

**CHICONY POWER TECHNOLOGY CO.,
LTD.**

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chicony Power Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Chicony Power Technology Co., Ltd. (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the Company's parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Appropriateness of Cut-off of Warehouse Sales Revenue

Description

Refer to Notes 4(26) and 6(16) for accounting policy on revenue recognition and related details of revenue.

The Company has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians.

Since the Company's warehouses are located in multiple countries, the frequency of information and the content of reports provided by the custodians are different, and the revenue recognition process involves several manual operations, which may result in inappropriate timing of revenue recognition. Given that the revenue from warehouse sales not properly recorded in the correct period has a significant impact on the financial statements, we considered the cut-off of the warehouse sales revenue as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

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

1. Obtained an understanding and evaluated the internal controls for regular reconciliation between the Company and its warehouse custodians.

2. Performed the revenue recognition cut-off tests of warehouse sales revenue around the certain period of balance sheet date, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Company's accounting records in order to assess the appropriateness of the timing of revenue recognition.
3. Verified the warehouse with significant ending inventory balances sending confirmation letters to validate inventory balances with the warehouse custodians.

Inventory Valuation

Description

Refer to Notes 4(10), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation.

The Company's main inventories are switching power supply, electronic components, and LED application products. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement. Considering that the Company's inventory balance and the allowance for inventory valuation losses are material to the financial statements, we considered the valuation of inventory as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the accounting policies comply with related accounting standards and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of managing the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.

2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters which includes inventory price or purchase price in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

Other Matter - Scope of the Audit

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these companies, is based solely on the reports of the other auditors. The balance of aforementioned Company's investments accounted for under the equity method amounted to NT\$51,432 thousand and NT\$39,884 thousand, constituting 0.18% and 0.16% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income amounted to NT\$11,549 thousand and NT\$28,180 thousand, constituting 0.36% and 0.83% of the total comprehensive income for the years then ended, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liang, Hua-Ling

Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	1,638,410	6	\$	453,577	2
1110	Financial assets at fair value through profit or loss - current	6(2)		492,058	2		378,110	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)		184,697	1		138,863	-
1140	Current contract assets	6(16)		929,805	3		295,282	1
1150	Notes receivable, net	6(4)		3,293	-		1,663	-
1170	Accounts receivable, net	6(4)		7,963,722	28		8,917,428	36
1180	Accounts receivable - related parties	7		1,472,673	5		1,637,079	7
1200	Other receivables			1,179	-		2,614	-
1210	Other receivables - related parties	7		2,048,755	7		1,154,514	5
130X	Inventories, net	6(5)		2,276,307	8		2,429,391	10
1410	Prepayments			210,720	1		146,617	1
11XX	TOTAL CURRENT ASSETS			17,221,619	61		15,555,138	63
NON-CURRENT ASSETS								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		483,959	2		490,521	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		19,128	-		18,408	
1550	Investments accounted for under equity method	6(6)		10,036,496	35		8,248,272	33
1600	Property, plant and equipment, net	6(7)		95,649	-		94,615	-
1755	Right-of-use assets	6(8)		19,629	-		29,168	-
1780	Intangible assets			38,279	-		31,227	-
1840	Deferred income tax assets	6(23)		198,006	1		201,244	1
1900	Other non-current assets	8		174,298	1		132,491	1
15XX	TOTAL NON-CURRENT ASSETS			11,065,444	39		9,245,946	37
1XXX	TOTAL ASSETS		\$	28,287,063	100	\$	24,801,084	100

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CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(9)	\$ 900,000	3	\$ 800,000	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	200,540	1	135,794	1
2130	Contract liabilities - current	6(16)	421,350	2	362,041	1
2150	Notes payable		7,071	-	6,809	-
2170	Accounts payable		166,092	1	262,596	1
2180	Accounts payable - related parties	7	9,973,036	35	7,531,480	30
2200	Other payables	6(10)	1,927,978	7	1,948,589	8
2220	Other payables - related parties	7	19,330	-	39,006	-
2230	Current income tax liabilities		702,252	2	865,938	4
2280	Lease liabilities - current	7	7,284	-	12,262	-
2300	Other current liabilities		12,252	-	11,584	-
21XX	TOTAL CURRENT LIABILITIES		14,337,185	51	11,976,099	48
NON-CURRENT LIABILITIES						
2570	Deferred income tax liabilities	6(23)	95,604	-	81,766	1
2580	Lease liabilities - non-current	7	12,814	-	17,710	-
2600	Other non-current liabilities	6(11)	36,365	-	30,583	-
25XX	TOTAL NON-CURRENT LIABILITIES		144,783	-	130,059	1
2XXX	TOTAL LIABILITIES		14,481,968	51	12,106,158	49
EQUITY						
SHARE CAPITAL						
3110	Common stock	6(12)	3,990,401	14	3,953,884	16
CAPITAL SURPLUS						
3200	Capital surplus	6(13)	2,965,835	10	2,714,230	10
RETAINED EARNINGS						
3310	Legal reserve	6(14)	1,918,979	7	1,601,450	6
3320	Special reserve		984,842	4	1,185,148	5
3350	Unappropriated retained earnings		5,046,294	18	4,225,056	17
OTHER EQUITY INTEREST						
3400	Other equity interest	6(15)	(1,101,256)	(4)	(984,842)	(3)
3XXX	TOTAL EQUITY		13,805,095	49	12,694,926	51
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS						
SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE						
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 28,287,063	100	\$ 24,801,084	100

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Years ended December 31,			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 SALES REVENUE	6(16) and 7	\$	35,007,081	100	\$ 39,811,346	100
5000 OPERATING COSTS	6(5)(21)(22)	(	30,606,577)	(87)	(34,489,051)	(87)
5900 GROSS PROFIT			4,400,504	13	5,322,295	13
OPERATING EXPENSES	6(21)(22) and 7					
6100 Selling expenses		(	372,244)	(1)	(456,835)	(1)
6200 General and administrative expenses		(	596,652)	(2)	(559,173)	(1)
6300 Research and development expenses		(	1,641,359)	(5)	(1,581,123)	(4)
6450 Expected credit loss	12(2)	(	44,400)	-	(940)	-
6000 TOTAL OPERATING EXPENSES		(	2,654,655)	(8)	(2,598,071)	(6)
6900 OPERATING PROFIT			1,745,849	5	2,724,224	7
NON-OPERATING INCOME AND EXPENSES						
7100 Interest income	6(17) and 7		59,510	-	20,950	-
7010 Other income	6(18)		106,073	-	96,317	-
7020 Other gains and losses	6(19)	(	86,908)	-	(190,669)	(1)
7050 Finance costs	6(20) and 7	(	78,968)	-	(97,275)	-
7070 Share of profit of associates and joint ventures accounted for under equity method, net	6(6)		1,951,192	6	1,156,978	3
7000 TOTAL NON-OPERATING INCOME AND EXPENSES			1,950,899	6	986,301	2
7900 PROFIT BEFORE INCOME TAX			3,696,748	11	3,710,525	9
7950 Income tax expense	6(23)	(	402,071)	(2)	(463,928)	(1)
8200 PROFIT FOR THE YEAR		\$	3,294,677	9	\$ 3,246,597	8
OTHER COMPREHENSIVE INCOME COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
8311 Remeasurement of defined benefit plan	6(11)	(\$	1,879)	-	\$ 5,623	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)		46,554	-	(31,067)	-
8330 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(15)		65	-	(8,073)	-
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS						
8361 Financial statements translation differences of foreign operations	6(15)	(	163,033)	-	(162,517)	-
8300 TOTAL OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(\$	118,293)	-	\$ 129,000	-
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$	3,176,384	9	\$ 3,375,597	8
EARNINGS PER SHARE (NT\$)	6(24)					
9750 BASIC EARNINGS PER SHARE		\$	8.27		\$ 8.22	
9850 DILUTED EARNINGS PER SHARE		\$	8.19		\$ 8.07	

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	Total equity
<u>Year ended December 31, 2022</u>								
BALANCE AT JANUARY 1, 2022		\$ 3,921,472	\$2,484,753	\$ 1,323,114	\$ 1,232,204	\$ 3,337,065	(\$ 1,185,148)	\$ 11,113,460
Profit for the year		-	-	-	-	3,246,597	-	3,246,597
Other comprehensive income for the year	6(11)(15)	-	-	-	-	5,623	123,377	129,000
Total comprehensive income for the year		-	-	-	-	3,252,220	123,377	3,375,597
Distribution of 2021 earnings	6(14)							
Legal reserve		-	-	278,336	-	(278,336)	-	-
Reversal of special reserve		-	-	-	(47,056)	47,056	-	-
Cash dividends		-	-	-	-	(2,056,020)	-	(2,056,020)
Stock for employee compensation	6(12)(13)	32,412	229,477	-	-	-	-	261,889
Disposal of financial assets at fair value through other comprehensive income	6(3)(15)	-	-	-	-	(76,929)	76,929	-
BALANCE AT DECEMBER 31, 2022		\$ 3,953,884	\$2,714,230	\$ 1,601,450	\$ 1,185,148	\$ 4,225,056	(\$ 984,842)	\$ 12,694,926
<u>Year ended December 31, 2023</u>								
BALANCE AT JANUARY 1, 2023		\$ 3,953,884	\$2,714,230	\$ 1,601,450	\$ 1,185,148	\$ 4,225,056	(\$ 984,842)	\$ 12,694,926
Profit for the year		-	-	-	-	3,294,677	-	3,294,677
Other comprehensive loss for the year	6(11)(15)	-	-	-	-	(1,879)	(116,414)	(118,293)
Total comprehensive income (loss) for the year		-	-	-	-	3,292,798	(116,414)	3,176,384
Distribution of 2022 earnings	6(14)							
Legal reserve		-	-	317,529	-	(317,529)	-	-
Reversal of special reserve		-	-	-	(200,306)	200,306	-	-
Cash dividends		-	-	-	-	(2,354,337)	-	(2,354,337)
Stock for employee compensation	6(12)(13)	36,517	251,605	-	-	-	-	288,122
BALANCE AT DECEMBER 31, 2023		\$ 3,990,401	\$2,965,835	\$ 1,918,979	\$ 984,842	\$ 5,046,294	(\$ 1,101,256)	\$ 13,805,095

