

**ADDA Corporation & Subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Report**

**For the Years Ended December 31, 2023 and 2022**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

# Consolidated Financial Statements

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# Representation letter

For the year 2023 (from January 1, 2023, to December 31, 2023), the Company and its subsidiaries that are required to prepare consolidated financial statements under the “Guidelines Governing the Preparation of Consolidated Financial Statements and Reports of Affiliates,” as well as the companies that are required to prepare consolidated financial statements for a parent and its subsidiaries under International Financial Reporting Standard No. 10, are the same. Furthermore, the relevant information that should be disclosed in the consolidated financial statements for related party transactions has already been disclosed in the aforementioned consolidated financial statements for the parent and its subsidiaries; therefore, no additional consolidated financial statements for related parties are prepared.

Very truly yours,

Company: ADDA Corporation

Chairman: HUANG, JUI -YI

March 13, 2024

## **Independent Auditors' Report**

To ADDA Corporation:

### **Audit Opinion**

The consolidated balance sheets of ADDA Corporation and its subsidiaries as of December 31, 2023, and December 31, 2022, and the related consolidated statements of comprehensive income, changes in equity, and cash flow for the periods from January 1 to December 31, 2023, and 2022, along with the notes to the consolidated financial statements (including a summary of significant accounting policies), have been audited by our accountants.

In our opinion, based on our audits and the reports of the other auditors (please refer to Other Matters section), the aforementioned consolidated financial statements, in all material respects, have been prepared in accordance with the preparation standards for financial statements of securities issuers, as well as the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations, and Interpretation Bulletins approved and enacted by the Financial Supervisory Commission. These statements fairly present the consolidated financial position of ADDA Corporation and its subsidiaries as of December 31, 2023, and 2022, and their consolidated financial performance and cash flows for the periods from January 1 to December 31, 2023, and 2022.

### **Basis for Audit Opinion**

We have conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the auditor's responsibilities section of our audit report. The personnel of our firm responsible for our independence are in compliance with the Code of Ethics for Professional Accountants and have maintained their independence from ADDA Corporation. Based on our audits and the reports of the other auditors, we believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our audit opinion.

### **Key Audit Matters**

Key audit matters refer to matters that, in our professional judgment, are of most significance in the audit of ADDA Corporation and its subsidiaries' consolidated financial statements for the year 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the key audit matters to be communicated in the audit report are as follows:

#### **1. Allowance for doubtful accounts receivable**

As of December 31, 2023, the net accounts receivable of ADDA Corporation and its subsidiaries amounted to \$507,669 thousand, accounting for 13% of the total consolidated assets. The allowance for doubtful accounts was assessed based on the customers' credit risk and historical experience, involving significant judgments by management. Since the amount of allowance for doubtful accounts is measured based on the expected credit losses over the lifetime of the receivables, including appropriate aging categories, loss rates for each aging category, and forward-looking information, this key audit matter was identified due to the judgments, analyses, and estimates involved in measuring expected credit losses and the impact of the measurement results on the net accounts receivable.

Our audit procedures included (but were not limited to) understanding and testing the effectiveness of the internal control system established by management for accounts receivable management; evaluating the reasonableness of management's policy for making allowances for doubtful accounts, including understanding relevant information used by management to assess expected loss rates based on historical experience, current market conditions, and forecasts of future economic conditions; testing the accuracy of loss rates calculated on a rolling basis over a one-year period and aging categories; considering the reasonableness of forward-looking information incorporated into the loss rate assessment; selecting samples to perform accounts receivable confirmations and reviewing subsequent collections and analyzing accounts receivable turnover ratios to assess their recoverability.

Our accountants also considered the appropriateness of the disclosures relating to accounts receivable and associated risks in Notes IV to VI to the consolidated financial statements.

## 2. Inventory valuation

As of December 31, 2023, the net inventory of ADDA Corporation and its subsidiaries amounted to \$268,255 thousand, accounting for 7% of the total consolidated assets. As the Company's industry is related to the fast-changing and uncertain electronics industry, the allowance for slow-moving or obsolete inventory involves significant judgments by management. Therefore, our accountants have determined this as a key audit matter.

Our audit procedures included (but were not limited to) understanding and testing the effectiveness of the internal control system established by management for inventory, including inventory cost transfers; evaluating management's inventory counting plans, selecting significant inventory locations to observe the inventory counting process to verify the quantity and condition of inventory; testing the accuracy of inventory aging and analyzing inventory aging changes, considering the expected demand and market value of inventory; evaluating management's analysis and assessment of slow-moving and obsolete inventory, including the likelihood of inventory realization and estimation of net realizable value; testing the appropriateness of the allowance amount for reducing inventory value to net realizable value.

Our accountants also considered the appropriateness of the disclosures relating to inventory in Notes IV to VI to the consolidated financial statements.

## 3. Valuation of Goodwill

As of December 31, 2023, the total goodwill of ADDA Corporation and its subsidiaries amounted to NT\$ 219,920 thousand, representing 6% of the total amount of consolidated assets. In accordance with the International Financial Reporting Standards, the Company conducted impairment testing on relevant cash-generating units. The Company assessed the recoverable amount based on the value in use. Given that the book value of the goodwill of ADDA Corporation and its subsidiaries is significant, and the evaluation of its value in use is complicated, coupled with the management's critical judgments involving various assumptions about cash flow forecasts, this was determined to be a key audit matter for us.

The audit procedures included (but were not limited to) assessing the appropriateness of the composition of cash-generating units, which involved analyzing their sales models and geographical locations. We also evaluated the methods and assumptions used by the management to calculate the value in use. This included assessing the reasonableness of key assumptions such as revenue growth rates, discount rates, and gross margins. This involved referencing companies of similar scales to the cash-generating units, evaluating the reasonableness of key inputs such as the cost of equity capital, company-specific risk premiums, and market risk premiums that comprised the discount rate. We also compared current forecast financial information with the results achieved to date, analyzing historical data and performance of the company to assess the reasonableness of cash flow forecasts.

Additionally, we considered the adequacy of disclosures related to impairment testing results and assumption sensitivity in the Notes IV to VI to the consolidated financial statements.

### **Other Matters - Referring to the Audit by Other Accountants**

Some investee companies included in the consolidated financial statements of ADDA Corporation and its subsidiaries have not been audited by our accountants but by other accountants. Therefore, the amounts included in the aforementioned consolidated financial statements for these investee companies are based on the audit reports of other accountants. As of December 31, 2023, and December 31, 2022, the amounts of investments in these investee companies accounted for using the equity method were \$57,168 thousand and \$49,033 thousand, representing 1.48% and 1.27% of total assets, respectively. The share of income (loss) of associates accounted for using the equity method for the periods from January 1 to December 31, 2023, and from January 1 to December 31, 2022, were \$4,774 thousand and \$(5,729) thousand, representing 2.45% and (1.82)% of pre-tax net income, respectively. The share of other comprehensive income (loss) of associates accounted for using the equity method were \$3,297 thousand and \$(749) thousand, representing (9.24)% and (1.42)% of the net amount of other comprehensive income (loss), respectively.

