	—	(1,601)		(1,601)
Effect of foreign currency exchange differences	<u>2</u>	<u>1,371</u>		<u>1,373</u>
Balance at December 31, 2023	<u><u>\$ 45,102</u></u>	<u><u>\$ 73,642</u></u>	<u><u>\$</u></u>	<u><u>118,744</u></u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 42,348	\$ 64,678	\$	107,026
Amortization expense	1,056	3,668		4,724
Decrease	—	(1,601)		(1,601)
Effect of foreign currency exchange differences	<u>(1)</u>	<u>1,241</u>		<u>1,240</u>
Balance at December 31, 2023	<u><u>\$ 43,403</u></u>	<u><u>\$ 67,986</u></u>	<u><u>\$</u></u>	<u><u>111,389</u></u>
Carrying amounts at December 31, 2023	<u><u>\$ 1,699</u></u>	<u><u>\$ 5,656</u></u>	<u><u>\$</u></u>	<u><u>7,355</u></u>

<u>Cost</u>	<u>Computer Software</u>	<u>Other Intangible Assets</u>	<u>Total</u>	
Balance at January 1, 2022	\$ 44,702	\$ 70,101	\$	114,803
Additions	—	1,294		1,294
Effect of foreign currency exchange differences	—	1,506		1,506
Balance at December 31, 2022	<u><u>\$ 44,702</u></u>	<u><u>\$ 72,901</u></u>	<u><u>\$</u></u>	<u><u>117,603</u></u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 40,770	\$ 59,452	\$	100,222
Amortization expense	1,578	3,888		5,466
Effect of foreign currency exchange differences	—	1,338		1,338
Balance at December 31, 2022	<u><u>\$ 42,348</u></u>	<u><u>\$ 64,678</u></u>	<u><u>\$</u></u>	<u><u>107,026</u></u>
Carrying amounts at December 31, 2022	<u><u>\$ 2,354</u></u>	<u><u>\$ 8,223</u></u>	<u><u>\$</u></u>	<u><u>10,577</u></u>

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	2-7 years
Other intangible assets	3-10 years

(12) Other assets

	<u>2023.12.31</u>	<u>2022.12.31</u>
Golf club card	\$ 12,847	\$ 12,847
Others	2,322	1,174
Less: Accumulated impairment	<u>(3,099)</u>	<u>(3,099)</u>
Total	<u>\$ 12,070</u>	<u>\$ 10,922</u>
Current	\$ 2,322	\$ 1,174
Non-current	<u>9,748</u>	<u>9,748</u>
Total	<u>\$ 12,070</u>	<u>\$ 10,922</u>

(13) Short-term loans

	<u>2023.12.31</u>	<u>2022.12.31</u>
Unsecured loans	\$ 1,180,000	\$ 1,418,655
Secured loans	<u>744,000</u>	<u>854,000</u>
	<u>\$ 1,924,000</u>	<u>\$ 2,272,655</u>
Annual interest rate	<u>0.50%~2.39%</u>	<u>1.40%~3.00%</u>

(14) Provisions

<u>Warranty provision</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 12,100	\$ 12,100
Provisions recognized	4,260	4,632
Utilized	<u>(4,260)</u>	<u>(4,632)</u>
Balance, end of the year	<u>\$ 12,100</u>	<u>\$ 12,100</u>

Provisions were estimated based on historical experience, management judgment, and any known factors that would significantly affect the warranty.

(15) Bonds payable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Domestic unsecured convertible bonds	\$ 626,100	\$ —
Less: Discounts on bonds payable	<u>(54,036)</u>	<u>—</u>
Bonds payable	<u>\$ 572,064</u>	<u>\$ —</u>

On August 17, 2023, the Company issued 10 thousand units of 0% unsecured convertible bonds with 5-year period in Taiwan, with a face value of NTD\$100 thousand and an aggregate principle amount of NT\$1,000,000 thousand, which was issued at 100.5% of the face value.

Bondholders are entitled to convert bonds into the Company's ordinary shares at price per share from November 18, 2023 (three months after the issuance date) to August 17, 2028 (the maturity date), except for the period of suspension of transfer stipulated by legal order or conversion measures. The conversion price was set at NT\$ 67 per share, and the subsequent conversion price will be adjusted in accordance with the provisions of the issuance measures in case of ex-rights or ex-dividends in the issuance measures.

If the closing price of the Company's ordinary shares exceeds the conversion price by 30% or more for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at face value in cash during the period from November 18, 2023 (three months after the issuance date) to July 8, 2028 (40 days prior to the maturity date).

The bondholders have the right to require the Company to redeem any bonds in cash at 100.7519% of the face value on August 17, 2026 (the third anniversary of the issuance date).

The amount of the face value of the convertible bonds has to be fully paid off in cash at maturity by the Company.

As of December 31, 2023, the convertible bonds with a face value of NT\$373,900 thousand were converted to 5,844 thousand shares of ordinary shares.

The effective interest rate of the liability component was 1.972% per annum on initial recognition.

	<u>2023.12.31</u>
Proceeds from issuance (less transaction costs)	\$ 999,615
Equity component (less transaction costs allocated to the equity component)	(83,247)
Redemption and put option	<u>(9,400)</u>
Liability component at the date of issue (less transaction costs allocated to the liability component)	906,968
Interest charged at an effective interest rate of 1.972%	6,382
Conversion of bonds payable to ordinary shares	<u>(341,286)</u>
Liability component on December 31, 2023	<u><u>\$ 572,064</u></u>

(16) Long-term loans

<u>Bank</u>	<u>Loan period and repayment term</u>	<u>2023.12.31</u>		<u>2022.12.31</u>	
		<u>Interest (%)</u>	<u>Amount</u>	<u>Interest (%)</u>	<u>Amount</u>
Taiwan		2.153	\$ 148,075	1.901	\$ 150,000
Cooperative Bank	2022.12.30 ~ 2029.12.30				
Popolare di bari	2018.2.27~2026.12.31; principal is payable in monthly installments	4.750	2,904	4.750	3,594
Popolare di bari	2020.9.15~2026.9.30; principal is payable in monthly installments commencing 2022.10.30	3.000	4,833	3.000	6,165
Banco BPM	2020.7.27~2025.5.27; principal is payable in monthly installments	1.275	406	1.275	662

Bank	Loan period and repayment term commencing 2022.6.27	2023.12.31		2022.12.31	
		Interest (%)	Amount	Interest (%)	Amount
Banco BPM	2022.5.27~2024.5.27; principal is payable in monthly installments	1.600	1,317	1.600	4,207
E.Sun Commercial Bank	2021.3.5~2041.3.5; principal is payable in monthly installments	1.950	<u>53,128</u>	1.700	<u>55,494</u>
Subtotal			210,663		220,122
Less: Current portion of long-term loans			<u>(30,586)</u>		<u>(8,394)</u>
Total			<u>\$ 180,077</u>		<u>211,728</u>

(17) Retirement benefit plans

a. Defined contribution plans

The Company and domestic subsidiaries adopted a pension plan under the R.O.C. Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. For employee benefit expenses under the defined contribution plan for the years ended December 31, 2023 and 2022, please refer to Note 6(24).