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,696,748	\$ 3,710,525
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(21)	71,617	68,555
Amortisation	6(21)	37,993	35,799
Expected credit loss	12(2)	44,400	940
Interest income	6(17)	(59,510)	(20,950)
Dividend income	6(18)	(21,183)	(34,852)
Interest expense	6(20)	78,968	97,275
Net loss on financial assets or liabilities at fair value through profit or loss - derivative instruments	6(2)(19)	191,896	262,795
Net (gain) loss on financial assets at fair value through profit or loss - others	6(2)(19)	(101,313)	139,439
Share of profit of associates and joint ventures accounted for under equity method	6(6)	(1,951,192)	(1,156,978)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss - current		(117,005)	(134,780)
Current contract assets		(634,523)	(213,968)
Notes receivable, net		(1,630)	334
Accounts receivable, net		909,306	764,821
Accounts receivable - related parties		164,406	144,803
Other receivables		1,573	(1,428)
Other receivables - related parties		723	6,132
Inventories, net		153,084	483,740
Prepayments		(64,103)	(24,810)
Changes in operating liabilities			
Contract liabilities - current		59,309	128,323
Notes payable		262	(572)
Accounts payable		(96,504)	160,442
Accounts payable - related parties		2,441,557	(250,256)
Other payables		267,383	527,281
Other payables - related parties		(2,468)	618
Other current liabilities		668	3,182
Accrued pension liabilities		3,903	(12,886)
Cash inflow generated from operations		5,074,365	4,682,856
Interest received		54,937	21,361
Dividends received		21,108	34,852
Interest paid		(78,840)	(97,552)
Income taxes paid		(548,681)	(566,726)
Income taxes refund		-	19,247
Net cash flows from operating activities		4,522,889	4,094,038

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CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - others		(\$ 46,979)	(\$ 153,767)
Proceeds from disposal of financial assets at fair value through profit or loss - others		30,761	70,051
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	3,952
(Increase) decrease in other receivables - related parties		(890,454)	500,121
Acquisition of investments accounted for under equity method		-	(223,287)
Acquisition of property, plant and equipment	6(7)	(48,464)	(41,797)
Proceeds from disposal of property, plant and equipment	6(7)	264	-
Acquisition of intangible assets		(38,028)	(25,986)
Increase in prepayments for business facilities		(2,291)	(38,780)
(Increase) decrease in other non-current assets		(59,057)	46,449
Net cash flows (used in) from investing activities		(1,054,248)	136,956
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(25)	100,000	(641,867)
Repayments of lease liabilities	6(25)	(12,262)	(11,283)
Decrease in other payables - related parties	6(25)	(17,209)	(1,275,214)
Cash dividends paid	6(14)	(2,354,337)	(2,056,020)
Net cash flows used in financing activities		(2,283,808)	(3,984,384)
Net increase in cash and cash equivalents		1,184,833	246,610
Cash and cash equivalents at beginning of year	6(1)	453,577	206,967
Cash and cash equivalents at end of year	6(1)	\$ 1,638,410	\$ 453,577

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

CHICONY POWER TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company is primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Company’s ultimate parent company. As of December 31, 2023, Chicony Electronics Co., Ltd. and its subsidiaries hold 52.1% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

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

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

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and liabilities (including derivative instruments) are measured at fair value through profit or loss.
- (b) Financial assets are measured at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The financial performance and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are expected to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

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

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

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the

Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

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

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognise losses in proportion to its ownership.
- D. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the parent company only financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the parent company only financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method to allocate their costs over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for the assets are 1-9 years.

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

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

(14) Intangible assets

Trademark, right, patent and computer software, are amortised on a straight-line basis over their estimated useful lives of 1-15 years.

(15) Impairment of non-financial assets

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

(16) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(17) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(18) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Offsetting financial instruments

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

(21) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees', directors' and supervisors' remuneration

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

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Under the Company's Articles of Incorporation, cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the

consideration is unconditional because only the passage of time is required before the payment is due.

- (c) Under the contracts with customers, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

C. Smart building system service

- (a) The Company provides services related to planning, design, construction and maintenance of smart building systems. Revenue is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include sales and installation services of equipment. Some equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Company recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation.
- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 577	\$ 1,168
Checking accounts and demand deposits	1,637,833	452,409
	<u>\$ 1,638,410</u>	<u>\$ 453,577</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	\$ 28,207	\$ 57,423
Foreign exchange swap contracts	40,324	21,253
Listed stocks	350,417	319,853
Beneficiary certificates	73,244	73,244
	492,192	471,773
Valuation adjustment	(134)	(93,663)
	<u>\$ 492,058</u>	<u>\$ 378,110</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 195,799)	(\$ 117,441)
Foreign exchange swap contracts	(4,741)	(18,353)
	<u>(\$ 200,540)</u>	<u>(\$ 135,794)</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 158,987	\$ 170,937
Beneficiary certificates	369,264	369,264
	528,251	540,201
Valuation adjustment	(44,292)	(49,680)
	<u>\$ 483,959</u>	<u>\$ 490,521</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	(\$ 191,896)	(\$ 262,795)
Others		
Equity instruments	130,576	(107,951)
Beneficiary certificates	(29,263)	(31,488)
	101,313	(139,439)
	(\$ 90,583)	(\$ 402,234)

B. The Company entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023			
	Contract amount			Expiry date
Derivative financial assets and liabilities	(notional principal)			
Current items:				
Foreign exchange swap contracts				
- Buy NTD, sell USD	USD	37,000	thousand	2024.1.23-2024.3.20
- Sell THB, buy USD	USD	6,000	thousand	2024.3.15
Forward foreign exchange contracts				
- Buy RMB, sell USD	USD	162,500	thousand	2024.1.3-2024.7.11
- Sell THB, buy USD	USD	47,500	thousand	2024.1.17-2024.3.29
	December 31, 2022			
	Contract amount			Expiry date
Derivative financial assets and liabilities	(notional principal)			
Current items:				
Foreign exchange swap contracts				
- Buy NTD, sell USD	USD	63,000	thousand	2023.1.17-2023.4.28
- Sell NTD, buy USD	USD	12,000	thousand	2023.1.30-2023.2.6
Forward foreign exchange contracts				
- Buy RMB, sell USD	USD	112,500	thousand	2023.1.13-2024.1.4
- Buy NTD, sell USD	USD	58,000	thousand	2023.1.6-2023.3.22
- Sell THB, buy USD	USD	18,000	thousand	2023.1.6-2023.3.3

Forward foreign exchange contracts / Foreign exchange swap contracts

The Company entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2023	December 31, 2022
Current items:		
Listed stocks	\$ 261,615	\$ 261,615
Valuation adjustment	(76,918)	(122,752)
	<u>\$ 184,697</u>	<u>\$ 138,863</u>
Non-current items:		
Unlisted stocks	\$ 437,100	\$ 437,100
Valuation adjustment	(417,972)	(418,692)
	<u>\$ 19,128</u>	<u>\$ 18,408</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2023 and 2022.

B. During the years ended December 31, 2023 and 2022, the Company sold \$0 and \$3,952 of equity investments at fair value, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 46,554	(\$ 31,067)
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	(\$ 76,929)
Dividend income recognised in profit or loss held at end of year	\$ 6,807	\$ 11,525

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 3,293</u>	<u>\$ 1,663</u>
Accounts receivable	\$ 8,068,860	\$ 8,978,166
Less: Allowance for uncollectible accounts	(105,138)	(60,738)
	<u>\$ 7,963,722</u>	<u>\$ 8,917,428</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 7,886,965	\$ 3,293	\$ 8,811,697	\$ 1,663
1-30 days past due	33,288	-	79,504	-
31-120 days past due	55,804	-	42,705	-
121-210 days past due	3,330	-	-	-
Over 210 days	89,473	-	44,260	-
	<u>\$ 8,068,860</u>	<u>\$ 3,293</u>	<u>\$ 8,978,166</u>	<u>\$ 1,663</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$9,744,316.