### **Responsibilities of Management and Governing Bodies for Financial Statements**

Management is responsible for the preparation of consolidated financial statements that present fairly the financial position of the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Standards Interpretations Committee, as endorsed by the Financial Supervisory Commission and in effect, and to maintain the necessary internal control over the preparation of the consolidated financial statements to ensure that they are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management's responsibility also includes assessing ADDA Corporation and its subsidiaries' ability to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management intends to liquidate ADDA Corporation and its subsidiaries or cease operations, or there is no practical alternative to liquidation or discontinuation of operations.

The governing bodies (including the audit committee) of ADDA Corporation and its subsidiaries have responsibility for overseeing the financial reporting process.

### **The Responsibilities of Auditing Financial Statements**

The purpose of the auditor in auditing consolidated financial statements is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement due to fraud or error and to issue an audit report. Reasonable assurance is a high level of assurance, but the audit work performed in accordance with auditing standards cannot guarantee that all material misstatements will be detected in the consolidated financial statements. Misstatements can arise from fraud or error. If it is reasonably foreseeable that the misstatement of an individual amount or the total amount will affect the economic decisions made by the users of the consolidated financial statements, it is considered to be material.

When auditing, the auditors apply professional judgement and maintains professional skepticism in accordance with auditing standards. The auditors also perform the following tasks:

1. Identify and assess the risk of material misstatement due to fraud or error in consolidated financial statements, design and implement appropriate response measures for the assessed risks, and obtain sufficient and appropriate audit evidence as a basis for the audit opinion.

Because fraud may involve collusion, forgery, intentional omission, misrepresentations, or override of internal controls, the risk of material misstatement due to fraud is higher than that due to error if the cause is not detected.

2. Obtain the necessary understanding of internal controls relevant to the audit to design appropriate audit procedures under the circumstances at the time, but not express an opinion on the effectiveness of ADDA Corporation and its subsidiaries' internal controls.
3. Evaluate the appropriateness of the accounting policies adopted by management, as well as the reasonableness of accounting estimates and related disclosures made.
4. Based on the audit evidence obtained, conclude on the appropriateness of the management's use of the going concern basis of accounting and whether events or conditions may cast significant doubt on ADDA Corporation and its subsidiaries' ability to continue as a going concern. If the auditors believe that such events or conditions give rise to a significant uncertainty, the auditors should draw attention to the related disclosures in the financial statements in the audit report or modify the audit opinion if the disclosures are inappropriate. The auditors' conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause ADDA Corporation and its subsidiaries to no longer have the ability to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of consolidated financial statements (including related notes), as well as whether consolidated financial statements properly represent related transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the components within the group to express an opinion on the consolidated financial statements. Our accountants are responsible for directing, supervising, and performing the group audit and forming the group audit opinion.

The matters communicated between the auditors and the governing unit include the planned audit scope and timeline, as well as significant audit findings (including significant internal control deficiencies identified during the audit process).

The auditors also inform the governing unit that personnel subject to the independence regulations of the accounting firm have followed the statements concerning independence in the professional ethics code of the accountant, and communicates all relationships and other matters (including relevant protective measures) that may be perceived as affecting the auditors' independence.

Based on the matters communicated with the governing unit, the accountant determines the key audit matters for the consolidated financial statements of ADDA Corporation and its subsidiaries for the fiscal year 2023. The auditors state such matters in the audit report, except when the law does not allow disclosure of specific matters, or in extremely rare cases, the accountant decides not to communicate specific matters in the audit report because the negative impact that may result from such communication is expected to outweigh the public interest enhanced.

## **Others**

ADDA Corporation has prepared parent company only financial statements for the years 2023 and 2022, which have been audited by our accountants and issued unqualified audit reports containing an other matters paragraph for reference.

Ernst & Young, Taiwan

Republic of China

March 13, 2024

**Notice to Readers**

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

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



## ADDA Corporation and Subsidiaries

## Consolidated Balance Sheets

Dec. 31, 2023 and 2022

Unit: NT\$ thousands

Assets			Dec. 31, 2023		Dec. 31, 2022		Liabilities and Equity			Dec. 31, 2023		Dec. 31, 2022	
Code	Accounting items	Note	Amount	%	Amount	%	Code	Accounting items	Note	Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	(IV)/(VI).1	\$1,496,918	39	\$1,163,386	30	2100	Short-term loans	(VI).15	\$817,129	21	\$751,664	20
1110	Financial assets measured at FVTPL - current	(IV)/(VI).2	8,261	0	18,248	1	2130	Contract liabilities - current	(VI).20/(VII)	16,083	0	4,065	0
1136	Financial assets measured at amortized cost - current	(IV)/(VI).3	4,804	0	4,861	0	2170	Accounts payable		335,135	9	376,277	10
1150	Net notes receivable	(IV)/(VI).4	60,244	2	110,117	3	2200	Other payables	(VI).16	423,790	11	455,180	12
1160	Net notes receivable—Related parties	(VI).4/(VII)	1,774	0	2,993	0	2220	Other payables—Related parties	(VII)	12	0	12	0
1170	Net accounts receivable	(IV)/(VI).5	506,655	13	631,387	16	2230	Current tax liabilities	(IV)/(VI).26	73,536	2	107,629	3
1180	Net accounts receivable—related parties	(VI).5/(VII)	1,014	0	427	0	2280	Lease liabilities - current	(IV)/(VI).22/(VII)	17,746	0	9,095	0
1200	Other receivables		16,415	0	23,063	1	2300	Other current liabilities	(IV)	24,992	1	24,657	0
1210	Other receivables—Related parties	(VII)	-	-	9,446	0	21xx	Total current liabilities		1,708,423	44	1,728,579	45
1220	Current income tax assets	(IV)	18,941	1	23,817	1							
130x	Inventory	(IV)/(VI).6	268,255	7	382,038	10		Non-current liabilities					
1410	Advance payment	(VI).7	150,184	4	163,339	4	2540	Long-term loans	(VI).17	100,000	3	100,000	3
1422	Prepayment for investment	(VII)	-	-	23,308	1	2570	Deferred tax liabilities	(IV)/(VI).26	3,064	0	5,472	0
1470	Other current assets		14,874	0	17,006	0	2580	Lease liabilities - non-current	(IV)/(VI).22/(VII)	125,648	4	9,913	0
11xx	Total current assets		\$2,548,339	66	\$2,573,436	67	2640	Net defined benefit liability - non-current	(IV)/(VI).18	217	0	2,116	0
							2645	Guarantee deposits		8,190	0	7,093	0
	Non-current assets						2670	Other non-current liabilities—other		56,515	1	59,555	2
1517	Financial assets at fair value through other comprehensive income —non-current	(IV)/(VI).8	3,058	0	3,058	0	25xx	Total non-current liabilities		293,634	8	184,149	5
1550	Investment accounted for using equity method	(IV)/(VI).9	57,168	2	49,033	1	2xxx	Total liabilities		2,002,057	52	1,912,728	50
1600	Property, plant and equipment	(IV)/(VI).10	550,635	14	629,149	16							
1755	Right-of-use assets	(IV)/(VI).22	276,849	7	161,600	4		Equity attributable to the owners of the parent company					
1760	Net investment property	(IV)/(VI).11	54,750	1	61,388	2	3100	Capital stock	(VI).19				
1780	Intangible assets	(IV)/(VI).12	282,969	8	296,726	8	3110	Ordinary share		1,100,000	29	1,100,000	29
1840	Deferred tax assets	(IV)/(VI).26	53,072	1	53,560	1	3200	Capital surplus	(VI).19	58,174	1	52,040	1
1900	Other non-current assets	(IV)/(VI).13	23,575	1	29,874	1	3300	Retained earnings	(VI).19				
15xx	Total non-current assets		1,302,076	34	1,284,388	33	3310	Legal reserve		127,836	3	105,475	3
							3320	Special reserve		90,332	2	139,467	4
							3350	Unappropriated retained earnings		223,668	6	252,252	6
								Total retained earnings		441,836	11	497,194	13
							3400	Other equity	(IV)	(123,775)	(3)	(90,332)	(3)
							3500	Treasury shares	(IV)/(VI).19	-	-	(6,546)	(0)
							31xx	Equity attributable to shareholders of the parent		1,476,235	38	1,552,356	40
							36xx	Non-controlling interest	(IV)/(VI).19	372,123	10	392,740	10
							3xxx	Total equity		1,848,358	48	1,945,096	50
1xxx	Total assets		\$3,850,415	100	\$3,857,824	100		Total liabilities and equity		\$3,850,415	100	\$3,857,824	100