b. Defined benefit plans

The defined benefit plan adopted by the Company and certain domestic subsidiaries in accordance with the R.O.C. Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Except Air King Industrial Co., Ltd. has terminated the pension contribution from 2011, the Company and Ares Technology Co., Ltd. contribute amounts equal to 8.9% and 2%, respectively, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	\$ (418,112)	\$ (432,756)
Fair value of plan assets	<u>406,975</u>	<u>416,087</u>
Net defined benefit liabilities	<u>\$ (11,137)</u>	<u>\$ (16,669)</u>

	<u>2023.12.31</u>	<u>2022.12.31</u>
Accounted for as net defined benefit liabilities	\$ (14,065)	\$ (18,840)
Accounted for as net defined benefit assets	\$ 2,928	\$ 2,171

Movements in the present value of the defined benefit obligation were as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 432,756	\$ 447,669
Current service cost	382	520
Interest expense	5,152	2,689
Remeasurement		
Actuarial loss (gain) - changes in financial assumptions	1,859	(13,530)
Actuarial loss - experience adjustments	11,242	16,759
Benefits paid	(33,279)	(21,351)
Balance, end of year	<u>\$ 418,112</u>	<u>\$ 432,756</u>

Movements in the fair value of the plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 416,087	\$ 388,819
Interest revenue	5,047	2,385
Remeasurement		
Return on plan assets (excluding amounts included in net interest expense)	3,723	30,607
Contributions from employer	15,397	15,627
Benefits paid	(33,279)	(21,351)
Balance, end of year	<u>\$ 406,975</u>	<u>\$ 416,087</u>

For information on the utilization of the labor pension fund assets, including the yield of the fund and assets allocation, please refer to the website of the Bureau.

The pension costs of the defined benefit plans were recognized as follows:

	<u>2023</u>	<u>2022</u>
Current service cost	\$ 382	\$ 520
Net interest expense	105	304
Total	<u>\$ 487</u>	<u>\$ 824</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- ①Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2 year time deposit with local banks.
- ②Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- ③Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>Measurement Date</u>	
	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.1%~1.2%	1.2%~1.3%
Expected rate of salary increase	0.5%~3.0%	0.5%~3.0%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rates		
0.1 % increase	\$ (1,952)	\$ (2,189)
0.1 % decrease	1,972	2,210
Expected rate of salary increase		
0.1 % increase	\$ 1,609	\$ 1,818
0.1 % decrease	(1,594)	(1,803)
	<u>2023.12.31</u>	<u>2022.12.31</u>
The expected contributions to the plan for the next year	\$15,372	\$15,540
The average duration of the defined benefit obligation	4.5~8.2 years	4.9~9.1 years

(18) Equity

a. Ordinary shares

	<u>2023.12.31</u>	<u>2022.12.31</u>
Authorized share capital	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Issued share capital	<u>\$ 2,469,353</u>	<u>\$ 2,397,430</u>

The par value is NT\$10 dollars.

The capitalization of retained earnings of NT\$71,923 thousand and issuance of 7,192 thousand shares have been approved in the stockholders' meeting on June 21, 2023. The ex-right date was September 3, 2023 and the stock issuance date was October 2, 2023.

The capitalization of retained earnings of NT\$114,163 thousand and issuance of 11,416 thousand shares have been approved in the stockholders' meeting on June 21, 2022. The ex-right date was September 4, 2022 and the stock issuance date was September 30, 2022.

b. Bond conversion entitlement certificates

	<u>2023.12.31</u>	<u>2022.12.31</u>
Bond conversion entitlement certificates	\$ 58,439	\$ —

As of December 31, 2023, the convertible bonds with a face value of NT\$373,900 thousand were converted to 5,844 thousand shares of ordinary shares. As the registration change was not completed, bond conversion entitlement certificates were recognized.

c. Capital surplus

	<u>2023.12.31</u>	<u>2022.12.31</u>
From the issuance of ordinary shares	\$ 371,348	\$ 58,393
From treasury stock transactions	15,245	12,427
From difference between consideration and carrying amount arising from actual acquisition or disposal of subsidiaries	610	610
From donations	1,601	1,609
Equity component of convertible bonds payable	52,121	—
	<u>\$ 440,925</u>	<u>\$ 73,039</u>

Under Company Act, the capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary stock and treasury stock transactions) and donations 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 once a year within a certain percentage of the Company's paid-in capital.

d. Retained Earnings and Dividend Policy

① Under the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made 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, setting aside or reversing a special reserve in accordance with the laws and regulations or in the necessary situation, and then any remaining profit together with any undistributed retained earnings shall be used for distribution of dividends and bonuses to shareholders.

The Company considers its long-term financial planning, future funding

requirements, interest of shareholders as well as the amount of capital surplus, retained earnings and profit forecast when determining the stock dividends or cash dividends to be paid. However, distribution of earnings shall be made preferably by way of cash dividends. Distribution of earnings may also be made by way of stock dividends, provided that the ratio for stock dividends shall not exceed 50% of the total distribution.

- ② 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.
- ③ Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. For any subsequent reversal of the deduction in other shareholders' equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.
- ④ The appropriations of earnings for 2022 and 2021 approved in the shareholders' general meetings on June 21, 2023 and June 21, 2022, respectively.

The appropriations of 2022 and 2021 earnings were as follows:

	2022	2021
Legal reserve	\$ 54,288	\$ 37,549
Cash dividends (NT\$1.00 per share for 2022 and NT\$0.75 per share for 2021)	239,744	171,245
Stock dividends (NT\$0.30 per share for 2022 and NT\$0.50 per share 2021)	71,923	114,163
	<u>\$ 365,955</u>	<u>\$ 322,957</u>

The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 14, 2024 as follows:

	2023
Legal reserve	\$ 74,150
Cash dividends	414,672
Stock dividends	51,834
	<u>\$ 540,656</u>

The appropriations of 2023 earnings are subject to the resolution of the shareholders' meeting to be held on June 26, 2024.

e. Special reserves

	2023	2022
Balance, beginning of year	\$ 450,584	\$ 451,387
Reversal:		
Depreciation expense on investment properties	(804)	(803)
Balance, end of year	<u>\$ 449,780</u>	<u>\$ 450,584</u>

f. Non-controlling interests

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 88,443	\$ 72,998
Attributable to non-controlling interests		
Net income	15,662	17,049
Exchange differences on translating foreign operation	(461)	1,204
Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	391	(1,122)
Remeasurement of defined benefit plans	98	110
Cash dividends distributed by subsidiaries	(3,626)	(12,051)
Cash dividends distributed to subsidiaries	1	2
Changes in ownership interests in subsidiaries	—	10,253
Change in equity of subsidiaries accounted for using equity method	(359)	—
Balance, end of year	<u>\$ 100,149</u>	<u>\$ 88,443</u>

g. Treasury stock

	(In thousands of shares)	
	<u>2023.12.31</u>	<u>2022.12.31</u>
Shares held by the subsidiaries	<u>2,902</u>	<u>2,817</u>

The Company's shares held by the subsidiary, Yishun Investment Co., Ltd., are accounted for as treasury stock. As of December 31, 2023 and 2022, the book value of treasury stock were NT\$41,616 thousand; the market value of treasury stock were NT\$217,918 thousand and NT\$82,684 thousand, respectively.

The Company's shares held by subsidiaries are regarded for as treasury stock with all shareholders' rights, except the rights to participate in the Company's capital increase in cash and right to vote.