C. The Company has no notes or accounts receivable pledged to others as collateral.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Company was equal to carrying amount.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 18,669	(\$ 14,298)	\$ 4,371
Work in progress	364	(362)	2
Finished goods	2,492,111	(220,177)	2,271,934
	<u>\$ 2,511,144</u>	<u>(\$ 234,837)</u>	<u>\$ 2,276,307</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 19,737	(\$ 9,189)	\$ 10,548
Work in progress	377	(324)	53
Finished goods	2,636,345	(217,555)	2,418,790
	<u>\$ 2,656,459</u>	<u>(\$ 227,068)</u>	<u>\$ 2,429,391</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 30,598,808	\$ 34,394,553
Loss on decline in market value	7,769	94,498
	<u>\$ 30,606,577</u>	<u>\$ 34,489,051</u>

(6) Investments accounted for under equity method

A. Details of investments accounted for under the equity method are as follows:

	December 31, 2023	December 31, 2022
Chicony Power Holdings Inc. (CPH)	\$ 9,221,802	\$ 7,636,624
Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	814,694	611,648
	<u>\$ 10,036,496</u>	<u>\$ 8,248,272</u>

B. Details of share of profit of associates and joint ventures accounted for using equity method are as follows:

	Years ended December 31,	
	2023	2022
CPH	\$ 1,753,737	\$ 947,197
CPTH	197,455	209,781
	<u>\$ 1,951,192</u>	<u>\$ 1,156,978</u>

C. Subsidiaries

Information on the Company's subsidiaries are provided in Note 4(3) of the 2023 consolidated financial statements (not presented herein).

(7) Property, plant and equipment

	Machinery	Test equipment	Others	Total
<u>January 1, 2023</u>				
Cost	\$ 6,481	\$ 360,429	\$ 67,989	\$ 434,899
Accumulated depreciation and impairment	(4,500)	(280,090)	(55,694)	(340,284)
	<u>\$ 1,981</u>	<u>\$ 80,339</u>	<u>\$ 12,295</u>	<u>\$ 94,615</u>
<u>2023</u>				
Balance, January 1	\$ 1,981	\$ 80,339	\$ 12,295	\$ 94,615
Additions	-	40,566	7,898	48,464
Disposals	-	-	(264)	(264)
Reclassifications	-	1,350	11,174	12,524
Depreciation charge	(1,027)	(40,616)	(18,047)	(59,690)
Balance, December 31	<u>\$ 954</u>	<u>\$ 81,639</u>	<u>\$ 13,056</u>	<u>\$ 95,649</u>
<u>December 31, 2023</u>				
Cost	\$ 6,481	\$ 396,371	\$ 84,812	\$ 487,664
Accumulated depreciation and impairment	(5,527)	(314,732)	(71,756)	(392,015)
	<u>\$ 954</u>	<u>\$ 81,639</u>	<u>\$ 13,056</u>	<u>\$ 95,649</u>
		Test		
	Machinery	equipment	Others	Total
<u>January 1, 2022</u>				
Cost	\$ 7,092	\$ 333,930	\$ 90,506	\$ 431,528
Accumulated depreciation and impairment	(3,760)	(260,849)	(74,355)	(338,964)
	<u>\$ 3,332</u>	<u>\$ 73,081</u>	<u>\$ 16,151</u>	<u>\$ 92,564</u>
<u>2022</u>				
Balance, January 1	\$ 3,332	\$ 73,081	\$ 16,151	\$ 92,564
Additions	-	36,947	4,850	41,797
Reclassifications	-	7,756	9,126	16,882
Depreciation charge	(1,351)	(37,445)	(17,832)	(56,628)
Balance, December 31	<u>\$ 1,981</u>	<u>\$ 80,339</u>	<u>\$ 12,295</u>	<u>\$ 94,615</u>
<u>December 31, 2022</u>				
Cost	\$ 6,481	\$ 360,429	\$ 67,989	\$ 434,899
Accumulated depreciation and impairment	(4,500)	(280,090)	(55,694)	(340,284)
	<u>\$ 1,981</u>	<u>\$ 80,339</u>	<u>\$ 12,295</u>	<u>\$ 94,615</u>

A. None of the Company's property, plant and equipment are pledged as collateral.

B. The reclassifications of property, plant and equipment represent transfers from other non-current assets.

C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.

(8) Leasing arrangements — lessee

- A. The Company leases various assets including leasing of plants, offices, parking lots and multifunction printers. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise parking lots and business vehicles. Low-value assets comprise multifunction printers and are not shown in right-of-use asset.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Bulidings and structures	\$ 19,629	\$ 29,168
	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Bulidings and structures	\$ 11,927	\$ 11,927

For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$2,388 and \$9,330, respectively.

- D. Except for the depreciation mentioned above, other information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 568	\$ 845
Rent expense on short-term lease contracts	56,795	56,159
Rent expense on leases of low-value assets	1,202	1,126

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$70,827 and \$69,413, respectively.

- G. The Company has no right-of-use asset pledged to others.

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank unsecured borrowings	\$ 900,000	1.68%-1.75%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	\$ 800,000	1.6%-1.9%	None

Details of the issued guarantee notes for the above borrowings as of December 31, 2023 are provided in Note 9(1).

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries payable	\$ 625,330	\$ 619,955
Commission payable	569,217	593,624
Employees' compensation and directors' remuneration payable	540,213	542,226
Safety rule expense payable	17,205	21,691
Others	176,013	171,093
	<u>\$ 1,927,978</u>	<u>\$ 1,948,589</u>

(11) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 114,983)	(\$ 102,301)
Fair value of plan assets	78,618	71,718
Net defined benefit liability	<u>(\$ 36,365)</u>	<u>(\$ 30,583)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	(\$ 102,301)	\$ 71,718	(\$ 30,583)
Past service cost	(9,646)	-	(9,646)
Interest (expense) income	(1,406)	1,073	(333)
	<u>(113,353)</u>	<u>72,791</u>	<u>(40,562)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	470	470
Change in financial assumptions	(1,184)	-	(1,184)
Experience adjustments	(1,165)	-	(1,165)
	<u>(2,349)</u>	<u>470</u>	<u>(1,879)</u>
Pension fund contribution	-	5,357	5,357
Paid pension	719	-	719
	<u>719</u>	<u>5,357</u>	<u>6,076</u>
Balance at December 31	<u>(\$ 114,983)</u>	<u>\$ 78,618</u>	<u>(\$ 36,365)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	(\$ 103,465)	\$ 54,373	(\$ 49,092)
Interest (expense) income	(646)	381	(265)
	<u>(104,111)</u>	<u>54,754</u>	<u>(49,357)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,201	4,201
Change in financial assumptions	4,746	-	4,746
Experience adjustments	(3,324)	-	(3,324)
	<u>1,422</u>	<u>4,201</u>	<u>5,623</u>
Pension fund contribution	-	12,763	12,763
Paid pension	388	-	388
	<u>388</u>	<u>12,763</u>	<u>13,151</u>
Balance at December 31	<u>(\$ 102,301)</u>	<u>\$ 71,718</u>	<u>(\$ 30,583)</u>

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

	Years ended December 31,	
	2023	2022
Discount rate	1.250%	1.375%
Future salary increases	2.750%	2.750%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 2,349)	\$ 2,429	\$ 2,351	(\$ 2,286)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,211)	\$ 2,292	\$ 2,221	(\$ 2,155)

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$12,117.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 8.3 years.

The analysis of timing of the future pension payment for the next ten years was as follows:

Within 1 year	\$	2,345
1-2 years		3,638
2-5 years		40,797
5-10 years		27,867
	\$	<u>74,647</u>

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$44,228 and \$41,166, respectively.

(12) Share capital

A. As of December 31, 2023, the Company’s authorised capital was \$5,000,000, and the paid-in capital was \$3,990,401 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding (net of treasury stocks) are as follows:

(Unit: shares in thousands)	2023	2022
At January 1	395,389	392,148
Employee compensation	3,652	3,241
At December 31	<u>399,041</u>	<u>395,389</u>

B. On March 1, 2023, the Company issued 3,652 thousand shares as the Board of Directors of the Company resolved to appropriate employees’ stock dividends of \$288,122 which was calculated based on the closing price of NT\$78.9 (in dollars) per share on the date (February 24, 2023) before the date the Board of Directors resolved the appropriation. The appropriation was effective on March 27, 2023 and the registration was completed on April 12, 2023.

C. On March 3, 2022, the Company issued 3,241 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$261,889 which was calculated based on the closing price of NT\$80.8 (in dollars) per share on the date (March 2, 2022) before the date the Board of Directors resolved the appropriation. The appropriation was effective on April 8, 2022 and the registration was completed on April 25, 2022.