(Please refer to the notes in the Consolidated Financial Statements)

ADDA Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
From Jan. 1 to Dec. 31, 2023 and 2022

Unit: NT\$ thousands

Code	Accounting Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	(IV)/(VI).20	\$2,395,274	100	\$2,788,995	100
5000	Operating cost	(VI).6.23	(1,672,321)	(70)	(2,018,001)	(72)
5900	Gross profit		722,953	30	770,994	28
6000	Operating expense	(IV)/(VI).23				
6100	Sales and marketing expenses		(166,621)	(7)	(153,108)	(6)
6200	General and administrative expenses		(344,154)	(15)	(326,551)	(12)
6300	R&D expenses		(123,482)	(5)	(106,035)	(4)
6450	Expected credit impairment gains (losses)	(VI).21	(3,456)	(0)	17,498	1
	Total operating expenses		(637,713)	(27)	(568,196)	(21)
6900	Operating profit		85,240	3	202,798	7
7000	Non-operating income and expenses	(VI).24				
7100	Interest income		13,815	1	6,290	0
7010	Other income		96,254	4	121,568	4
7020	Other gains and losses		16,479	1	283	0
7050	Finance costs		(21,719)	(1)	(9,892)	(0)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method		4,774	0	(5,729)	(0)
	Total non-operating revenue/expense		109,603	5	112,520	4
7900	Net profit before tax		194,843	8	315,318	11
7950	Income tax expense	(IV)/(VI).26	(62,290)	(3)	(53,583)	(2)
8200	Net income		132,553	5	261,735	9
8300	Other comprehensive income	(VI).25				
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plan		1,530	0	5,122	0
8336	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income in subsidiaries, associates, and joint ventures		3,040	0	(302)	(0)
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(49,385)	(1)	60,390	2
8399	Income tax related to items that may be reclassified subsequently		9,120	0	(12,359)	(0)
	Other comprehensive income in the term (net value after tax)		(35,695)	(1)	52,851	2
8500	Total comprehensive income in the fiscal year		\$96,858	4	\$314,586	11
8600	Net income attributable to					
8610	Parent company owner		\$132,728	5	\$227,808	8
8620	Non-controlling interest	(VI).19	(175)	(0)	33,927	1
			\$132,553	5	\$261,735	9
8700	The total comprehensive income attributable to					
8710	Parent company owner		\$100,815	4	\$282,065	10
8720	Non-controlling interest		(3,957)	(0)	32,521	1
			\$96,858	4	\$314,586	11
	Earnings per share					
9750	Basic	(IV)/(VI).27	\$1.21		\$2.08	
9850	Diluted	(IV)/(VI).27	\$1.21		\$2.08	

(Please refer to the notes in the Consolidated Financial Statements)

ADDA Corporation and Subsidiaries  
Consolidated Statements of Changes in Equity  
From Jan. 1 to Dec. 31, 2023 and 2022

Unit: NTS thousands

		Equity Attributable to Shareholders of the Parent									Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings			Other equity items		Treasury shares	Total		
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income				
Item												
Code		3100	3200	3310	3320	3350	3410	3420	3500	31XX	36XX	3XXX
A1	Balance as of Jan. 1, 2022	\$1,100,000	\$40,503	\$84,705	\$122,189	\$241,480	(\$138,339)	(\$1,128)	(\$14,930)	\$1,434,480	\$93,780	\$1,528,260
B1	Appropriation for legal reserve	—	—	20,770	—	(20,770)	—	—	—	—	—	—
B3	Appropriation for special reserve	—	—	—	17,278	(17,278)	—	—	—	—	—	—
B5	Cash dividends distribution	—	—	—	—	(174,786)	—	—	—	(174,786)	—	(174,786)
C7	Changes in associates and joint ventures accounted for using equity method	—	7,139	—	—	—	—	—	—	7,139	—	7,139
D1	Net income for 2022	—	—	—	—	227,808	—	—	—	227,808	33,927	261,735
D3	Other comprehensive income, 2022	—	—	—	—	5,122	49,437	(302)	—	54,257	(1,406)	52,851
D5	The total comprehensive income in 2022	—	—	—	—	232,930	49,437	(302)	—	282,065	32,521	314,586
M5	Difference between the actual acquisition or disposal price of subsidiary shares and their book value	—	—	—	—	(9,324)	—	—	—	(9,324)	—	(9,324)
N1	Share-based compensation	—	4,398	—	—	—	—	—	8,384	12,782	—	12,782
O1	Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	266,439	266,439
Z1	Balance as of Dec. 31, 2022	\$1,100,000	\$52,040	\$105,475	\$139,467	\$252,252	(\$88,902)	(\$1,430)	(\$6,546)	\$1,552,356	\$392,740	\$1,945,096
A1	Balance as of Jan. 1, 2023	\$1,100,000	\$52,040	\$105,475	\$139,467	\$252,252	(\$88,902)	(\$1,430)	(\$6,546)	\$1,552,356	\$392,740	\$1,945,096
B1	Appropriation for legal reserve	—	—	22,361	—	(22,361)	—	—	—	—	—	—
B17	Reversal for special reserve	—	—	—	(49,135)	49,135	—	—	—	—	—	—
B5	Cash dividends distribution	—	—	—	—	(183,040)	—	—	—	(183,040)	—	(183,040)
D1	Net income for 2023	—	—	—	—	132,728	—	—	—	132,728	(175)	132,553
D3	Other comprehensive income, 2023	—	—	—	—	1,530	(36,483)	3,040	—	(31,913)	(3,782)	(35,695)
D5	The total comprehensive income in 2023	—	—	—	—	134,258	(36,483)	3,040	—	100,815	(3,957)	96,858
M5	Difference between the actual acquisition or disposal price of subsidiary shares and their book value	—	—	—	—	(6,576)	—	—	—	(6,576)	—	(6,576)
N1	Share-based compensation	—	6,134	—	—	—	—	—	6,546	12,680	—	12,680
O1	Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	(16,660)	(16,660)
Z1	Balance as of Dec. 31, 2023	\$1,100,000	\$58,174	\$127,836	\$90,332	\$223,668	(\$125,385)	\$1,610	\$—	\$1,476,235	\$372,123	\$1,848,358