(19) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from sale of goods	\$ 7,501,275	\$ 6,209,316
Construction contract revenue	1,957,849	1,477,122
Other operating revenue	24,268	22,714
	<u>\$ 9,483,392</u>	<u>\$ 7,709,152</u>

(20) Operating cost

	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 6,125,533	\$ 5,137,864
Construction contract cost	1,663,893	1,268,810
Other operating cost	8,090	12,314
	<u>\$ 7,797,516</u>	<u>\$ 6,418,988</u>

(21) Other income

	<u>2023</u>	<u>2022</u>
Interest income		
Bank deposits	\$ 4,686	\$ 1,477
Others	1,252	2,548
Rental income	13,134	13,128
Dividend Income	5,745	4,207
Others	6,623	6,964
	<u>\$ 31,440</u>	<u>\$ 28,324</u>

(22) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net foreign exchange gain (loss)	\$ (32,795)	\$ 20,075
Net gain on financial instruments at fair value through profit or loss	10,829	10,658
Net gain (loss) on disposal of property, plant and equipment	25	(50)
Impairment loss	(25,000)	—
Depreciation on investment properties	(2,149)	(2,149)
Other losses	(3,727)	(3,352)
	<u>\$ (52,817)</u>	<u>\$ 25,182</u>

(23) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 48,851	\$ 28,779
Interest on lease liabilities	86	96
Interest on convertible bonds	6,382	—
Others	41	37
	<u>\$ 55,360</u>	<u>\$ 28,912</u>

(24) Additional information of expenses by nature

Net income included the following items:

	<u>2023</u>	<u>2022</u>
Depreciation and amortization expense		
Depreciation on property, plant and equipment	\$ 44,837	\$ 44,288
Depreciation on right-of-use assets	3,710	4,187
Depreciation on investment properties	2,149	2,149
Amortization on intangible assets	4,724	5,466
Total	<u>\$ 55,420</u>	<u>\$ 56,090</u>

Operating expenses directly related to investment properties:

	<u>2023</u>	<u>2022</u>
Direct operating expenses of investment properties that generated rental income	\$ 952	\$ 1,198
Direct operating expenses of investment properties that did not generate rental income	5	5
Total	<u>\$ 957</u>	<u>\$ 1,203</u>
Research and development costs expensed as incurred	<u>\$ 123,520</u>	<u>\$ 125,220</u>
Employee benefits expense	<u>2023</u>	<u>2022</u>
Post-employment benefits (Note 6(17))		
Defined contribution plans	\$ 25,389	\$ 23,310
Defined benefit plans	<u>487</u>	<u>824</u>
Subtotal	25,876	24,134
Salaries and bonus expense	800,543	737,873
Insurance expense	60,802	58,394
Others	<u>31,454</u>	<u>30,030</u>
Total	<u>\$ 918,675</u>	<u>\$ 850,431</u>

According to Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 4% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Employees' compensation	\$ 38,206	\$ 24,063
Remuneration of directors	<u>19,103</u>	<u>12,031</u>
	<u>\$ 57,309</u>	<u>\$ 36,094</u>

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

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

Information on the employees' compensation 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 expense recognized in profit or loss

① Major components of income tax expense :

	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 170,307	\$ 89,710
Adjustments for prior years	<u>12,569</u>	<u>(14,918)</u>
Subtotal	<u>182,876</u>	<u>74,792</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(12,899)</u>	<u>(8,476)</u>
Income tax expense	<u>\$ 169,977</u>	<u>\$ 66,316</u>

② A reconciliation of accounting profit and income tax expense was as follows:

	<u>2023</u>	<u>2022</u>
Income before tax	<u>\$ 937,338</u>	<u>\$ 592,196</u>
Income tax expense calculated at the statutory rate	\$ 207,077	\$ 136,727
Tax effect of adjusting items:		
Tax-exempt income	(5,357)	(1,243)
Investment loss	–	3,447
Nondeductible items in determining taxable income	382	1,990
Origination and reversal of temporary differences	(21,664)	(34,547)
Income tax on unappropriated earnings	2,790	55
Loss carryforwards	(4,018)	(5,822)
Investment tax credit	(8,903)	(10,897)
Adjustments for prior years	<u>12,569</u>	<u>(14,918)</u>
Current tax	<u>182,876</u>	<u>74,792</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(12,899)</u>	<u>(8,476)</u>
Income tax expense	<u>\$ 169,977</u>	<u>\$ 66,316</u>

③ Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
Deferred income tax expense		
Related to remeasurement of defined benefit obligation	<u>\$ (146)</u>	<u>\$ (164)</u>

The Group applied a tax rate of 20% for entities subject to the R.O.C. Income Tax Law; for other jurisdictions, the Group measures taxes by using the applicable tax rate for each individual jurisdiction.

b. Deferred tax assets

The movements of deferred tax assets were as follows:

2023

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Temporary differences					
Allowance for inventory loss	\$ 14,274	\$ 4,601	\$ —	\$ —	\$ 18,875
Payable for annual leave	4,867	65	—	—	4,932
Unrealized exchange losses (gains)	(388)	7,057	—	—	6,669
Impairment loss	—	5,000	—	—	5,000
Others	11,706	(3,746)	—	281	8,241
Total	\$ 30,459	\$ 12,977	\$ —	\$ 281	\$ 43,717

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Land value increment tax	\$ (174,220)	\$ —	\$ —	\$ —	\$ (174,220)
Others	(432)	(78)	(146)	—	(656)
Total	\$ (174,652)	\$ (78)	\$ (146)	\$ —	\$ (174,876)

2022

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Temporary differences					
Allowance for inventory loss	\$ 10,266	\$ 4,008	\$ —	\$ —	\$ 14,274
Payable for annual leave	4,600	267	—	—	4,867
Unrealized exchange losses (gains)	978	(1,366)	—	—	(388)
Others	5,956	5,569	—	181	11,706
Total	\$ 21,800	\$ 8,478	\$ —	\$ 181	\$ 30,459

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Land value increment tax	\$ (174,220)	\$ —	\$ —	\$ —	\$ (174,220)
Others	(266)	(2)	(164)	—	(432)
Total	\$ (174,486)	\$ (2)	\$ (164)	\$ —	\$ (174,652)

c. Information about loss carryforwards

As of December 31, 2023, unused loss carryforwards and expiry year were as follows:

<u>Unused Amount</u>	<u>Expiry Year</u>
\$ 2,093	2025
14,081	2026
12,546	2028
15,665	2029
6,061	2030
4,165	2031
<u>\$ 54,611</u>	

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized

	<u>2023.12.31</u>	<u>2022.12.31</u>
Loss carryforwards	\$ 54,611	\$ 56,200
Deductible temporary differences	58,120	49,434
Total	<u>\$ 112,731</u>	<u>\$ 105,634</u>

e. Income tax assessments

The income tax returns of the Company, Air King Industrial Co., Ltd., Allis Communications Co., Ltd., Ares Technology Co., Ltd., and Yishun Investment Co., Ltd. through 2021 have been assessed by the tax authority.