(13) Capital surplus

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

2023				
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,569,119	\$ 35,063	\$ 110,048	\$ 2,714,230
Share-based payment transactions				
- Employee compensation	251,605	-	-	251,605
At December 31	<u>\$ 2,820,724</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,965,835</u>
2022				
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,339,642	\$ 35,063	\$ 110,048	\$ 2,484,753
Share-based payment transactions				
- Employee compensation	229,477	-	-	229,477
At December 31	<u>\$ 2,569,119</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,714,230</u>

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit before tax, if any, shall first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from

June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy is formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividend should not be less than 10% of the total amount of stockholders' dividends. The above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) The appropriations of 2022 and 2021 earnings had been approved at the annual stockholders' meeting on May 29, 2023 and June 8, 2022, respectively, and the details are summarised below:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 317,529		\$ 278,336	
Reversal of special reserve	(200,306)		(47,056)	
Cash dividends	2,354,337	\$ 5.9	2,056,020	\$ 5.2

(b) Subsequent events:

The appropriations of 2023 earnings have been proposed at the Board of Directors' meeting on March 12, 2024. Details are summarised below:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 329,280	
Special reserve appropriated	116,413	
Cash dividends	2,404,615	\$ 6.0

As of March 12, 2024, the appropriations of 2023 earnings have not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(15) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 362,199)	(\$ 622,643)	(\$ 984,842)
Currency translation differences:			
- The Company	(163,033)	-	(163,033)
Valuation adjustment:			
- The Company	-	46,554	46,554
- Subsidiaries	-	65	65
At December 31	<u>(\$ 525,232)</u>	<u>(\$ 576,024)</u>	<u>(\$ 1,101,256)</u>
	2022		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 524,716)	(\$ 660,432)	(\$ 1,185,148)
Currency translation differences:			
- The Company	162,517	-	162,517
Valuation adjustment:			
- The Company	-	(31,067)	(31,067)
- Subsidiaries	-	(8,073)	(8,073)
Transfer out			
- The Company	-	76,929	76,929
At December 31	<u>(\$ 362,199)</u>	<u>(\$ 622,643)</u>	<u>(\$ 984,842)</u>

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Electronic component products	\$ 29,890,673	\$ 33,148,285
Consumer electronic products and other electronic products	3,490,722	5,961,536
Others	1,625,686	701,525
	<u>\$ 35,007,081</u>	<u>\$ 39,811,346</u>

B. Contract assets and contract liabilities

The Company has recognised the following revenue-related contract assets and contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets-			
construction contract	\$ 929,805	\$ 295,282	\$ 81,314
Contract liabilities-			
construction contract	(217,805)	(60,132)	(3,581)
Contract liabilities-			
payment	(203,545)	(301,909)	(230,137)
	<u>\$ 508,455</u>	<u>(\$ 66,759)</u>	<u>(\$ 152,404)</u>

C. Contract liability balance at the beginning of 2023 and 2022 were all recognised in operating revenue during 2023 and 2022, respectively.

(17) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 41,530	\$ 9,696
Other interest income	17,980	11,254
	<u>\$ 59,510</u>	<u>\$ 20,950</u>

(18) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 21,183	\$ 34,852
Other income	84,890	61,465
	<u>\$ 106,073</u>	<u>\$ 96,317</u>

(19) Other gains and losses

	Years ended December 31,	
	2023	2022
Net losses on financial assets and liabilities at fair value through profit or loss - derivative instruments	(\$ 191,896)	(\$ 262,795)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss - others	101,313	(139,439)
Net currency exchange gains	12,709	214,885
Others	(9,034)	(3,320)
	<u>(\$ 86,908)</u>	<u>(\$ 190,669)</u>

(20) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 78,400	\$ 96,430
Lease liabilities	568	845
	<u>\$ 78,968</u>	<u>\$ 97,275</u>

(21) Personnel expenses, depreciation and amortisation

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 56,842	\$ 1,662,764	\$ 1,719,606
Depreciation	30	71,587	71,617
Amortisation	342	37,651	37,993
	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ -	\$ 1,711,472	\$ 1,711,472
Depreciation	-	68,555	68,555
Amortisation	-	35,799	35,799

(22) Employee benefit expense

Year ended December 31, 2023			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 50,315	\$ 1,429,659	\$ 1,479,974
Labour and health insurance fees	2,838	85,897	88,735
Pension costs	1,446	52,761	54,207
Directors' remuneration	-	42,370	42,370
Other personnel expenses	2,243	52,077	54,320
	<u>\$ 56,842</u>	<u>\$ 1,662,764</u>	<u>\$ 1,719,606</u>
Year ended December 31, 2022			
	Operating cost	Operating expense	Total
Wages and salaries	\$ -	\$ 1,496,505	\$ 1,496,505
Labour and health insurance fees	-	80,768	80,768
Pension costs	-	41,431	41,431
Directors' remuneration	-	42,528	42,528
Other personnel expenses	-	50,240	50,240
	<u>\$ -</u>	<u>\$ 1,711,472</u>	<u>\$ 1,711,472</u>

- A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$497,843 and \$499,698, respectively; directors' remuneration was accrued at \$42,370 and \$42,528, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 11.75% and 1% of distributable profit for the year ended December 31, 2023, respectively.
- C. Employees' compensation of \$499,698 and directors' remuneration of \$42,528 for 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Actual number of shares distributed as employees' compensation for 2022 is 3,652 thousand shares. Refer to Note 6(12) for details.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.
- E. The Company's headcount totaled 804 and 788 employees as of December 31, 2023 and 2022, respectively. There were 5 directors who do not serve as employees as of December 31, 2023 and 2022.
- F. (a) The Company's average employee benefit expense for the years ended December 31, 2023 and 2022 were \$2,099 and \$2,131, respectively.

- (b) The Company's average employee wages and salaries for the years ended December 31, 2023 and 2022 were \$1,852 and \$1,911, respectively.
 - (c) The change in the average employee wages and salaries adjustment decreased by 3.1%.
 - (d) The above calculation of employee benefit expense and employee wages and salaries do not include the directors who do not serve as employees.
 - (e) The Company has set up the audit committee and therefore has no supervisors' remuneration.
 - (f) The information on the Company's compensation policy (including directors, managers and employees) is as follows:
 - i. The directors' emoluments include salaries and remuneration distributed from earnings. The emoluments are determined by the Compensation Committee in accordance with the Articles of Incorporation of the Company based on the extent of their participation in the Company's operations and the value of their contribution.
 - ii. The management's emoluments, such as the general manager and deputy general manager, include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The management's salaries are determined based on the position, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. The employees' bonuses and compensation are determined by reference to the Company's annual operating revenue, profitability, and achievement of individual manager's performance goals.
 - iii. The employees' emoluments include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The employees' salaries are determined based on the positions, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. Employees' compensation will be distributed in the form of stocks or cash according to the resolution of the Board of Directors. The Company conducts a regular employee performance evaluation every year to fully understand employees' performance and uses it as the basis for promotion, salary adjustments, bonuses and employee compensation distribution.
- Directors' and management's emoluments are discussed by the Compensation Committee and reported to the Board of Directors for resolution.

(23) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 368,699	\$ 535,969
Tax on undistributed surplus earnings	35,187	25,387
Prior year income tax overestimation	(18,891)	(19,247)
Total current tax	<u>384,995</u>	<u>542,109</u>
Deferred tax:		
Origination and reversal of temporary differences	17,076	(78,181)
Income tax expense	<u>\$ 402,071</u>	<u>\$ 463,928</u>

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 739,350	\$ 742,105
Effects from items allowed by tax regulation	116,663	27,079
Temporary differences not recognised as deferred tax liabilities	(390,238)	(231,396)
Effect from investment tax credits	(80,000)	(80,000)
Tax on undistributed surplus earnings	35,187	25,387
Prior year income tax overestimation	(18,891)	(19,247)
Income tax expense	<u>\$ 402,071</u>	<u>\$ 463,928</u>

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

2023			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 48,348	\$ 1,560	\$ 49,908
Unrealised exchange loss	14,266	(14,266)	-
Unrealised loss on valuation of financial assets	11,423	14,978	26,401
Unrealised commission expense	116,735	(5,510)	111,225
Others	10,472	-	10,472
	<u>201,244</u>	<u>(3,238)</u>	<u>198,006</u>
— Deferred tax liabilities:			
Unrealised exchange gain	-	(14,762)	(14,762)
Others	(81,766)	924	(80,842)
	<u>(81,766)</u>	<u>(13,838)</u>	<u>(95,604)</u>
	<u>\$ 119,478</u>	<u>(\$ 17,076)</u>	<u>\$ 102,402</u>
2022			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 29,447	\$ 18,901	\$ 48,348
Unrealised exchange loss	-	14,266	14,266
Unrealised loss on valuation of financial assets	-	11,423	11,423
Unrealised commission expense	107,533	9,202	116,735
Others	10,472	-	10,472
	<u>147,452</u>	<u>53,792</u>	<u>201,244</u>
— Deferred tax liabilities:			
Unrealised gain on valuation of financial assets	(14,179)	14,179	-
Unrealised exchange gain	(12,710)	12,710	-
Others	(79,266)	(2,500)	(81,766)
	<u>(106,155)</u>	<u>24,389</u>	<u>(81,766)</u>
	<u>\$ 41,297</u>	<u>\$ 78,181</u>	<u>\$ 119,478</u>

D. The Tax Authority has examined the income tax returns of the Company through 2021.

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax liabilities were \$1,823,413 and \$1,433,175, respectively.