(Please refer to the notes in the Consolidated Financial Statements)

ADDA Corporation and Subsidiaries  
Consolidated Statements of Cash Flows  
From Jan. 1 to Dec. 31, 2023 and 2022

Unit: NT\$ thousands

Code	Item	2023	2022	Code	Item	2023	2022
		Amount	Amount			Amount	Amount
AAAA	Cash flow from operating activities:			BBBB	Cash flow from investing activities:		
A10000	Net profit before tax	\$194,843	\$315,318	B00100	Acquisition of financial assets measured at FVTPL	(22,944)	(20,002)
A20000	Adjustment items:			B00200	Disposal of financial assets measured at FVTPL	35,098	17,297
A20010	Adjustments to reconcile profit (loss):			B02000	Increase in prepayment for investment	-	(23,308)
A20100	Depreciation expense	121,357	107,501	B02200	Acquisition of subsidiaries (less cash obtained)	-	(112,496)
A20200	Amortization expense	25,088	14,458	B02700	Acquisition of property, plant and equipment	(23,895)	(38,308)
A20300	Expected credit loss (gain)	3,456	(17,498)	B02800	Disposal of property, plant and equipment	368	30
A20400	Net (profit) loss on financial assets and liabilities at fair value through profit or loss	(1,532)	933	B04500	Acquisition of intangible assets	(5,924)	(6,475)
A20900	Interest expense	21,719	9,892	B06800	Decrease in other non-current assets	843	12,376
A21200	Interest income	(13,815)	(6,290)	BBBB	Net cash (outflow) from investing activities	(16,454)	(170,886)
A21900	Share-based compensation costs	6,155	4,423				
A22300	Share of the profit or loss of associates and joint ventures accounted for using equity method	(4,774)	5,729				
A22500	Loss of disposal and scrapping of property, plant and equipment	251	230	CCCC	Cash flow from financing activities:		
A23100	Gain on disposal of investments	(635)	(227)	C00100	Increase in short-term loans	65,465	263,264
A29900	Other items	321	484	C01600	Long-term borrowings	100,000	150,000
				C01700	Repayment of long-term borrowings	(100,000)	(180,000)
A30000	Changes in assets/liabilities related to operating activities:			C03000	Increase in guarantee deposits	1,097	3,180
A31130	Decrease in notes receivable	49,873	52,484	C04020	Repayment of lease principal	(18,092)	(9,816)
A31140	Decrease in notes receivable — Related parties	1,219	2,457	C04400	Decrease in other non-current liabilities	(3,040)	(18,609)
A31150	Decrease in accounts receivable	121,335	97,355	C04500	Issuance of cash dividends	(183,040)	(174,786)
A31160	Decrease (increase) in accounts receivable — related parties	\$(587)	137,634	C05100	Employee purchase of treasury stock	6,525	8,359
A31180	Decrease in other receivables	9,551	496	C05400	Acquisition of subsidiary shares	-	(9,324)
A31190	Decrease (increase) in other receivables — Related parties	9,446	(133)	C05600	Interest paid	(19,280)	(9,218)
A31200	Decrease in inventory	116,531	121,658	C05800	Changes in non-controlling interests	-	(89,940)
A31230	Advance payment decrease (increase)	13,155	(17,619)	CCCC	Net cash (outflow) from financing activities	(150,365)	(66,890)
A31240	Decrease (increase) in other current assets	2,132	(763)				
A31990	Other operating assets decrease (increase)	57	(4,861)				
A32125	Increase (decrease) in contract liabilities	12,018	(16,566)				
A32150	(Decrease) in accounts payable	(41,142)	(195,759)	DDDD	Effect of the changes in exchange rate on cash and cash equivalents	(39,874)	8,932
A32160	Accounts payable — Related parties (decrease)	-	(5,339)	EEEE	Net increase in cash and cash equivalents	333,532	229,947
A32180	(Decrease) increase in other payables	(32,368)	36,312	E00100	Beginning balance of cash and cash equivalents	1,163,386	933,439
A32190	Other payables — Related parties (decrease)	-	(145,467)	E00200	Ending balance of cash and cash equivalents	\$1,496,918	\$1,163,386
A32230	Other current liabilities increase (decrease)	335	(2,580)				
A32240	Net defined benefit liability (decrease)	(369)	(351)				
A33000	Cash from operating activities-inflow	613,620	493,911				
A33100	Interest received	10,912	3,602				
A33500	Income taxes (paid)	(84,307)	(38,722)				
AAAA	Net cash inflow from operating activities	540,225	458,791				

(Please refer to the notes in the Consolidated Financial Statements)

ADDA Corporation & Subsidiaries

Notes To Consolidated Financial Statements

For the Years Ended 31 December 2023 and 2022

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

I. Company history

1. ADDA Corporation (hereinafter referred to as the Company) was established in July 1978, with its registered office and main operation base located at No. 6, Sec. E., Gongye 6th Rd., Pingtung City, Pingtung County. The Company mainly engages in the manufacturing and sales of computer fans, power switches, and electrical equipment.
2. The Company's shares have been listed for trading on the Taipei Exchange (formerly known as GreTai Securities Market) since December 30, 2004.

II. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the Group) for the years 2023 and 2022 were approved and issued by the Board of Directors on March 13, 2024.

III. Applicability of new issuing & revised standards and interpretation

1. Changes in accounting policies arising from initial adoption of international financial reporting standards  
The Group has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), or IFRIC interpretations and announcements recognized by the Financial Supervisory Commission (FSC) and applicable to annual accounting periods beginning on or after January 1, 2023. The initial application of new standards and revisions did not have a significant impact on the Group.
2. As of the date of approval and release of the financial report, the Group has not yet adopted the following newly issued, revised, or amended standards or interpretations recognized by the FSC and published by the International Accounting Standards Board:

Item	Newly Issued/Amended/Revised Standards and Interpretations	Effective Dates of the Standards and Interpretations issued by the International Accounting Standards Board
1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
2	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
3	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024
4	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

- (1) Classification of Liabilities as Current or Noncurrent (Amendments to IAS 1)

This is an amendment to the classification of liabilities as current or non-current in paragraphs 69-76 of IAS 1, "Presentation of Financial Statements".

(2) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

This is an amendment to IFRS 16 “Leases” to enhance consistency in the accounting treatment of sale and leaseback transactions where the seller-lessee retains control over the asset.

(3) Non-current Liabilities with Covenants (Amendments to IAS 1)

This amendment is intended to enhance the information provided about an entity’s long-term debt. It clarifies that covenants that are due to be breached within twelve months after the reporting period should not affect the classification of the liability as current or non-current at the end of the reporting period.

(4) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments, in addition to providing an expanded explanation of supplier financing arrangements, also introduce additional disclosures related to these arrangements.

The above are newly issued, revised and amended standards or interpretations that have been issued by the IASB and endorsed by the FSC and are applicable for fiscal years beginning after January 1, 2024. The Group assesses that the aforementioned newly issued or amended standards, or interpretations have no material impact on the Group.