(26) Earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share (NT\$)	<u>\$ 3.08</u>	<u>\$ 2.09</u>
Diluted earnings per share (NT\$)	<u>\$ 2.99</u>	<u>\$ 2.08</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	<u>2023</u>	<u>2022</u>
Net income for the year attributable to owners of the Company	<u>\$ 751,699</u>	<u>\$ 508,831</u>
Net income in the computation of basic earnings per share	\$ 751,699	\$ 508,831
Effects of potentially dilutive ordinary shares		
After-tax interest on convertible bonds	6,319	—
Valuation gain on redemption and put option of convertible bonds	(9,349)	—
Net income in the computation of diluted earnings per share	<u>\$ 748,669</u>	<u>\$ 508,831</u>

	<u>2023</u>	<u>2022</u>
Shares		
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands of shares)	244,354	244,034
Effects of potentially dilutive ordinary shares		
Convertible bonds	5,546	—
Employees' compensation	<u>628</u>	<u>964</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share (in thousands of shares)	<u><u>250,528</u></u>	<u><u>244,998</u></u>

Retroactive adjustments were applied to the Company's basic earnings per share for the years ended December 31, 2023 and 2022.

(27) Non-cash transaction

	<u>2023</u>	<u>2022</u>
Partial cash investing activities:		
Acquisition of property, plant and equipment	\$ 192,713	\$ 226,147
Decrease (Increase) in other payables	<u>35,253</u>	<u>(27,119)</u>
Cash paid	<u><u>\$ 227,966</u></u>	<u><u>\$ 199,028</u></u>

(28) Significant lease agreements

a. The Group as lessee

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 24,008</u>	<u>\$ 22,524</u>
Total cash outflow for leases	<u><u>\$ 27,685</u></u>	<u><u>\$ 26,839</u></u>

b. The Group as lessor

As of December 31, 2023 and 2022, the future lease payments receivable under operating leases of investment properties were as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Not later than 1 year	\$ 12,194	\$ 11,996
1-2 years	9,334	8,021
2-3 years	9,375	5,354
3-4 years	9,483	5,406
4-5 years	6,891	5,514
Later than 5 years	<u>1,856</u>	<u>7,424</u>
Total	<u><u>\$ 49,133</u></u>	<u><u>\$ 43,715</u></u>

(29) Capital management

In consideration of the industry dynamics and future developments, as well as

external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations to reward shareholders and take into consideration the interests of other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, or repurchase shares.

(30) Financial instruments

a. Fair value of financial instruments

① Financial instruments that are measured at fair value

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

② Except as detailed below, the management of the Group considers that the carrying amounts of those financial instruments that are not measured at fair value approximate their fair values or their fair values cannot be reliably measured.

2023.12.31	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
-Convertible bonds	\$ 572,064	\$ —	\$ —	\$ 573,758	\$ 573,758

③ Financial instruments that are measured at fair value

The following table presents the Group's financial instruments measured at fair value on a recurring basis:

	2023.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed shares	\$ 31,612	\$ —	\$ —	\$ 31,612
Unlisted shares	—	88,633	86,283	174,916
Total	\$ 31,612	\$ 88,633	\$ 86,283	\$ 206,528
Financial liabilities at FVTPL				
Redemption and put option of convertible bonds	\$ —	\$ —	\$ 1,064	\$ 1,064

	2022.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible bond	\$ 540	\$ —	\$ —	\$ 540
Foreign exchange contracts	—	1,883	—	1,883
Total	\$ 540	\$ 1,883	\$ —	\$ 2,423
Financial assets at FVTOCI				
Listed shares	\$ 25,088	\$ —	\$ —	\$ 25,088
Unlisted shares	—	47,599	220,270	267,869
Total	\$ 25,088	\$ 47,599	\$ 220,270	\$ 292,957

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

Reconciliation of Level 3 fair value measurements of financial instruments was as follows:

	Financial assets at FVTOCI	
	2023	2022
Balance, beginning of the year	\$ 220,270	\$ 307,501
Acquisition of financial assets at FVTOCI	35,560	37,995
Disposal of financial assets at FVTOCI	—	(10,768)
Transfer from Level 3	—	(47,599)
Accounted for unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(169,547)	(66,859)
Balance, end of the year	\$ 86,283	\$ 220,270
Financial liabilities at FVTPL		
	2023	2022
Balance, beginning of the year	\$ —	\$ —
Redemption and put option of convertible bonds	9,400	—
Convertible bonds converted into ordinary shares	1,013	—
Recognized in profit or loss	(9,349)	—
Balance, end of the year	\$ 1,064	\$ —

④Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

The fair values of derivatives - foreign exchange forward contracts were determined using discounted cash flow approach. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and

contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

⑤ Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. The market approach refers to the comparable market transaction price and related information to estimate the fair value of the investment target. The significant unobservable inputs are discounted prices for the lack of marketability.

The fair value of derivatives - redemption option and put option of convertible bonds were evaluated using a binary tree convertible bond valuation model based on the share price and its volatility, conversion price, risk-free interest rate, risk discount rate and duration.

b. Categories of financial instruments

Financial assets	2023.12.31	2022.12.31
FVTPL	\$ —	2,423
FVTOCI	206,528	292,957
Amortized cost (Note)	5,333,616	4,510,073
Total	<u>\$ 5,540,144</u>	<u>\$ 4,805,453</u>
Financial liabilities	2023.12.31	2022.12.31
Amortized cost		
Short-term loans	\$ 1,924,000	\$ 2,272,655
Notes and accounts payable	2,494,162	2,256,244
Other payables	497,985	415,565
Current tax liabilities	111,982	53,997
Bonds payable	572,064	—
Long-term loans	210,663	220,122
Lease liabilities	4,454	5,168
Guarantee deposits	3,456	3,369
Total	<u>5,818,766</u>	<u>5,227,120</u>
FVTPL	<u>1,064</u>	<u>—</u>
	<u>\$ 5,819,830</u>	<u>\$ 5,227,120</u>

Note: The balances include cash and cash equivalents, notes and accounts receivable, other receivables and refundable deposits.

c. Financial risk management objectives and policies

The Group's major financial risk management goal is to manage risks that relate to operating activities. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to lower relevant financial risks, the Group identifies and assesses the risks and takes actions to manage uncertainty of the market with the objective to reduce the potentially adverse effects the market fluctuations may have on its financial performance.

The Group's important financial activities are reviewed by the board of

directors in accordance with related regulations and internal controls. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

d. Market risk

The Group's activities exposed it primarily to the market risks of changes in foreign currency exchange rates and interest rates. The Group entered into forward exchange contracts to hedge portion of foreign exchange risk.

① Foreign currency risk

The Group undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. The Group used foreign exchange forward contracts to partially offset the risk of foreign currency exposure. These foreign exchange forward contracts are intended to reduce the influence of the exchange rate fluctuations on the Group's income.