(24) Earnings per share (EPS)

Year ended December 31, 2023			
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,294,677	398,450	\$ <u>8.27</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	4,012	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>3,294,677</u>	<u>402,462</u>	\$ <u>8.19</u>
Year ended December 31, 2022			
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,246,597	394,847	\$ <u>8.22</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	7,387	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>3,246,597</u>	<u>402,234</u>	\$ <u>8.07</u>

(25) Changes in liabilities from financing activities

2023				
	Short-term borrowings	Lease liability	Other payables - related parties	Total
At January 1	\$ 800,000	\$ 29,972	\$ 17,209	\$ 847,181
Changes in cash flow from financing activities	100,000	(12,262)	(17,209)	70,529
Changes in other non-cash items	-	2,388	-	2,388
At December 31	<u>\$ 900,000</u>	<u>\$ 20,098</u>	<u>\$ -</u>	<u>\$ 920,098</u>
2022				
	Short-term borrowings	Lease liability	Other payables - related parties	Total
At January 1	\$ 1,441,867	\$ 31,925	\$ 1,292,423	\$ 2,766,215
Changes in cash flow from financing activities	(641,867)	(11,283)	(1,275,214)	(1,928,364)
Changes in other non-cash items	-	9,330	-	9,330
At December 31	<u>\$ 800,000</u>	<u>\$ 29,972</u>	<u>\$ 17,209</u>	<u>\$ 847,181</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chicony Electronics Co., Ltd.	Parent company
Hipro Electronics Ltd.	Entity controlled by the same parent company
Quansun Investment Corp. Ltd.	Entity controlled by the same parent company
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent company
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Mao-Ray (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
XAVi Technologies Co., Ltd.	Entity controlled by the same parent company
Chicony Power International Inc.	Subsidiary
Chicony Power Technology Hong Kong Limited	Subsidiary
Chicony Power Technology (Dong Guan) Co., Ltd.	Subsidiary
Chicony Power Technology (Suzhou) Co., Ltd.	Subsidiary
Chicony Power Technology (Chong Qing) Co., Ltd.	Subsidiary
Chicony Power Technology (Thailand) Co., Ltd.	Subsidiary
Clevo Co.	Other related party
Kapok Computer (KUNSHAN) Co.	Other related party
Honhui Group(Xinbei, Siyuan)	Other related party
Taipei Twin Towers Limited	Other related party

Note: For the rest of the names of and relationship with related parties, refer to Note 4(3) of consolidated financial statements.

(3) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
- Parent company	\$ 1,454	\$ 1,968
- Entities controlled by the same parent company	2,814,942	3,342,481
- Subsidiaries	816,803	1,147,671
- Other related parties	375,613	335,110
	<u>\$ 4,008,812</u>	<u>\$ 4,827,230</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases of goods

	Years ended December 31,	
	2023	2022
Purchases of goods:		
- Chicony Power Technology (Dong Guan) Co., Ltd.	\$ 6,324,136	\$ 8,957,727
- Chicony Power Technology (Suzhou) Co., Ltd.	13,790,177	16,055,276
- Chicony Power Technology (Chong Qing) Co., Ltd.	7,108,604	7,040,922
- Subsidiaries	1,977,267	1,692,026
	<u>\$ 29,200,184</u>	<u>\$ 33,745,951</u>

The terms of the purchases from related parties were not significantly different from those of purchases from third parties.

C. Purchases of services

	Years ended December 31,	
	2023	2022
- Parent company	\$ 51,709	\$ 52,212
- Entities controlled by the same parent company	-	252
- Subsidiaries	133,841	140,007
- Other related parties	2,340	2,364
	<u>\$ 187,890</u>	<u>\$ 194,835</u>

The purchases from related parties arise mainly from providing management services to the Company.

D. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
- Parent company	\$ 149	\$ 341
- Entities controlled by the same parent company	1,062,187	912,598
- Subsidiaries	328,600	629,201
- Other related parties	<u>81,737</u>	<u>94,939</u>
	<u>1,472,673</u>	<u>1,637,079</u>
Other receivables, loans to related parties:		
- Chicony Power USA, Inc.	236,429	132,139
- Chicony Power Technology (Thailand) Co., Ltd.	1,719,480	921,900
- Subsidiaries	84,460	95,876
Other receivables, others:		
- Entities controlled by the same parent company	160	262
- Subsidiaries	<u>8,226</u>	<u>4,337</u>
	<u>2,048,755</u>	<u>1,154,514</u>
	<u>\$ 3,521,428</u>	<u>\$ 2,791,593</u>

- (a) The accounts receivable arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.
- (b) Other receivables arise from payments on behalf of others, loans to related parties and interest receivables from loans to related parties.

E. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
- Chicony Power Technology (Dong Guan) Co., Ltd.	\$ 1,127,157	\$ 992,588
- Chicony Power Technology (Suzhou) Co., Ltd.	4,727,124	3,088,369
- Chicony Power Technology (Chong Qing) Co., Ltd.	3,765,171	3,018,673
- Subsidiaries	<u>353,584</u>	<u>431,850</u>
	<u>9,973,036</u>	<u>7,531,480</u>
Other payables, loans from related parties:		
- Chicony Power International Inc.	-	17,209
Other payables, others:		
- Parent company	8,074	8,549
- Entities controlled by the same parent company	141	129
- Subsidiaries	8,658	10,638
- Other related parties	<u>2,457</u>	<u>2,481</u>
	<u>19,330</u>	<u>39,006</u>
	<u>\$ 9,992,366</u>	<u>\$ 7,570,486</u>

- (a) The accounts payable arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest.
- (b) Other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.
- (c) The loans from the subsidiary are repayable over 1 year and carry interest at 0% per annum.

F. Lease transactions — lessee

- (a) As of December 31, 2023, the main lease contracts between the Company and related parties are as follows:

<u>Lessor</u>	<u>Lease subject</u>	<u>Rental calculation and payment</u>	<u>Lease term</u>
-Parent company	Buildings and structures	\$4,561 per month	Within one year
"	"	\$498 per month	2018.1.1~2024.1.1

- (b) Rental expense arising from leases in office and plants from related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental expense:		
-Parent company	<u>\$ 54,644</u>	<u>\$ 54,732</u>

(c) Lease liabilities

i . Outstanding balance:

	December 31, 2023	December 31, 2022
-Parent company	\$ 2,388	\$ 5,900

ii . Interest expense:

	Years ended December 31,	
	2023	2022
-Parent company	\$ 73	\$ 203

G. Interest income from loans to related parties

	Years ended December 31,	
	2023	2022
Chicony Power Technology (Thailand) Co., Ltd.	\$ 15,449	\$ 5,762
Chicony Power Technology Hong Kong Limited	-	3,103
Other subsidiaries	2,531	2,389
	\$ 17,980	\$ 11,254

The loans to associates are repayable monthly over 1 year and carry interest at 1%-1.6% per annum for the years ended December 31, 2023 and 2022.

(4) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 114,172	\$ 123,945
Post-employment benefits	1,219	1,226
Share-based payments	53,407	54,765
	\$ 168,798	\$ 179,936

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Guarantee deposits paid (shown as 'other non-current assets')	\$ 113,923	\$ 92,214	Performance guarantee and bid bond
"	1,262	1,200	Guarantee for rentals
"	8	8	Others
	\$ 115,193	\$ 93,422	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(a) As of December 31, 2023, for financing forward exchange contracts, bank borrowings, and bill purchase purposes, the Company provided standby promissory notes totaling \$14,809,488 as security.

(b) As of December 31, 2023, letters of guarantee for warranty and guarantee letter of credit provided by the banks to the Company amounted to \$1,077,794.

(c) As of December 31, 2023, the Company provided guarantee notes totaling \$63,379 as security for performance guarantee.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(a) The appropriations of 2023 earnings had been proposed at the Board of Directors' meeting on March 12, 2024, and the details are provided in Note 6(14).

(b) The Company's Board of Directors resolved to increase its capital in the Company's subsidiary, Chicony Power Technology (Thailand) Co., Ltd., and the expected increased investment amount was BAHT 100,000 thousand.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 976,017	\$ 868,631
Financial assets at fair value through other comprehensive income	203,825	157,271
Financial assets at amortised cost		
Cash and cash equivalents	1,638,410	453,577
Notes receivable	3,293	1,663
Accounts receivable (including related parties)	9,436,395	10,554,507
Other receivables (including related parties)	2,049,934	1,157,128
Guarantee deposits paid	115,193	93,422
	<u>\$ 14,423,067</u>	<u>\$ 13,286,199</u>
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 200,540	\$ 135,794
Financial liabilities at amortised cost		
Short-term borrowings	900,000	800,000
Notes payable	7,071	6,809
Accounts payable (including related parties)	10,139,128	7,794,076
Other payables (including related parties)	1,947,308	1,987,595
Lease liabilities	20,098	29,972
	<u>\$ 13,214,145</u>	<u>\$ 10,754,246</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange

rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value (NTD)
	(In thousands)			
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	407,551	30.705	\$ 12,513,853
<u>Non-monetary items</u>				
USD:NTD		313,472	30.705	9,625,158
THB:NTD		907,535	0.8977	814,694
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	346,061	30.705	\$ 10,625,803

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 382,008	30.730	\$ 11,739,106
<u>Non-monetary items</u>			
USD:NTD	267,250	30.730	8,212,602
THB:NTD	687,013	0.8903	611,648
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 270,894	30.730	\$ 8,324,573
iv. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$12,709 and \$214,885, respectively.			
v. Analysis of foreign currency market risk arising from significant foreign exchange variation:			

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 125,139	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	96,252
THB:NTD	1%	-	8,147
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 106,258	\$ -

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 117,391	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	82,126
THB:NTD	1%	-	6,116
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 83,246	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,075 and \$7,900, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,038 and \$1,573, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rates were denominated in NTD and USD.