3. As of the date of approval and release of the financial report, the Group has not yet adopted the following newly issued, revised, or amended standards or interpretations recognized by the FSC and published by the International Accounting Standards Board:

Item	Newly Issued/Amended/Revised Standards and Interpretations	Effective Dates of the Standards and Interpretations issued by the International Accounting Standards Board
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the International Accounting Standards Board
2	IFRS 17 “Insurance Contracts”	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

- (1) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This plan addresses the inconsistency between IFRS 10, “Consolidated Financial Statements” and IAS 28, “Investments in Associates and Joint Ventures,” regarding the loss of control over an investment in an associate or joint venture for the consideration of a subsidiary. IAS 28 requires that when a non-monetary asset is invested in exchange for an interest in an associate or joint venture, the share of the resulting gain or loss should be eliminated in accordance with the treatment of a downstream transaction; IFRS 10 requires that the full amount of the gain or loss should be recognized when control of the subsidiary is lost. This amendment restricts the aforementioned provisions of IAS 28 to the extent that the gain or loss arising from the sale or investment of assets that constitute a business as defined in IFRS 3 is recognized in full.

The amendment also amends IFRS 10 so that gains or losses arising from the sale or investment in a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associates or joint ventures are recognized only to the extent that they are not attributable to the investor's share.

(2) IFRS 17 “Insurance Contracts”

This standard provides a comprehensive model for insurance contracts, including all accounting-related aspects (recognition, measurement, presentation, and disclosure principles). The core of the standard is a general model, under which the initial recognition of a group of insurance contracts is measured as the sum of the present value of expected cash flows and the contract service margin. The carrying amount at the end of each reporting period is the total of the liability for remaining coverage and the liability for incurred claims.

In addition to the general model, specific application methods (the variable fee approach) for contracts with direct participation features and a simplified method (the premium allocation approach) for short-term contracts are provided.

This standard was issued in May 2017 and was amended in 2020 and 2021. These amendments not only delayed the effective date by two years (from January 1, 2021 to January 1, 2023) and provided additional exemptions in the transitional provisions but also reduced the cost of adopting the standard by simplifying some provisions and made some provisions easier to interpret in certain situations. This standard will replace the transitional standard (IFRS 4 “Insurance Contracts”).

(3) Lack of Exchangeability (Amendments to IAS 21)

The amendments clarify the convertibility and non-convertibility of currencies and how exchange rates are determined when a currency lacks convertibility. Additionally, the amendments mandate extra disclosure requirements for situations where a currency lacks convertibility. These amendments are applicable for fiscal years beginning on or after January 1, 2025.

The above standards or interpretations have been issued by the International Accounting Standards Board but have not yet been approved by the Financial Supervisory Commission. The actual effective date will be determined by the Financial Supervisory Commission. The Group has evaluated the new or revised standards, or interpretations, and determined that they will not have a significant impact on the Group.

#### IV. Summary of Significant Accounting Policies

1. Compliance statements

The consolidated financial statements of the Group for the years ended 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards, International Accounting Standards, and IFRIC interpretations and announcements issued and approved by the Financial Supervisory Commission.

2. Basis of preparation

The consolidated financial statements are prepared on a historical cost basis, except for financial instruments measured at fair value. Unless otherwise indicated, the consolidated financial statements are presented in thousands of New Taiwan Dollars.

### 3. Consolidation overview

#### Consolidated financial statement preparation principles

Control is achieved when the Company is exposed to variable returns from its investments in investees, and has the power to influence those returns through its power over the investees. Specifically, the Company controls an investee only if all three of the following control elements are present:

(1) Power over the investee (i.e., existing rights that give the ability to direct the relevant activities)

(2) Exposure or rights to variable returns from the investment in the investee, and

(3) The ability to use power over the investee to influence the amount of investee returns

When the Company holds, directly or indirectly, less than a majority of voting or similar rights in the investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

(1) Contractual arrangements with other holders of voting rights in the investee

(2) Rights arising from other contractual agreements

(3) Voting rights and potential voting rights

The Company reassesses whether it still controls the investee when there is an indication that one or more of the three control elements have changed.

Subsidiaries are fully consolidated from the acquisition date (i.e., the date on which the Company obtains control) and continue to be consolidated until the date when such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions, and dividends are eliminated in full.

Changes in the Company's ownership interests in subsidiaries, without the loss of control, are accounted for as equity transactions.

The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, the following procedures are applied:

(1) Derecognize the assets (including goodwill) and liabilities of the subsidiary;

(2) Derecognize the carrying amount of any non-controlling interests;

(3) Recognize the fair value of the consideration received;

(4) Recognize the fair value of any retained investment;

(5) Recognize any resulting gain or loss in the current period's profit or loss;

(6) Reclassify the parent's previously recognized amounts in other comprehensive income to current period's profit or loss;

The main entities included in the consolidated financial statements are as follows:

Name of the Investment Company	Name of Subsidiary	Main Business	Percentage of ownership interest	
			Dec. 31, 2023	Dec. 31, 2022
The Company	PANAMA ADDA CORP.	General investment	100.00%	100.00%



Name of the Investment Company	Name of Subsidiary	Main Business	Percentage of ownership interest	
			Dec. 31, 2023	Dec. 31, 2022
The Company	GOLD STRONG ENTERPRISES LIMITED	General investment	100.00%	100.00%
The Company	MOBIEN CORPORATION	Manufacturing and wholesale of electronic components	100.00%	100.00%
The Company	Melco Technorex Co.,Ltd	Sales and brokerage services of household appliances, air conditioners, ventilation equipment, electronic audio equipment, electronic lighting equipment, communication equipment, computer equipment, hot water equipment, and gas appliances; manufacturing and sales of sensors, small precision motors, and other electronic application equipment	100.00%	100.00%
The Company	AX Fan Technology (VIETNAM) Co., Ltd.	Manufacturing and sales of cooling fans	85.00%	85.00%
The Company	X-FAN (Cayman) Holding Co.,Ltd.	General investment	25.081% (Note 1)	25.081% (Note 1)
GOLD STRONG ENTERPRISES LIMITED	GAO JING ELECTRICAL (SHEN ZHEN) CO., LTD	Manufacturing and sales of computer fans	100.00%	100.00%
GOLD STRONG ENTERPRISES LIMITED	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	Sales of computer fans	100.00%	100.00%
GOLD STRONG ENTERPRISES LIMITED	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	Manufacturing and sales of computer fans	100.00%	100.00%
GOLD STRONG ENTERPRISES LIMITED	MELCO TECHNOREX (DALIAN) CO., LTD	Manufacturing and sales of cooling fans	100.00%	100.00%