The information on assets and liabilities denominated in non-functional currency whose values would be materially affected by the exchange rate fluctuations at the end of the reporting period and sensitivity analysis were as follows (in thousands of respective foreign currencies or New Taiwan dollars):

	2023.12.31					
	Foreign Currencies	Exchange Rate	Carrying Amounts (NTD)	Sensitivity Analysis		
				Variations	Impact on Profit (loss)	Impact on Equity
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 37,494	30.705	1,151,253	±10%	±115,125	±115,125
EUR	2,095	34.02	71,272	±10%	±7,127	±7,127
JPY	245,352	0.2171	53,266	±10%	±5,327	±5,327
SGD	11,861	23.31	276,480	±10%	±27,648	±27,648
ZAR	24,304	1.657	40,272	±10%	±4,027	±4,027
RMB	241,001	4.328	1,043,052	±10%	±104,305	±104,305
AUD	3	21	63	±10%	±6	±6
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	3,440	30.705	105,625	±10%	〒10,563	〒10,563
JPY	72,300	0.2171	15,696	±10%	〒1,570	〒1,570
ZAR	8,499	1.657	14,083	±10%	〒1,408	〒1,408
RMB	2,911	4.328	12,599	±10%	〒1,260	〒1,260
EUR	720	34.02	24,494	±10%	〒2,449	〒2,449
SGD	11,581	23.31	269,953	±10%	〒26,995	〒26,995

2022.12.31

	Foreign Currencies	Exchange Rate	Carrying Amounts (NTD)	Sensitivity Analysis		
				Variations	Impact on Profit (loss)	Impact on Equity
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 13,713	30.725	421,332	±10%	±42,133	±42,133
EUR	3,872	32.76	126,847	±10%	±12,685	±12,685
JPY	16,482	0.2321	3,825	±10%	±383	±383
SGD	6,428	22.87	147,008	±10%	±14,701	±14,701
ZAR	5,850	1.809	10,583	±10%	±1,058	±1,058
RMB	41,780	4.411	184,292	±10%	±18,429	±18,429
AUD	2	20.78	42	±10%	±4	±4
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	4,774	30.725	146,681	±10%	〒14,668	〒14,668
JPY	6,452	0.2321	1,498	±10%	〒150	〒150
ZAR	3,529	1.809	6,384	±10%	〒638	〒638
RMB	12,986	4.411	57,281	±10%	〒5,728	〒5,728
EUR	1,974	32.76	64,668	±10%	〒6,467	〒6,467
SGD	172	22.87	3,934	±10%	〒393	〒393

The sensitivity analysis included only outstanding foreign currency denominated items at the end of the reporting period under the assumption of a 10% change in foreign currency rates.

② Interest rate risk

The Group is exposed to interest rate risks related to floating rate short-term and long-term loans. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

For sensitivity analysis of interest rate risk, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rates had been a quarter of a percent higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$5,313 thousand and NT\$6,195 thousand, respectively

③ Other price risk

The Group is exposed to price risk through its investments in equity securities and convertible bonds. The management of the Group manages risk by holding different risk portfolios.

If equity and commodity prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2022 would have increased /decreased by NT\$27 thousand as a result of the changes in fair value of financial assets at

FVTPL, and the other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$10,326 thousand and NT\$14,648 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

e. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks from operating activities, primarily accounts receivables, and from investing activities, primarily bank deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures. As of the end of the reporting period, the Group's maximum credit risk exposure is equal to the carrying amount of the recognized financial assets as stated in the consolidated balance sheets.

① Business related credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on accounts receivables. Credit evaluation is performed in the consideration of the relevant factors, such as customer's financial condition, transaction history and economic conditions. The Group grants credit to customers on the basis of the credit evaluation and collects installments to reduce credit risk.

As of December 31, 2023 and 2022, the Group's ten largest customers accounted for 74.43% and 77.77% of its total accounts receivables, respectively.

② Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits, fixed-income investments and other financial instruments were evaluated and monitored by Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, thus, there's no significant credit risk.

f. Liquidity risk management

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, the 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 amount of unused financing facilities were NT\$3,703,123 thousand and NT\$2,111,112 thousand, respectively.

① Liquidity risk table for non-derivative financial liabilities

The table below summarized the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	2023.12.31		
	Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 1,924,000	\$ —	\$ 1,924,000
Notes and accounts payable	2,443,580	50,582	2,494,162
Other payables	435,916	62,069	497,985
Current tax liabilities	111,982	—	111,982
Bonds payable	—	626,100	626,100
Long-term loans	30,586	180,077	210,663
Lease liabilities	2,966	1,488	4,454
Guarantee deposits	86	3,370	3,456
	<u>\$ 4,949,116</u>	<u>\$ 923,686</u>	<u>\$ 5,872,802</u>
	2022.12.31		
	Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 2,272,655	\$ —	\$ 2,272,655
Notes and accounts payable	2,226,002	30,242	2,256,244
Other payables	390,536	25,029	415,565
Current tax liabilities	53,997	—	53,997
Long-term loans	8,394	211,728	220,122
Lease liabilities	3,352	1,816	5,168
Guarantee deposits	67	3,302	3,369
	<u>\$ 4,955,003</u>	<u>\$ 272,117</u>	<u>\$ 5,227,120</u>

㊦ Liquidity risk table for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

Derivative financial instruments	Less than 1 Year	
	2023.12.31	2022.12.31
Gross settled foreign exchange contract		
Inflows	\$ —	\$ 85,078
Outflows	—	(83,195)
	<u>\$ —</u>	<u>\$ 1,883</u>

7. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, revenue and expenses between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below.

(1) Names and relationships of related parties

Related Party	Relationship with the Group
Nissin-Allis Electric Co., Ltd.	Associate
Nissin Allis Union Ion Equipment Co., Ltd.	Associate
Le-Min Industrial Co., Ltd.	Related party in substance
Taiwan Marine Electric Co., Ltd.	Related party in substance
Impact Power Inc.	Related party in substance
Huede Industrial Co., Ltd.	The director of the Company
Yong Ming Investment Consultant Co., Ltd.	Related party in substance
Dudu Investments Co., Ltd.	The director of the Company
Yolka Engineering Pte Ltd.	Related party in substance
Cantel Electric Pte Ltd.	Related party in substance
Cantel SwithGear Pte Ltd.	Related party in substance
Cantel United Pte Ltd.	Related party in substance
ACDC Dynamic Express	Related party in substance
PHD Power CC	Related party in substance
PHD Properties (Pty) Ltd.	Related party in substance
Herr-Yeh Sung	Key management personnel

(2) Operating revenue

Line Items	Related Parties Categories	2023	2022
Operating revenue	Associates	\$ 46,316	\$ 70,495
	Others	31,469	12,857
		\$ 77,785	\$ 83,352

(3) Purchase and factory overhead

Line Items	Related Parties Categories	2023	2022
Purchase and factory overhead	Associates	\$ 407,949	\$ 256,987
	Others	372,566	97,954
		\$ 780,515	\$ 354,941

(4) Receivables from related parties

Line Items	Related Parties Categories	2023.12.31	2022.12.31
Notes receivable from related parties	Others	\$ 7,837	\$ 3,504

Line Items	Related Parties Categories	2023.12.31	2022.12.31
Accounts receivable from related parties	Associates	\$ 25,980	\$ 29,773
	Others	<u>5,614</u>	<u>2,271</u>
		<u>\$ 31,594</u>	<u>\$ 32,044</u>
Other receivables	Associates	<u>\$ 134</u>	<u>\$ 101</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

(5) Payable to related parties

Line Items	Related Parties Categories	2023.12.31	2022.12.31
Notes payable	Associates	<u>\$ —</u>	<u>\$ 296</u>
Accounts payable to related parties	Associates	\$ 191,488	\$ 100,498
	Others	<u>17,999</u>	<u>29,180</u>
		<u>\$ 209,487</u>	<u>\$ 129,678</u>
Other payables	Associates	\$ 97	\$ —
	Others	<u>2,106</u>	<u>1,593</u>
		<u>\$ 2,203</u>	<u>\$ 1,593</u>

(6) Others

Line Items	Related Parties Categories	2023	2022
Selling and marketing expenses	Others	<u>\$ 1,697</u>	<u>\$ 744</u>
Research and development expenses	Others	<u>\$ 68</u>	<u>\$ 45</u>
Other income	Associates	\$ 2,182	\$ 1,318
	Others	<u>41</u>	<u>42</u>
		<u>\$ 2,223</u>	<u>\$ 1,360</u>
		<u>2023.12.31</u>	<u>2022.12.31</u>
Contract liability	Others	<u>\$ 12</u>	<u>\$ 6</u>

The sales and purchase prices and payment terms to related parties were not significantly different from those to third parties. The rental collected monthly was based on those prevailing in the market.