As of December 31, 2023 and 2022, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have been \$2,500 and \$2,000 lower/higher, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Company manages credit risk of cash in banks and other financial instruments based on the Company's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Company adopts the assumptions under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.
- v. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.

vi. The Company used the forecastability of industry prospect and macroeconomic environment to adjust historical and timely information to assess the default possibility of accounts receivable including related parties. As of December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2023</u>			
Not past due	0%~0.02%	\$ 9,359,638	\$ 1,846
1-30 days past due	1%~5%	33,288	1,660
31-120 days past due	5%~20%	55,804	11,160
121-210 days past due	20%~100%	3,330	999
Over 210 days	100%	89,473	89,473
		<u>\$ 9,541,533</u>	<u>\$ 105,138</u>
	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2022</u>			
Not past due	0%~0.04%	\$ 10,448,776	\$ 3,962
1-30 days past due	1%~5%	79,504	3,975
31-120 days past due	5%~20%	42,705	8,541
121-210 days past due	20%~100%	-	-
Over 210 days	100%	44,260	44,260
		<u>\$ 10,615,245</u>	<u>\$ 60,738</u>

vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 60,738	\$ 59,798
Provision for impairment loss	44,400	940
At December 31	<u>\$ 105,138</u>	<u>\$ 60,738</u>

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational

- needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Company held money market position of \$2,246,057 and \$890,706, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ <u>11,676,991</u>	\$ <u>10,815,243</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 901,466	\$ -
Notes payable	7,071	-
Accounts payable (including related parties)	10,139,129	-
Other payables (including related parties)	1,947,308	-
Lease liabilities	7,692	13,098
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	200,540	-

December 31, 2022	Less than 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 802,316	\$ -
Notes payable	6,809	-
Accounts payable (including related parties)	7,794,077	-
Other payables (including related parties)	1,987,595	-
Lease liabilities	12,830	18,286
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	135,794	-

(3) Fair value of financial instruments

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

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

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 354,648	\$ -	\$ -	\$ 354,648
Beneficiary certificates	68,879	-	-	68,879
Non-hedging derivatives				
Forward exchange contracts	-	28,207	-	28,207
Exchange rate swap contracts	-	40,324	-	40,324
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	260,888	260,888
Beneficiary certificates	10,920	-	212,151	223,071
Financial assets at fair value through other comprehensive income - current				
Equity securities	184,697	-	-	184,697
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	-	19,128	19,128
	<u>\$ 619,144</u>	<u>\$ 68,531</u>	<u>\$ 492,167</u>	<u>\$ 1,179,842</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 195,799	\$ -	\$ 195,799
Exchange rate swap contracts	-	4,741	-	4,741
	<u>\$ -</u>	<u>\$ 200,540</u>	<u>\$ -</u>	<u>\$ 200,540</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 243,151	\$ -	\$ -	\$ 243,151
Beneficiary certificates	56,283	-	-	56,283
Non-hedging derivatives				
Forward exchange contracts	-	57,423	-	57,423
Exchange rate swap contracts	-	21,253	-	21,253
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	225,592	225,592
Beneficiary certificates	15,420	-	249,509	264,929
Financial assets at fair value through other comprehensive income - current				
Equity securities	138,863	-	-	138,863
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	-	18,408	18,408
	<u>\$ 453,717</u>	<u>\$ 78,676</u>	<u>\$ 493,509</u>	<u>\$ 1,025,902</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 117,441	\$ -	\$ 117,441
Exchange rate swap contracts	-	18,353	-	18,353
	<u>\$ -</u>	<u>\$ 135,794</u>	<u>\$ -</u>	<u>\$ 135,794</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

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

	<u>Listed shares</u>	<u>Emerging Stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Average trade price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

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

E. The following chart is the movement of Level 3:

	2023		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 249,509	\$ 244,000	\$ 493,509
Capital reduction during the year	-	(11,950)	(11,950)
Gains and losses recognised in profit or loss	(37,358)	47,246	9,888
Gains and losses recognised in other comprehensive income	-	720	720
At December 31	<u>\$ 212,151</u>	<u>\$ 280,016</u>	<u>\$ 492,167</u>

Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2023 (Note)

	<u>(\$ 37,358)</u>	<u>\$ 47,246</u>	<u>\$ 9,888</u>
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	2022		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 227,453	\$ 275,302	\$ 502,755
Acquired during the year	41,264	-	41,264
Capital reduction during the year	-	(14,063)	(14,063)
Gains and losses recognised in profit or loss	(19,208)	(14,785)	(33,993)
Gains and losses recognised in other comprehensive income	-	(2,454)	(2,454)
At December 31	<u>\$ 249,509</u>	<u>\$ 244,000</u>	<u>\$ 493,509</u>

Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2022 (Note)

	<u>(\$ 19,208)</u>	<u>(\$ 14,785)</u>	<u>(\$ 33,993)</u>
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Note: Recorded as non-operating income and expense.

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

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 280,016	Net asset value	N/A	-	N/A
Venture capital shares	212,151	Net asset value	N/A	-	N/A
Private equity fund investment					
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 244,000	Net asset value	N/A	-	N/A
Venture capital shares	249,509	Net asset value	N/A	-	N/A
Private equity fund investment					

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023					
		Recognised in profit or loss			Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instruments	Net asset value	±1%	\$ 2,609	(\$ 2,609)	\$ 191	(\$ 191)	
Beneficiary certificates	Net asset value	±1%	2,122	(2,122)	-	-	
			<u>\$ 4,731</u>	<u>(\$ 4,731)</u>	<u>\$ 191</u>	<u>(\$ 191)</u>	

		December 31, 2022					
				Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instruments	Net asset value	±1%	\$ 2,256	(\$ 2,256)	\$ 184	(\$ 184)	
Beneficiary certificates	Net asset value	±1%	2,495	(2,495)	-	-	
			<u>\$ 4,751</u>	<u>(\$ 4,751)</u>	<u>\$ 184</u>	<u>(\$ 184)</u>	

(4) The Company originally recorded construction in progress arising from contracts with customers under inventories in 2022. However, in accordance with IFRS 15, these assets should be classified as contract assets, and therefore the related accounts in 2022 have been reclassified. The reclassification had no effect on basic earnings per share and diluted earnings per share.

		December 31, 2023		
		<u>Before reclassifications</u>	<u>Reclassifications amount</u>	<u>After reclassifications</u>
Contract assets	\$	-	\$ 295,282	\$ 295,282
Inventories		2,724,673	(295,282)	2,429,391

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

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

Items	Summary	Amount
Cash on hand and revolving funds		\$ 577
Checking accounts		44,420
Demand deposits		
- New Taiwan Dollars		\$ 492,138
- Foreign currency	USD \$35,379 thousand, rate 30.705	1,086,312
	Other foreign currency	14,963
		<u>1,593,413</u>
		<u>\$ 1,638,410</u>

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023

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

Name of financial instrument	Shares (in thousands)/ units (in thousands)	Acquisition cost	Fair value	
			Unit price	Amount
<u>Financial assets at fair value through profit or loss - current</u>				
<u>Non-hedging derivatives</u>				
Forward exchange contracts	-	\$ 28,207	\$ -	\$ 28,207
Exchange rate swap contracts	-	40,324	-	40,324
<u>Listed stocks</u>				
Newmax Technology Co., Ltd.	2,661	155,108	37.35	99,388
Powertech Technology Inc.	60	4,998	141.00	8,460
Taiwan Semiconductor Manufacturing Company Ltd.	300	117,470	593.00	177,900
United Microelectronics Corp.	500	32,888	52.60	26,300
Nuvoton Technology Corp.	300	39,953	142.00	42,600
		350,417	-	354,648
<u>Beneficiary certificates</u>				
Yuanta/P-shares Taiwan Top 50 ETF	450	65,006	135.45	60,953
Cathay TIP TAIEX+ Low Volatility Select 30 ETF	300	8,238	26.42	7,926
		73,244		68,879
		\$ 492,192		\$ 492,058
<u>Financial liabilities at fair value through profit or loss - current</u>				
<u>Non-hedging derivatives</u>				
Forward exchange contracts	-	\$ 195,799	\$ -	\$ 195,799
Exchange rate swap contracts	-	4,741	-	4,741
		\$ 200,540		\$ 200,540

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of financial instrument	Shares (in thousands)	Acquisition cost	Fair value	
			Unit price	Amount
<u>Financial assets at fair value through other comprehensive income - current</u>				
<u>Listed stocks</u>				
CLEVO CO.	4,538	<u>\$ 261,615</u>	\$ 40.70	<u>\$ 184,697</u>

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

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

Client Name	Amount	Remark
<u>Client</u>		
A Company	\$ 1,684,120	
B Company	1,601,979	
C Company	402,204	
		Each individual customer balance
		did not exceed 5% of the account
Others	4,380,557	balance
	8,068,860	
Less: Allowance for uncollectible accounts	(105,138)	
	<u>\$ 7,963,722</u>	
<u>Related parties</u>		
Chicony Power USA, Inc. (CPUS)	\$ 320,485	
Chicony Electronics (Suzhou) Co., Ltd.	621,854	
Chicony Electronics (Chong Qing) Co., Ltd.	239,053	
Mao-Ray (Dong Guan) Co., Ltd.	157,371	
Kapok Computer (KUNSHAN) Co.	81,621	
		Each individual customer balance
		did not exceed 5% of the account
Others	52,289	balance
	<u>\$ 1,472,673</u>	

CHICONY POWER TECHNOLOGY CO., LTD.