Name of the Investment Company	Name of Subsidiary	Main Business	Percentage of ownership interest	
			Dec. 31, 2023	Dec. 31, 2022
GOLD STRONG ENTERPRISES LIMITED	AX Fan Technology Co., Ltd.	General investment	67.00%	67.00%
PANAMA ADDA CORP.	ADDA USA, INC.	Sales of computer fans	100.00%	100.00%
PANAMA ADDA CORP.	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	Manufacturing and sales of computer fans	100.00%	100.00%
PANAMA ADDA CORP.	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	Manufacturing, processing, and sales of computer fans	100.00%	100.00%
PANAMA ADDA CORP.	GAO XING WANG ELECTRICAL (SHEN ZHEN) CO. LTD	Manufacturing, processing, and sales of plastic hardware accessories, electronic plastic accessories, and cooling fans	100.00%	100.00%
PANAMA ADDA CORP.	ADDA Europe GmbH	Sales of cooling fans	100.00%	100.00%
Melco Technorex Co.,Ltd	AX Fan Technology (VIETNAM) Co., Ltd.	Manufacturing and sales of cooling fans	15.00%	15.00%
ADDA USA, INC.	SUPERFAN MEXICO SA. DE. CV.	Processing and manufacturing of computer fans	100.00%	100.00%
ADDA USA, INC.	AX Fan Technology Co., Ltd.	General investment	33.00% (Note 2)	-
AX Fan Technology Co., Ltd.	AX FAN ELECTRONICS(ZH AOQING) CO.,LTD.	Production, processing, and sales: metal die-casting products, metal stamping products, plastic products, molds, and assembly of electronic components	100.00%	100.00%
X-FAN (Cayman) Holding Co.,Ltd.	XINRUILIAN SCIENCE & TECHNOLOGY CO., LTD	Sales of cooling fans	100.00% (Note 1)	100.00% (Note 1)

Name of the Investment Company	Name of Subsidiary	Main Business	Percentage of ownership interest	
			Dec. 31, 2023	Dec. 31, 2022
X-FAN (Cayman) Holding Co.,Ltd.	XINRUILIAN ELECTRONICS (ZHAOQING)CO.,LTD	Manufacturing and sales of cooling fans	100.00% (Note 1)	100.00% (Note 1)
X-FAN (Cayman) Holding Co.,Ltd.	ZHAO QING HENGYANG ELECTRONICS.CO.,LTD	Sales of cooling fans	100.00% (Note 1)	100.00% (Note 1)

(Note 1) The Group adjusted its operating strategy and resolved at the Board of Directors meeting on May 5, 2022, the shareholders' meeting on June 15, 2022, and the Board of Directors meeting on June 23, 2022, to acquire 4,945,993 shares, 1,790,790 shares, and 1,790,790 shares of X-FAN (Cayman) Holding Co., Ltd. from XINRUILIAN ELECTRONICS (HONG KONG)CO., LTD. , WENDELIN INT'L CO., LTD., and RIGI INT'L CO., LTD., respectively, totaling 8,527,573 shares, representing 25.081% of the shares of X-FAN (Cayman) Holding Co., Ltd. On August 12, 2022, X-FAN (Cayman) Holding Co., Ltd. changed its board of directors, with three seats on the board, and the Company's legal representative obtained two director seats, and the Company's chairman was appointed as the chairman of X-FAN (Cayman) Holding Co., Ltd. Although the Company holds less than 50% of the voting rights in X-FAN (Cayman) Holding Co., Ltd., according to the agreement terms of the share purchase agreement, as of July 1, 2022, the Company has the ability to dominate the activities of the main management personnel and has a contractual agreement with other voting rights holders. The Company has the preferential right to purchase the remaining 74.919% of the shares, giving the Company control and significant influence over X-FAN (Cayman) Holding Co., Ltd.

(Note 2) In response to operational needs, the Company resolved at a board of directors meeting to purchase a 33% stake in AX Fan Technology Co., Ltd. from WENDELIN INT'L CO., LTD. through ADDA USA, INC., which is the subsidiary of the Company, on November 9, 2022, with the reference date of the transaction being January 1, 2023.

#### 4. Foreign currency transactions

The consolidated financial statements of the Group are presented in New Taiwan Dollars, which is the functional currency of the Group. Each entity within the Group determines its functional currency and measures its financial statements in that functional currency.

Foreign currency transactions of the Group are recorded in the functional currency at the exchange rate on the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the closing rate on that day, while non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate on the day of measurement. Non-monetary items

denominated in foreign currencies that are measured at historical cost are translated at the exchange rate on the date of the original transaction.

Except as described below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the period in which they arise:

- (1) For foreign currency borrowings incurred to acquire qualifying assets, if the resulting exchange differences are considered as an adjustment to interest cost, they are capitalized as part of the borrowing cost and included in the cost of the asset.
- (2) For foreign currency items under IFRS 9 “Financial Instruments”, they are accounted for according to the accounting policies for financial instruments.
- (3) Exchange differences arising from monetary items that form part of the net investment in a foreign operation of the reporting entity are originally recognized in other comprehensive income and reclassified from equity to profit or loss upon disposal of the net investment.

When the benefit or loss of a non-monetary item is recognized in other comprehensive income, any exchange component of that benefit or loss is recognized in other comprehensive income. When the benefit or loss of a non-monetary item is recognized in profit or loss, any exchange component of that benefit or loss is recognized in profit or loss.

#### 5. Conversion of foreign currency financial statements

When preparing consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing exchange rate on the balance sheet date, and revenue and expense items are translated at the average exchange rate for the period. Exchange differences arising from the conversion are recognized as other comprehensive income and are reclassified to profit or loss when disposing of the foreign operation. For partial disposals involving the loss of control of a subsidiary that includes a foreign operation and the retained interest after partial disposal of interests in associates or joint arrangements that include a foreign operation, the cumulative translation difference is treated as a disposal.

For partial disposals of subsidiaries that include foreign operations without losing control, the cumulative translation differences recognized in other comprehensive income are proportionately reattributed to the non-controlling interests of the foreign operation without being recognized as profit or loss. For partial disposals of associates or joint arrangements that include foreign operations without losing significant influence or joint control, the cumulative translation differences are proportionately reclassified to profit or loss.

The goodwill arising from the Group's acquisition of foreign operations and the fair value adjustments to the carrying amounts of their assets and liabilities are treated as assets and liabilities of the foreign operations and are reported in their functional currency.

#### 6. Criteria for classifying assets and liabilities into current and non-current

An asset is classified as current if it meets any of the following criteria. If it does not, it is classified as non-current:

- (1) The asset is expected to be realized during the normal operating cycle or will be sold or consumed.
- (2) The asset is held primarily for trading purposes.

- (3) The asset is expected to be realized within twelve months after the reporting period.
- (4) The asset is cash or a cash equivalent, but is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current if it meets any of the following criteria. If it does not, it is classified as non-current:

- (1) The liability is expected to be settled during the normal operating cycle.
- (2) The liability is held primarily for trading purposes.
- (3) The liability is expected to be settled within twelve months after the reporting period.
- (4) The liability cannot be deferred unconditionally beyond the reporting period by at least twelve months. The terms of the liability may allow the issuer to settle it by issuing equity instruments at the option of the counterparty, which does not affect its classification.

#### 7. Cash and cash equivalents

Cash and cash equivalents refer to cash on hand, demand deposits, and short-term investments with high liquidity and minimal risk of value fluctuation that can be readily converted to a known amount of cash, including term deposits or investments with maturities of three months or less.

#### 8. Financial instruments

Financial assets and financial liabilities are recognized as financial instruments when they become parties to the contractual terms of such instruments.