(7) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term benefits	\$ 114,811	\$ 91,837
Post-employment benefits	<u>2,775</u>	<u>1,147</u>
	<u>\$ 117,586</u>	<u>\$ 92,984</u>

The compensation of key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

(8) Other

As of December 31, 2023 and 2022, the title of farmland with carrying amounts of NT\$308 thousand were temporarily registered in the name of Herr-Yeh Sung who had signed an agreement and had pledged the land to the Company. Please refer to Note 6(8).

8. PLEDGED ASSETS

The following assets had been pledged or mortgaged as collateral for short-term and long-term loans, tender bonds provided on construction bidding or performance bonds:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Pledged time deposits (accounted for as other receivables)	\$ 4,663	\$ 5,072
Property, plant and equipment, net	1,065,603	1,080,046
Investment properties, net	<u>344,783</u>	<u>346,730</u>
Total	<u>\$ 1,415,049</u>	<u>\$ 1,431,848</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023, significant contingent liabilities and unrecognized commitments of the Group were as follows:

- (1) The guaranteed notes issued were NT\$4,356,936 thousand, including:
 - a. The guaranteed notes issued for bank loans were NT\$3,710,000 thousand.
 - b. The guaranteed notes issued for sales contracts performance guarantees were NT\$646,936 thousand.
- (2) Information related endorsements/guarantees provided, please refer to Table 2 attached.
- (3) Unused letters of credit were USD\$564 thousand.

10. SIGNIFICANT LOSS FROM DISASTERS: None.

11. SIGNIFICANT SUBSEQUENT EVENTS: None.

12. OTHERS: None.

13. ADDITIONAL DISCLOSURES

- (1) Information on significant transactions:
- a. Financing provided to others: Please refer to Table 1 attached.
 - b. Endorsements/guarantees provided: Please refer to Table 2 attached.
 - c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please refer to Table 3 attached.
 - d. Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4 attached.
 - h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - i. Trading in derivative instruments : Please refer to Note 6(2).
 - j. Others: Intercompany relationships and significant intercompany transactions : Please refer to Table 5 attached.
- (2) Information on investees (excluding investee company in mainland China): Please refer to Table 6 attached.
- (3) Information on investment in mainland China:
- a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please refer to Table 7 attached.
 - b. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please refer Table 5 attached.
- (4) Information of major shareholder
- List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder:
None.

14. SEGMENT INFORMATION

The Group uses the operating income as the measurement for the basis of performance assessment. The basis for such measurement is the same as that for the preparation of financial statements.

The reporting segments were as follows:

Switchgear segment- manufacture and sale of high and low voltage switchgear.

Transformer segment- manufacture and sale of high and low voltage transformer.

Transmission and distribution apparatus segment - manufacture and sale of transmission & distribution line apparatus.

Power and electrical equipment segment - manufacture and sale of industrial power and electrical equipment.

Engineering segment- construction and installation of electrical equipment.

Other segment –sale of GPS antennas and relay equipment.

(1) Segment revenues and results:

	Switchgear segment		Transformer segment		Transmission and distribution apparatus segment		Power and electrical equipment segment		Engineering segment		Other segment		Elimination of intersegment transactions		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	\$ 2,568,323	\$ 1,943,636	\$ 1,038,982	\$ 1,014,482	\$ 928,612	\$ 813,768	\$ 2,114,567	\$ 1,803,255	\$ 1,943,338	\$ 1,465,296	\$ 889,570	\$ 668,715	\$ —	\$ —	\$ 9,483,392	\$ 7,709,152
Inter-segment revenue	—	—	—	—	—	—	299,837	334,404	614,015	454,137	189,630	44,169	(1,103,482)	(832,710)	—	—
Total revenue	<u>\$ 2,568,323</u>	<u>\$ 1,943,636</u>	<u>\$ 1,038,982</u>	<u>\$ 1,014,482</u>	<u>\$ 928,612</u>	<u>\$ 813,768</u>	<u>\$ 2,414,404</u>	<u>\$ 2,137,659</u>	<u>\$ 2,557,353</u>	<u>\$ 1,919,433</u>	<u>\$ 1,079,200</u>	<u>\$ 712,884</u>	<u>\$ (1,103,482)</u>	<u>\$ (832,710)</u>	<u>\$ 9,483,392</u>	<u>\$ 7,709,152</u>
Interest expense	<u>\$ 10,459</u>	<u>\$ 5,312</u>	<u>\$ 5,705</u>	<u>\$ 2,897</u>	<u>\$ 7,131</u>	<u>\$ 3,622</u>	<u>\$ 16,735</u>	<u>\$ 9,886</u>	<u>\$ 13,433</u>	<u>\$ 6,932</u>	<u>\$ 1,951</u>	<u>\$ 970</u>	<u>\$ (54)</u>	<u>\$ (707)</u>	<u>\$ 55,360</u>	<u>\$ 28,912</u>
Depreciation and amortization expense	<u>\$ 13,798</u>	<u>\$ 13,580</u>	<u>\$ 7,603</u>	<u>\$ 7,467</u>	<u>\$ 11,108</u>	<u>\$ 11,021</u>	<u>\$ 16,156</u>	<u>\$ 15,990</u>	<u>\$ 2,598</u>	<u>\$ 3,710</u>	<u>\$ 2,396</u>	<u>\$ 2,415</u>	<u>\$ (388)</u>	<u>\$ (242)</u>	<u>\$ 53,271</u>	<u>\$ 53,941</u>
Segment profit or loss	<u>\$ 259,497</u>	<u>\$ 74,892</u>	<u>\$ 128,057</u>	<u>\$ 100,426</u>	<u>\$ 92,878</u>	<u>\$ 48,159</u>	<u>\$ 98,692</u>	<u>\$ 56,852</u>	<u>\$ 189,707</u>	<u>\$ 89,332</u>	<u>\$ 173,207</u>	<u>\$ 128,876</u>	<u>\$ (4,727)</u>	<u>\$ (1,584)</u>	<u>\$ 937,311</u>	<u>\$ 496,953</u>

(2) Geographical information :

	<u>2023</u>	<u>2022</u>
Revenue from external customers		
Geographical areas		
Taiwan	\$ 6,857,219	\$ 6,413,036
Others	<u>2,626,173</u>	<u>1,296,116</u>
Total	<u>\$ 9,483,392</u>	<u>\$ 7,709,152</u>
	<u>2023.12.31</u>	<u>2022.12.31</u>
Non-current assets		
Geographical areas		
Taiwan	\$ 2,022,745	\$ 1,904,652
Others	<u>9,303</u>	<u>10,624</u>
Total	<u>\$ 2,032,048</u>	<u>\$ 1,915,276</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets and other non-current assets.