DETAILS OF INVENTORIES

DECEMBER 31, 2023

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

Items	Amount		Remark
	Cost	Net realisable value	
Raw materials	\$ 18,669	\$ 18,669	
Work in process	364	364	
Finished goods	2,492,111	2,492,072	The Company uses net realisable value as fair value.
Less: Allowance for valuation loss	(234,837)	-	
	<u>\$ 2,276,307</u>	<u>\$ 2,511,105</u>	

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name and type		At January 1		Additions for the year		Decrease for the year		At December 31		Collateral
		Shares (in thousands)		Shares (in thousands)		Shares (in thousands)		Shares (in thousands)		
<u>Financial assets at fair value through profit or loss - non-current (Note)</u>										
WK Venature Capital Management Co., Ltd.	Stock	1,000	\$ 17,790	-	\$ 5,541 (	220) (\$ 2,200)		780	\$ 21,131	None
Top Taiwan Venture Capital Management Co., Ltd.	"	6,094	102,380	-	20,019 (	975) (9,750)		5,119	112,649	"
Chen Ding Venture Capital Management Co., Ltd.	"	10,000	105,422	-	21,686	-	-	10,000	127,108	"
			<u>225,592</u>		<u>47,246</u>		<u>(11,950)</u>		<u>260,888</u>	
Fuh Hwa New Oriental Securities Investment Trust Fund	Beneficiary certificate	6,000	15,420	-	-	- (4,500)		6,000	10,920	"
Fuh Hwa New Smart Energy Securities Investment Trust Fund	"	21,000	148,890	-	-	- (31,290)		21,000	117,600	"
Fuh Hwa New Energy Efficient Securities Investment Trust Fund	"	6,296	64,658	-	-	- (1,007)		6,296	63,651	"
Fuh Hwa Capital Tech Ventures L.P.	"	-	35,961	-	-	- (5,061)		-	30,900	"
			<u>264,929</u>		<u>-</u>		<u>(41,858)</u>		<u>223,071</u>	
Total			<u>\$ 490,521</u>		<u>\$ 47,246</u>		<u>(\$ 53,808)</u>		<u>\$ 483,959</u>	

Note: The reason for additions and decrease in financial assets at fair value through profit or loss - non-current was fair value valuation and capital reduction.

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name and type	At January 1		Additions for the year		Decrease for the year		At December 31		Collateral	Remark
	Shares	Book value	Shares	Amount	Shares	Amount	Shares	Book value		
	(in thousands)		(in thousands)		(in thousands)		(in thousands)			
<u>Financial assets at fair value through other comprehensive income - non-current (Note)</u>										
Genesis Photonics Inc.	Stock	1,979	\$ -	-	\$ -	-	1,979	\$ -	None	Note
TAIPEI TECH Venture Capital Co., Ltd.	"	1,500	18,408	-	720	-	1,500	19,128	"	"
			<u>\$ 18,408</u>		<u>\$ 720</u>			<u>\$ 19,128</u>		

Note: The reason for increase in financial assets at fair value through other comprehensive income - non-current was fair value valuation.

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Balance at January 1		Additions for the year		Reduction for the year		Balance at December 31			Fair value or net assets value			
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Ownership	Amount	Unit price (in NT\$)	Total amount	Collateral	Remark
CPH	10,000	\$ 7,636,624	-	\$ 1,585,178	-	\$ -	10,000	100%	\$ 9,221,802	\$ 962.52	\$ 9,625,158	NA	Note 1
CPTH	99,000	611,648	-	203,046	-	-	99,000	100%	814,694	8.23	814,694	"	Note 2
		<u>\$ 8,248,272</u>		<u>\$ 1,788,224</u>		<u>\$ -</u>			<u>\$ 10,036,496</u>		<u>\$ 10,439,852</u>		

Note 1: The reason for additions in investment accounted for under equity method was the share of profit of subsidiaries accounted for under equity method and financial statements translation differences of foreign operations under equity method, and unrealized gains from financial assets at fair value through other comprehensive income under equity method amounting to \$1,753,737, (\$168,624) and \$65, respectively.

Note2: The reason for additions in investment accounted for under equity method was the share of profit of subsidiaries accounted for under equity method and financial statements translation differences of foreign operations under equity method amounting to \$197,455, and \$5,591, respectively.

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Refer to Note 6(7) Property, plant and equipment.

For depreciation method the Company is using and useful lives for property, plant and equipment,
refer to Note 4(12) Property, plant and equipment.

CHICONY POWER TECHNOLOGY CO., LTD.

DETAILS OF SHORT-TERM LOAN

DECEMBER 31, 2023

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

<u>Type</u>	<u>Balance at December 31</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Loan commitments</u>	<u>Collateral</u>
Unsecured loans (Note)	<u>\$ 900,000</u>	Less than 1 year	1.68%-1.75%	<u>\$ 2,428,460</u>	None

Note: The counterparty of the unsecured loans are Cathay United Bank, Taipei Fubon Bank, E.Sun Commercial Bank, CTBC Bank.

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Shipments	Amount
Electronic component products	101,855 thousand pieces	\$ 29,890,673
Consumer electronic products and other electronic products	10,416 thousand pieces	3,490,722
Others	-	1,625,686
		\$ 35,007,081

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Amount
Inventories, Balance at January 1	\$ 2,656,459
Add: Purchases	29,288,098
Less: Inventories, balance at December 31	(2,511,144)
Loss on physical inventory	(189)
Transferred to manufacturing or operating expenses	(15,055)
Cost of goods sold	29,418,169
Loss on decline in market value	7,769
Loss on physical inventory	189
Other operating costs	1,180,450
Operating costs	\$ 30,606,577

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Items	Selling expenses	General and administrative expenses	Research and development expenses	Total
Wages and salaries	\$ 138,552	\$ 340,626	\$ 992,851	\$ 1,472,029
Service fees	18,814	41,259	137,151	197,224
Inspection fees	1,222	76,356	42,202	119,780
Insurance expenses	27,987	24,026	59,645	111,658
Commission	85,776	-	-	85,776
Safety rule expenses	-	-	77,525	77,525
Depreciation	106	20,412	51,069	71,587
Export charge fees	55,691	1	2,562	58,254
Rental expenses	3,609	5,210	45,222	54,041
Pension costs	3,983	20,064	28,714	52,761
Amortisation	383	6,251	31,017	37,651
Management fees	608	20,119	6,795	27,522
Shipment expenses	9,273	-	12,255	21,528
Employee benefits	1,531	3,504	11,726	16,761
Travelling expenses	4,692	3,414	6,508	14,614
Other expenses	20,017	35,410	136,117	191,544
	<u>\$ 372,244</u>	<u>\$ 596,652</u>	<u>\$ 1,641,359</u>	<u>\$ 2,610,255</u>

CHICONY POWER TECHNOLOGY CO., LTD.
DETAILS OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Refer to Note 6(21) Personnel expenses, depreciation and amortisation
and Note 6(22) Employee benefit expenses.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Loans to others
Year Ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31,	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans	Ceiling on total	Footnote
					2023 (Note 2)	December 31, 2023 (Note 3)				transactions with the borrower (Note 5)			Item	Value	granted to a single party (Note 6)	loans granted (Note 6)	
0	The Company	CPTH	Other receivables - related parties	YES	\$ 3,307,860	\$ 2,026,530	\$ 1,719,480	1	2	\$ -	working capital	\$ -	None	None	\$ 5,522,038	\$ 5,522,038	-
0	The Company	CPHK	Other receivables - related parties	YES	245,920	184,230	-	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	CPUS	Other receivables - related parties	YES	468,600	460,575	236,429	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	WTS	Other receivables - related parties	YES	93,720	92,115	37,460	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	CT	Other receivables - related parties	YES	110,000	100,000	47,000	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
1	CPDG	TORCH	Other receivables - related parties	YES	361,379	351,866	345,807	1.6	2	-	working capital	-	None	None	1,549,957	1,549,957	-
2	CPI	The Company	Other receivables - related parties	YES	1,545,453	-	-	0	2	-	working capital	-	None	None	9,625,116	9,625,116	-
2	CPI	CPHK	Other receivables - related parties	YES	1,465,836	1,387,866	1,359,924	0	2	-	working capital	-	None	None	9,625,116	9,625,116	-
2	CPI	CT	Other receivables - related parties	YES	15,542	-	-	0	2	-	working capital	-	None	None	3,850,046	3,850,046	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of ‘Nature of loan are as follows:

- (1) The business transaction is ‘1’.
(2) The short-term financing is ‘2’.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company’s stockholders’ equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company’s stockholders’ equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company’s stockholders’ equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary’s stockholders’ equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary’s stockholders’ equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary’s stockholders’ equity and the amount of sales/purchase during the year for the purpose of business.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor’s stockholders’ equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor’s stockholders’ equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor’s stockholders’ equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.