For financial assets and financial liabilities falling within the scope of IFRS 9, “Financial Instruments,” they are initially measured at fair value directly attributable to financial assets and financial liabilities (excluding financial assets and financial liabilities classified at fair value through profit or loss) acquired or issued in a transaction, plus or minus any directly attributable transaction costs of those financial assets and financial liabilities, respectively.

##### (1) Recognition and measurement of financial assets

The recognition and derecognition of all regular traded financial assets of the Group are processed on the trade date for accounting purposes.

The Group classifies financial assets into subsequent measurement at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, based on the following two criteria:

A. Business model for managing financial assets

B. Characteristics of contractual cash flows of financial assets

##### Financial assets measured at amortized cost

Financial assets meeting both of the following conditions are measured at amortized cost and reported on the balance sheet under items such as accounts receivable, notes receivable, financial assets measured at amortized cost, and other receivables:

A. Business model for managing financial assets: holding financial assets to collect contractual cash flows

B. Characteristics of contractual cash flows of financial assets: cash flows consisting solely of principal and interest on the principal amount outstanding

These financial assets (excluding those involving hedging relationships) are subsequently measured at amortized cost, which is the original amount measured at initial recognition, minus any principal repaid, plus or minus the cumulative amortization amount representing the difference between the original amount and the

maturity amount (using the effective interest rate method), and adjusted for impairment losses. When derecognized, amortized through the amortization process, or impairment gains or losses are recognized, the gains or losses are recognized in profit or loss.

Interest calculated using the effective interest rate method (by multiplying the total book value of financial assets by the effective interest rate) or in the following situations is recognized in profit or loss:

- A.If it is a credit-impaired financial asset purchased or originated, the interest is calculated by multiplying the effective interest rate adjusted for credit by the financial asset's amortized cost.
- B.If it is not the above situation but becomes credit-impaired subsequently, the interest is calculated by multiplying the effective interest rate by the financial asset's amortized cost.

#### Financial assets measured at FVTOCI

Financial assets that meet both of the following conditions shall be measured at fair value through other comprehensive income and reported on the balance sheet:

- A.Business model for managing financial assets: collecting contractual cash flows and selling the financial asset.
- B.Characteristics of contractual cash flows of financial assets: the cash flows are solely payments of principal and interest on the principal amount outstanding.

The recognition of gains or losses related to these financial assets is explained as follows:

- A. Except for impairment gains or losses and foreign exchange gains or losses recognized in profit or loss before derecognition or reclassification, gains or losses are recognized in other comprehensive income.
- B.Accumulated gains or losses previously recognized in other comprehensive income are reclassified to profit or loss as reclassification adjustments when the financial asset is derecognized.
- C.Interest is recognized in profit or loss based on the effective interest rate method (multiplying the effective interest rate by the total carrying amount of the financial asset) or in the following circumstances:
  - (a)If it is a credit-impaired financial asset purchased or originated, the interest is calculated by multiplying the effective interest rate adjusted for credit by the financial asset's amortized cost.
  - (b)If it is not the above situation but becomes credit-impaired subsequently, the interest is calculated by multiplying the effective interest rate by the financial asset's amortized cost.

In addition, for equity instruments within the scope of IFRS 9 and that are neither held for trading nor designated at fair value through profit or loss for accounting purposes by an acquirer in a business combination within the scope of IFRS 3, and for which there is no unfulfilled right of payment, the entity may choose (irrevocably) to recognize subsequent changes in fair value in other comprehensive income at initial recognition. The amount recognized in other comprehensive income may not subsequently be transferred to profit or loss (when the equity instrument is disposed of, the cumulative amount recognized in other comprehensive income will be included in other equity and transferred directly to retained earnings), and the financial asset measured at fair value through other comprehensive income is reported on the balance sheet. Dividends from

the investment are recognized in profit or loss, unless the dividends clearly represent a recovery of part of the investment cost.

#### Financial assets measured at FVTPL

Except for financial assets that meet specific criteria and are measured at amortized cost or measured at fair value through other comprehensive income, all financial assets are measured at fair value through profit or loss, and financial assets measured at fair value through profit or loss are reported on the balance sheet.

For these financial assets, fair value is used to measure them, and any gains or losses arising from remeasurement are recognized in profit or loss. The gains or losses recognized in profit or loss include any dividends or interest received from these financial assets.

#### (2) Impairment of financial assets

The Group recognizes and measures impairment losses for debt instrument investments measured at amortized cost and financial assets measured at fair value through other comprehensive income based on expected credit losses. For debt instrument investments measured at fair value through other comprehensive income, the allowance for expected credit losses is recognized in other comprehensive income and does not reduce the carrying amount of the investment.

The Group measures expected credit losses by reflecting the following:

- A. An unbiased amount determined by evaluating the range of possible outcomes weighted by their respective probabilities.
- B. The time value of money.
- C. Reasonable and supportable information related to past events, current conditions, and forecasts of future economic conditions that can be obtained without undue cost or effort as of the balance sheet date.

The methods for measuring the provision for credit losses are explained as follows:

- A. Measured by the expected credit loss amount for 12 months: This includes financial assets where credit risk has not significantly increased since initial recognition or those with low credit risk at the reporting date. In addition, it includes provisions for credit losses measured by the expected credit loss amount for the remaining period during the previous reporting period, but no longer meets the conditions of significant increase in credit risk since initial recognition at the current reporting date.
- B. Measured by the expected credit loss amount for the remaining period: This includes financial assets where credit risk has significantly increased since initial recognition or those that are purchased or originated credit-impaired financial assets.
- C. For trade receivables or contract assets within the scope of IFRS 15, the Group uses the expected credit loss amount for the remaining period to measure the provision for credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group uses the expected credit loss amount for the remaining period to measure the provision for credit losses.

At each reporting date, the Group evaluates whether the credit risk of financial instruments has significantly increased since initial recognition by comparing the changes in default risk between the reporting date and the initial recognition date. For additional information related to credit risk, please refer to Note XII.

#### (3) Derecognition of financial assets

The Group shall derecognize a financial asset when one of the following criteria is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The financial asset is transferred, and substantially all the risks and rewards of ownership of the asset are transferred to another party.

C. The Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

When a financial asset is derecognized in its entirety, the difference between the carrying amount of the financial asset and the consideration received or receivable, together with any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

#### (4) Financial liabilities and equity instruments

##### Classification of liabilities and equity instruments

The financial liabilities and equity instruments issued by the Group are classified as financial liabilities or equity instruments based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

##### Equity instruments

Equity instruments refer to any contract that recognizes the residual interest of the Group in assets after deducting all liabilities. The equity instruments issued by the Group are recognized at the amount received, net of direct issue costs.

##### Compound Instruments

The Group identifies financial liability and equity components of the issued convertible bonds based on their contractual terms. Furthermore, for issued convertible bonds, the economic characteristics and risks of embedded call and put options are assessed for their close association with the underlying debt instrument before separating the equity components.

For the liability portion not involving derivative instruments, its fair value is assessed using market interest rates of similar bonds without conversion features and is classified as financial liabilities measured at amortized cost until conversion or redemption. As for other embedded derivative instrument portions not closely related to the economic characteristics and risks of the main contract (e.g., embedded repurchase and redemption rights confirmed with execution prices that cannot be equal to the amortized cost of the debt instrument on each execution date), apart from the equity components, they are classified as liability components and subsequently measured at fair value through profit or loss. The amount of equity components is determined by the fair value of convertible bonds less the liability component, and its carrying amount is not remeasured in subsequent accounting periods. If the issued convertible bond does not have equity components, it is treated according to IFRS 9 for hybrid instruments.