(3) Information about major customers:

	<u>2023</u>	<u>2022</u>
Customer A	\$ 988,966	\$ 696,503
Customer B	1,951,110	1,448,267
Customer C	<u>1,020,795</u>	<u>—</u>
	<u>\$ 3,960,871</u>	<u>\$ 2,144,770</u>

Allis Electric Co., Ltd. and Subsidiaries
 FINANCING PROVIDED TO OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Table 1

No.	Lender	Borrower	Financial Statement Account	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
												Item	Value		
0	Allis Electric Co., Ltd.	AEC International S.r.l.	Other receivables	\$ 19,971	\$ —	\$ —	3.00%	Business Transaction	\$ —	—	\$ —	None	None	\$ 463,523	\$ 927,046
		PHD Powerhouse Distributions (PTY) Ltd.	Other receivables	\$ 7,804	\$ —	\$ —	3.00%	Business Transaction	\$ —	—	\$ —	None	None	\$ 463,523	\$ 927,046
		Zhong Mou Construction Co., Ltd.	Other receivables	\$ 59,213	\$ 20,472	\$ 20,472	2.50%	Short-term Financing	\$ —	Operating capital	\$ —	None	None	\$ 463,523	\$ 927,046

Note 1: The total amount for lending to a company should not exceed 10% of the Company's net equity.

Note 2: The aggregate amount available for lending to others should not exceed 20% of the Company's net equity.

Allis Electric Co., Ltd. and Subsidiaries
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relation-ship (Note 1)										
0	Allis Electric Co., Ltd.	Nissin-Allis Electric Co., Ltd.	f	\$ 1,545,076 (Note 2)	\$ 80,000	\$ 69,000	\$ 56,512	—	1.49%	\$ 2,317,614 (Note 2)	—	—	—
		Ares Technology Co., Ltd.	b		\$ 125,000	\$ 125,000	\$ 69,000	—	2.70%		Y	—	—
		Air King Industrial Co., Ltd.	b		\$ 370,400	\$ 370,400	\$ 267,948	—	7.99%		Y	—	—
		Zhong Mou Construction Co., Ltd.	e		\$ 271,962	\$ 271,962	\$ 271,962	—	5.87%		—	—	—
		Allis Electric (S) Pte. Ltd.	b		\$ 64,105	\$ 64,105	\$ 64,105	—	1.38%		Y	—	—
1	Air King Industrial Co., Ltd.	Allis Electric Co., Ltd.	c	\$ 450,000 (Note 3)	\$ 32,414	\$ 26,841	\$ 26,841	—	16.65%	\$ 500,000 (Note 3)	—	Y	—

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

- a. A company that the Corporation has business relationship with.
- b. The Corporation owns directly or indirectly over 50% ownership of the investee company.
- c. The company that owns directly or indirectly hold over 50% ownership of the Corporation.
- d. In between companies that were held over 90% of voting shares directly or indirectly by an entity.
- e. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- f. Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- g. According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note2: The total amount of the guarantee provided by the Company to any individual entity should not exceed 1/3 of the Company's net equity. The total amount of guarantee should not exceed 1/2 of the Company's net equity.

Note 3: The total amount of the guarantee provided by Air King Industrial Co., Ltd. to the parent company and the other individual entities should not exceed NT\$450,000 thousand and NT\$50,000 thousand, respectively. The total amount of guarantee should not exceed NT\$500,000 thousand.

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 3

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Allis Electric Co., Ltd.	Stocks of FIC Global, Inc.	—	Financial assets at fair value through other comprehensive income-current	1,273	75	—	75	
	Stocks of Taiwan High Speed Rail Corporation	—	Financial assets at fair value through other comprehensive income-current	4,000	123	—	123	
	Stocks of Pacific Electric Wire and Cable Co., Ltd.	—	Financial assets at fair value through profit or loss- noncurrent	585	—	—	—	
	Stocks of Prodisc Technology Inc.	—	Financial assets at fair value through profit or loss- noncurrent	47,632	—	—	—	
	Stocks of Yuquan Technology Inc.	—	Financial assets at fair value through profit or loss- noncurrent	35,150	—	—	—	
	Stocks of Uni-Circuit Inc.	—	Financial assets at fair value through profit or loss- noncurrent	30,000	—	—	—	
	Stocks of Le-Min Industrial Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income-noncurrent	1,948,072	47,007	19.68%	47,007	
	Stocks of Arch Meter Corporation	—	Financial assets at fair value through other comprehensive income-noncurrent	1,248,000	88,633	3.21%	88,633	
	Stocks of Tangeng Advanced Vehicles Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	11,356,777	—	16.03%	—	
	Stocks of Leadtang Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	—	12.50%	—	
	Stocks of ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income-noncurrent	133,366	1,190	0.30%	1,190	
	Stocks of Advantage International Green Energy Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	—	700	1.00%	700	
	Stocks of ChargeSmith Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	175,759	—	13.49%	—	

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Yishun Investment Co., Ltd.	Stocks of Allis Electric Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income-current	2,903,443	218,049	1.18%	218,049	Note 1
	Stocks of Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income-current	10,999	383	—	383	
	Stocks of Great Wall Enterprise Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	11,138	652	—	652	
	Stocks of Hong Tai Electric Insustrial Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	10,000	283	—	283	
	Stocks of China Steel Corporation	—	Financial assets at fair value through other comprehensive income-current	10,000	270	—	270	
	Stocks of Sheng Yu Steel Co., Ltd..	—	Financial assets at fair value through other comprehensive income-current	10,000	293	—	293	
	Stocks of TSRC Corporation	—	Financial assets at fair value through other comprehensive income-current	10,000	241	—	241	
	Stocks of IKKA Holdings (Cayman) Limited	—	Financial assets at fair value through other comprehensive income-current	10,000	846	—	846	
	Stocks of Lite-On Technology Corporation.	—	Financial assets at fair value through other comprehensive income-current	10,000	1,170	—	1,170	
	Stocks of United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income-current	50,000	2,630	—	2,630	
	Stocks of Yageo Corporation	—	Financial assets at fair value through other comprehensive income-current	1,591	950	—	950	
	Stocks of Taiwan Semiconductor Manufacturing Company Limited	—	Financial assets at fair value through other comprehensive income-current	12,000	7,116	—	7,116	

Note 1: In preparing the consolidated financial statements, the balance has been eliminated.

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Yishun Investment Co., Ltd.	Stocks of Macronix International Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	40,000	1,254	—	1,254	
	Stocks of United Integrated Services Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	3,000	793	—	793	
	Stocks of Elan Microelectronics Corp.	—	Financial assets at fair value through other comprehensive income-current	10,000	1,625	—	1,625	
	Stock of Walsin Technology Corp.	—	Financial assets at fair value through other comprehensive income-current	5,000	615	—	615	
	Stocks of Evergreen Marine Corp. (Taiwan) Ltd.	—	Financial assets at fair value through other comprehensive income-current	10,000	1,435	—	1,435	
	Stock of Yang Ming Marine Transport Corporation	—	Financial assets at fair value through other comprehensive income-current	20,000	1,026	—	1,026	
	Stocks of Fubon Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	12,127	786	—	786	
	Stocks of Cathay Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	5,000	229	—	229	
	Stocks of Celxpert Energy Corporation	—	Financial assets at fair value through other comprehensive income-current	10,000	294	—	294	
	Stocks of Xintec Inc.	—	Financial assets at fair value through other comprehensive income-current	15,000	1,912	—	1,912	
	Stocks of ASE Technology Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	10,000	1,350	—	1,350	
	Stock of Fitipower Integrated Technology Inc.	—	Financial assets at fair value through other comprehensive income-current	4,750	1,223	—	1,223	
Stocks of Vanguard International Semiconductor Corp.	—	Financial assets at fair value through other comprehensive income-current	10,000	815	—	815		