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

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2023				
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Common stock	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current (Common stock)	2,660,983	\$ 99,388	1.44	\$ 99,388	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current (Common stock)	60,000	8,460	0.01	8,460	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	177,900	-	177,900	-
The Company	Common stock	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current (Common stock)	500,000	26,300	-	26,300	-
The Company	Common stock	Nuvoton Technology Corp.	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	42,600	0.07	42,600	-
The Company	Beneficiary certificates	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - current (Fund)	450,000	60,953	0.02	60,953	-
The Company	Beneficiary certificates	Cathay TIP TAIEX+ Low Volatility Select 30 ETF	-	Financial assets at fair value through profit or loss - current (Fund)	300,000	7,926	0.12	7,926	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	780,000	21,131	1.00	21,131	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company is this company's supervisor	Financial assets at fair value through profit or loss - non-current (Common stock)	5,118,750	112,649	9.38	112,649	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	10,000,000	127,108	7.41	127,108	-
The Company	Beneficiary certificates	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,000,000	10,920	-	10,920	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	21,000,000	117,600	-	117,600	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,295,868	63,651	-	63,651	-
The Company	Beneficiary certificates	Fuh Hwa Capital Tech Ventures L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	-	30,900	-	30,900	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current (Common stock)	4,538,000	184,697	0.72	184,697	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,979,291	-	-	-	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,500,000	19,128	5.00	19,128	-
CPI	Beneficiary certificates	Celesta Capital II, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,140,058	120,683	-	120,683	-
CPI	Beneficiary certificates	Celesta Capital IV, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,900,000	127,174	-	127,174	-
CPI	Common stock	Anxin-China Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year Ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
CPTH	Unfinished construction	February 10, 2022	\$1,218,639 (THB 1,361,000 thousand)	\$ 960,472	China State Construction Engineering (Thailand) Co., Ltd.	None	-	-	-	\$ -	Contract price	The factory for business	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Table 4

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party				
			Transaction				transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Sales											
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 371,020)	1	60 days	Note 1	Note 1	\$ 81,621	1	-
The Company	Chicony Electronics CEZ s.r.o.	Entity controlled by the same parent company	Sales	(212,337)	1	120 days	Note 1	Note 1	12,832	0	-
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	(212,781)	1	60-90 days	Note 1	Note 1	31,077	0	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(1,424,962)	4	90 days	Note 1	Note 1	621,854	7	-
The Company	Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	(616,468)	2	90 days	Note 1	Note 1	239,053	3	-
The Company	Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	(348,290)	1	90 days	Note 1	Note 1	157,371	2	-
The Company	CPUS	Subsidiary	Sales	(738,598)	2	90 days	Note 1	Note 1	320,485	3	-
CPTH	The Company	The parent company of CPTH	Sales	(1,977,267)	100	45 days	Note 1	Note 1	353,584	100	-
CPDG	The Company	The parent company of CPH	Sales	(6,324,136)	93	45 days	Note 1	Note 1	1,127,157	84	-
CPDG	CPTH	Subsidiary	Sales	(179,506)	3	60 days	Note 1	Note 1	76,065	6	-
CPDG	TORCH	Subsidiary	Sales	(163,529)	2	150 days	Note 1	Note 1	89,622	7	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(257,841)	2	90 days	Note 1	Note 1	71,863	1	-
CPSZ	The Company	The parent company of CPH	Sales	(13,790,177)	95	45 days	Note 1	Note 1	4,727,124	94	-
CPSZ	CPTH	Subsidiary	Sales	(163,422)	1	60 days	Note 1	Note 1	168,083	3	-
CPSZ	CPCQ	Subsidiary	Sales	(136,568)	1	60 days	Note 1	Note 1	35,593	1	-
CPCQ	The Company	The parent company of CPH	Sales	(7,108,604)	97	45 days	Note 1	Note 1	3,765,171	98	-
CPCQ	CPSZ	Subsidiary	Sales	(145,885)	2	60 days	Note 1	Note 1	52,018	1	-
GSE	CPDG	Subsidiary	Sales	(248,688)	36	60 days	Note 1	Note 1	72,979	31	-
GSE	CPSZ	Subsidiary	Sales	(168,271)	24	60 days	Note 1	Note 1	65,182	28	-
Purchases											
The Company	CPTH	Subsidiary	Purchases	\$ 1,977,267	7	45 days	Note 2	Note 2	(\$ 353,584)	3	-
The Company	CPDG	Subsidiary	Purchases	6,324,136	22	45 days	Note 2	Note 2	(1,127,157)	11	-
The Company	CPSZ	Subsidiary	Purchases	13,790,177	46	45 days	Note 2	Note 2	(4,727,124)	47	-
The Company	CPCQ	Subsidiary	Purchases	7,108,604	24	45 days	Note 2	Note 2	(3,765,171)	37	-
CPUS	The Company	The parent company of CPH	Purchases	738,598	100	90 days	Note 2	Note 2	(320,485)	100	-
CPTH	CPSZ	Subsidiary	Purchases	163,422	15	60 days	Note 2	Note 2	(168,083)	22	-
CPTH	CPDG	Subsidiary	Purchases	179,506	14	60 days	Note 2	Note 2	(76,065)	7	-
CPDG	GSE	Subsidiary	Purchases	248,688	5	60 days	Note 2	Note 2	(72,979)	3	-
CPSZ	GSE	Subsidiary	Purchases	168,271	1	60 days	Note 2	Note 2	(65,182)	1	-
CPSZ	CPCQ	Subsidiary	Purchases	145,885	1	60 days	Note 2	Note 2	(52,018)	1	-
CPCQ	CPSZ	Subsidiary	Purchases	136,568	3	60 days	Note 2	Note 2	(35,593)	2	-
TORCH	CPDG	Subsidiary	Purchases	163,529	26	150 days	Note 2	Note 2	(89,622)	36	-

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties and offering reasonable sales discounts.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Financial funds receivable								
The Company	CPTH	Subsidiary	\$ 1,726,213	-	\$ -	-	\$ -	-
The Company	CPUS	Second-tier subsidiary	237,638	-	-	-	-	-
CPI	CPHK	Second-tier subsidiary	1,359,924	-	-	-	-	-
CPDG	TORCH	Subsidiary	355,323	-	-	-	-	-
Accounts receivable								
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	\$ 621,854	2.48	\$ -	-	\$ -	-
The Company	Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company	239,053	2.91	-	-	-	-
The Company	Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	157,371	2.66	-	-	-	-
The Company	CPUS	Subsidiary	320,485	1.56	-	-	-	-
CPTH	The Company	The parent company of CPH	353,584	5.04	-	-	-	-
CPDG	The Company	The parent company of CPH	1,127,157	5.97	-	-	-	-
CPSZ	The Company	The parent company of CPH	4,727,124	3.53	-	-	-	-
CPSZ	CPTH	Subsidiary	168,083	1.49	-	-	-	-
CPCQ	The Company	The parent company of CPH	3,765,171	2.10	-	-	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Transaction							
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	CPUS	1	Sales	\$ 738,598	Note 4	2
0	The Company	CPUS	1	Accounts receivable - related party	320,485	Note 4	1
0	The Company	CPTH	1	Other receivables - related party	1,726,213	Note 5	6
1	CPTH	The Company	2	Sales	1,977,267	Note 4	5
1	CPTH	The Company	2	Accounts receivable - related party	353,584	Note 4	1
2	CPI	CPHK	3	Other receivables - related party	1,359,924	Note 5	5
3	CPDG	The Company	2	Sales	6,324,136	Note 4	17
3	CPDG	The Company	2	Accounts receivable - related party	1,127,157	Note 4	4
3	CPDG	TORCH	3	Other receivables - related party	355,323	Note 5	1
4	CPSZ	The Company	2	Sales	13,790,177	Note 4	38
4	CPSZ	The Company	2	Accounts receivable - related party	4,727,124	Note 4	16
5	CPCQ	The Company	2	Sales	7,108,604	Note 4	20
5	CPCQ	The Company	2	Accounts receivable - related party	3,765,171	Note 4	13

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

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

- (1) Parent company is '0'
- (2) The subsidiaries are numbered in order starting from '1'

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

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

Note 4 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Information on investees
December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 9,221,802	\$ 1,581,072	\$ 1,753,737	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Manufacturing and sales of switching power supplies and other electronics parts	495,060 (THB 550,000 thousand)	495,060 (THB 550,000 thousand)	99,000,000	100	814,694	197,455	197,455	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Investment holdings	307,050 (USD 10,000 thousand)	307,050 (USD 10,000 thousand)	10,000,000	100	9,625,116	1,581,071	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	40,438 (USD 1,317 thousand)	40,438 (USD 1,317 thousand)	1,500,000	100	51,432	11,759	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	337,215 (HKD 85,800 thousand)	337,215 (HKD 85,800 thousand)	46,800,000	100	8,127,405	1,618,697	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	316,722 (USD 10,315 thousand)	316,722 (USD 10,315 thousand)	12,800,000	100 (	202,492) (	88,498)	-	Subsidiary
WTS	Carlight Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	46,219)	7,731	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2023,while others are translated into New Taiwan dollars at the spot exchaenge rates prvailing at the end of the annual reporting period.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2, 3)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 191,587	100	\$ 191,587	\$ 1,549,957	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	947,128	100	947,128	4,753,196	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	735	100	2,008	248,016	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components	301,744	2.(1)	-	-	-	-	467,880	100	467,880	2,821,467	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Smart building solutions	44,379	2.(1)	-	-	-	-	(9,998)	100	(9,998)	31,681	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	(1,857)	100	(1,857)	(2,161)	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	-	(95,764)	100	(95,764)	(119,010)	-	-
Zhuzhou Torch Auto Lamp CO., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2.(2)	-	-	-	-	(95,675)	100	(95,675)	(123,742)	-	-
		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023												
The Company	\$ 193,178	\$ 2,257,522	\$ 8,283,057										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

1.Directly invest in a company in Mainland China.

2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The third areas are as follows:

(1) Chicony Power Technology Hong Kong Limited.

(2) Witslight Technology Co., Ltd.

3.Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies’ CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares		
	Number of shares held (Common stock)	Number of shares held (Preferred stock)	Ownership (%)
Chicony Electronics Co., Ltd.	206,706,594	-	51.80%
Lee, Tse-Ching	24,362,547	-	6.10%

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

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".