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Yishun Investment Co., Ltd.	Stocks of Sonix Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	5,000	287	—	287	
	Stocks of Sino-American Silicon Products Inc.	—	Financial assets at fair value through other comprehensive income-current	5,000	980	—	980	
	Stocks of Sigurd Microelectronics Corp.	—	Financial assets at fair value through other comprehensive income-current	30,000	1,956	—	1,956	
	Stocks of Watron Technology Corp	—	Financial assets at fair value through other comprehensive income- noncurrent	822,400	29,886	15.23%	29,886	
	Stocks of Tangeng Advanced Vehicles Co., Ltd.	—	Financial assets at fair value through other comprehensive income- noncurrent	2,000,000	—	2.82%	—	
Allis Communications Company Ltd.	Stocks of Watron Technology Corp.	—	Financial assets at fair value through other comprehensive income- noncurrent	206,400	7,500	3.82%	7,500	

Allis Electric Co., Ltd. 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)

Table 4

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Allis Electric Co., Ltd.	AEC International S.r.l.	Subsidiary	Sale	\$ (152,058)	(1.60%)	210 days	—	—	\$ 60,754	1.39%	Note
	Air King Industrial Co., Ltd.	Subsidiary	Purchase	\$ 580,554	7.90%	115 days	—	—	\$ (120,748)	(4.84%)	Note
	Nissin-Allis Electric Co., Ltd.	Associate	Purchase	\$ 407,695	5.55%	115 days	—	—	\$ (191,488)	(7.68%)	—

Note : In preparing the consolidated financial statements, the transaction and balance have been eliminated.

Allis Electric Co., Ltd. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Table 5

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Consolidated Total Revenues or Assets
0	Allis Electric Co., Ltd.	Air King Industrial Co., Ltd.	a	Revenue from sale of goods	16,469	(Note 2)	0.17%
				Purchase	1,931		0.02%
				Construction contract cost	578,623		6.10%
				Accounts receivable	3,845		0.03%
				Other receivables	105		0.00%
				Accounts payable	120,748		1.07%
				Other payables	3,107		0.03%
		Ares Technology Co., Ltd.	a	Revenue from sale of goods	840	(Note 2)	0.01%
				Purchase	71,450		0.75%
				Selling and marketing expenses	27		0.00%
				General and administrative expenses	156		0.00%
				Rental income	154		0.00%
				Accounts payable	26,765		0.24%
		Allis Communications Co., Ltd.	a	Purchase	436	(Note 2)	0.00%
				Yishun Investment Co., Ltd.	a	Rental income	36
		Hengyuan Allis Electric Co., Ltd.	a	Purchase	888	(Note 2)	0.01%
				Research and development expenses	26		0.00%
				Factory overhead	15		0.00%
				Accounts payable	866		0.01%
				Other payables	40		0.00%

Allis Electric Co., Ltd. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Consolidated Total Revenues or Assets
0	Allis Electric Co., Ltd.	PHD Powerhouse Distributions (PTY) Ltd.	a	Revenue from sale of goods	74,332	(Note 2)	0.78%
				Interest income	4		0.00%
				Accounts receivable	54,905		0.49%
		AEC International S.r.l.	a	Revenue from sale of goods	152,058	(Note 2)	1.60%
				Interest income	50		0.00%
				Selling and marketing expenses	973		0.01%
				Accounts receivable	60,754		0.54%
		Allis Electric (S)	a	Revenue from sale of goods	95,792	(Note 2)	1.01%
				Purchase	89,224		0.93%
Accounts receivable	85,401			0.76%			
Accounts payable	71,021			0.63%			
1	Yishun Investment CO., LTD.	Ares Technology Co., Ltd.	b	Operating revenue	432	(Note 2)	0.00%

Note 1: The relationships with the related parties are:

- a. Parent company to its subsidiaries.
- b. Subsidiaries to subsidiaries.

Note 2: The prices and payment terms were not significantly different from those to third parties.

Note 3: In preparing the consolidated financial statements, the transaction and balance have been eliminated.

Allis Electric Co., Ltd. and Subsidiaries
 INFORMATION ON INVESTEEES (EXCLUDING INVESTEE COMPANY IN MAINLAND CHINA)
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Table 6

Investor Company	Investee Company	Location	Principle Businesses Activities	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Allis Electric Co., Ltd.	Air King Industrial Co., Ltd.	Taipei, Taiwan	Design and installation of electrical equipment	\$ 28,458	\$ 28,458	8,315,773	83.12%	\$ 124,478	\$ 36,721	\$ 28,777	Note 2
	Nissin-Allis Electric Co., Ltd.	Taoyuan, Taiwan	Manufacturing of SF6 capacitor and GIS	90,000	90,000	9,000,000	30.00%	275,995	205,681	61,705	—
	Ares Technology Co., Ltd.	New Taipei City, Taiwan	Manufacturing of UPS	75,560	75,560	6,800,000	100.00%	68,715	442	442	Note 2
	Allis Communications Co., Ltd.	New Taipei City, Taiwan	Manufacturing of GPS antennas	86,909	86,909	5,702,147	82.64%	65,420	1,255	1,038	Note 2
	Yishun Investment CO., LTD.	Taipei, Taiwan	Investment and holding	179,900	179,900	17,990,000	99.94%	104,646	5,155	2,334	Note 1 and 2
	Nissin Allis Union Ion Equipment Co., Ltd.	Hsinchu, Taiwan	Manufacturing of mechanical equipment and electronic parts	30,000	30,000	4,000,000	40.00%	91,151	37,648	15,059	—
	AYM International Corporation	Guam, U.S.	Construction and sale of power and electrical equipment	5,942	5,942	2,000	40.00%	—	—	—	—
	PHD Powerhouse Distributions (PTY) Ltd.	South Africa	Selling of UPS	40,974	40,974	90	90.00%	13,561	7,420	6,678	Note 2
	AEC International S.r.l.	Italy	Selling of electrical equipment	66,444	66,444	420,000	70.00%	29,071	15,230	10,661	Note 2
	Intelicis Corporation	Santa Clara, U.S.	Developing of radio frequency products	49,301	49,301	1,857,500	29.16%	—	—	—	—
	Allis Electric (S) Pte. Ltd.	Singapore	Selling of electrical equipment	65,353	65,353	3,000,000	100.00%	92,061	27,086	27,086	Note 2

Note 1: The Company's shares held by the subsidiary are recorded as treasury stock, and its dividends received from the Company are excluded from share of profit (loss).

Note 2: In preparing the consolidated financial statements, the amount and balance have been eliminated.

Allis Electric Co., Ltd.
 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 7

Investee Company	Principle Businesses Activities	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Share of Profit (Loss) (Note)	Carrying Amount as of December 31, 2023 (Note)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Hengyuan Allis Electric Co., Ltd.	Selling of electrical equipment	USD 3,400	Direct investment	\$ 50,547 (USD1,582)	\$ -	\$ -	\$ 50,547 (USD1,582)	\$ 12,381	65.38%	\$ 8,095	\$ 81,009	\$ 17,234 (USD539)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
		Net equity * 60%
\$ 106,207 (USD3,266)	\$ 206,102(USD 6,411)	2,781,136

Note: The amount and balance were recognized based on the financial statements certificated by the CPA of the parent company in Taiwan and have been eliminated in preparing the consolidated financial statements.