Transaction costs are allocated to liability and equity components based on the proportion of the initial recognition of convertible bonds.

When the holder of convertible bonds exercises the conversion right before the bond's maturity, the carrying amount of the liability component is adjusted to the carrying amount that should have been at the time of conversion, which serves as the basis for the issuance of ordinary shares.

##### Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at



amortized cost when initially recognized.

#### Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss.

A financial liability is classified as held for trading if it meets one of the following conditions:

- A. Its primary purpose is to be sold in the short term;
- B. It is part of an identified portfolio of financial instruments that are managed together, and there is evidence of a recent pattern of short-term profit-taking; or
- C. It is a derivative instrument (excluding financial guarantee contracts or derivatives designated and effective as hedging instruments).

For contracts containing one or more embedded derivative instruments, the entire mixed (combined) contract can be designated as a financial liability measured at fair value through profit or loss. At initial recognition, it can be designated as measured at fair value through profit or loss when one of the following factors provides more relevant information:

- A. The designation eliminates or significantly reduces measurement or recognition inconsistency; or
- B. A group of financial liabilities or a group of financial assets and financial liabilities are managed and evaluated on a fair value basis according to written risk management or investment strategies, and the information on the investment portfolio provided internally to management is also based on fair value.

Gains or losses arising from the remeasurement of such financial liabilities are recognized in profit or loss, including any interest paid on the financial liabilities.

#### Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include accounts payable and borrowings, which are subsequently measured using the effective interest method. When a financial liability is derecognized and when amortization is performed using the effective interest method, the related gains or losses and amortization amounts are recognized in profit or loss.

The calculation of amortized cost takes into account any discount or premium at acquisition and transaction costs.

#### Derecognition of financial liabilities

When the obligation of a financial liability is discharged, cancelled or expired, the financial liability shall be derecognized.

When the Group exchanges debt instruments with significant differences with creditors or significantly modifies all or part of the terms of existing financial liabilities (regardless of whether it is due to financial difficulties), the original liability is derecognized and the new liability is recognized. When derecognizing financial liabilities, the difference between the carrying amount of the financial liabilities and the total consideration paid or payable (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

#### (5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset and presented in the balance sheet on a net basis only when there is a legally enforceable right to offset the recognized

amounts and there is an intention to settle the assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

#### 9. Derivative instruments

The Group holds or issues derivative instruments to hedge against foreign exchange and interest rate risks. Those designated as effective hedges are reported as hedging financial assets or liabilities on the balance sheet, while the remaining ones not designated as effective hedges are reported as financial assets or financial liabilities measured at fair value through profit or loss on the balance sheet.

Derivative instruments are initially measured at fair value on the contract execution date and subsequently measured at fair value. When the fair value of a derivative instrument is positive, it is a financial asset; when the fair value is negative, it is a financial liability. Changes in the fair value of derivative instruments are recognized directly in profit or loss, except for those involving hedges and considered effective, which are recognized in profit or loss or equity depending on the type of hedge.

For a main contract that is not a financial asset or financial liability, when an embedded derivative instrument is not closely related to the economic characteristics and risks of the main contract, and the main contract is not measured at fair value through profit or loss, the embedded derivative instrument should be treated as a separate derivative instrument.

#### 10. Fair value measurement

Fair value refers to the price that could be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in one of the following markets:

- (1) the principal market for the asset or liability, or
- (2) if there is no principal market, the most advantageous market for the asset or liability

The principal or most advantageous market must be one that the Group has access to in order to enter into transactions.

Fair value measurement of assets or liabilities uses the assumptions that market participants would use when pricing the asset or liability, based on the economic benefits they expect to receive.

The fair value measurement of non-financial assets considers the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling the asset to another market participant who would use it in its highest and best use.

The Group uses appropriate and sufficient valuation techniques in the circumstances and with observable inputs maximized and unobservable inputs minimized.

#### 11. Inventory

Inventory is valued using the lower of cost and net realizable value on an item-by-item basis.

Cost refers to the costs incurred to bring the inventory to its present location and condition, ready for sale or use in production.

Raw Materials	Measured at actual purchase cost, using the weighted average method.
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Finished Goods and Work in Progress	Includes direct materials, labor, variable manufacturing costs, and fixed manufacturing costs allocated based on normal production capacity, but does not include borrowing costs.
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Net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion, disposal, and transportation.

The provision of services is accounted for in accordance with IFRS 15 and is not within the scope of inventory.

## 12. Investment accounted for using equity method

The Group's investments in associates or joint ventures, other than those classified as assets held for sale, are accounted for using equity method. Associates are entities over which the Group has significant influence, while joint ventures are entities in which the Group has rights to the net assets under a joint arrangement (with joint control).

Under the equity method, investments in associates or joint ventures on the balance sheet are recorded at cost plus the Group's share of changes in the net assets of the associates or joint ventures, recognized according to the ownership percentage. The carrying amount of investments in associates or joint ventures and other related long-term interests is reduced to zero after applying the equity method, and additional losses and liabilities are recognized within the scope of legal obligations, constructive obligations, or payments made on behalf of associates. Unrealized gains or losses arising from transactions between the Group and its associates or joint ventures are eliminated according to the Group's ownership interest in the associates or joint ventures.

When changes in equity of associates or joint ventures occur that are not due to profit or loss and other comprehensive income items and do not affect the Group's ownership interest, the Group recognizes the related changes in ownership equity according to its ownership percentage. The recognized capital reserve is subsequently reclassified to profit or loss upon disposal of the associate or joint venture, based on the disposal percentage.

When associates or joint ventures issue new shares and the Group does not subscribe according to its ownership percentage, resulting in changes in the investment ratio and changes in the Group's share of the net assets of the associate or joint venture, the "capital reserve" and "investment accounted for using equity method" are adjusted for the increase or decrease. When the investment ratio decreases, the previously recognized items in other comprehensive income are reclassified to profit or loss or other appropriate accounts according to the decrease percentage. The aforementioned recognized capital reserve is subsequently reclassified to profit or loss upon disposal of the associate or joint venture, based on the disposal percentage.

The financial statements of associates or joint ventures are prepared for the same reporting periods as the Group and are adjusted to ensure their accounting policies are consistent with the Group's accounting policies.

At the end of each reporting period, the Group assesses whether there is objective evidence that investments in associates or joint ventures have been impaired in accordance with IAS 28 "Investments in Associates and Joint Ventures". If there is objective evidence of impairment, the Group calculates the impairment amount as the difference between the recoverable amount and the carrying amount of the associate or joint venture, in accordance with IAS 36 "Impairment of Assets", and recognizes the amount in the profit or loss of the associate or joint venture. The recoverable amount, if based on the investment's value in use, is determined by the Group according to the following estimates:

- (1) The Group's share of the present value of estimated future cash flows generated by the associate or joint venture, including cash flows from operations and the proceeds from the ultimate disposal of the investment; or

- (2) The present value of estimated future cash flows from dividends expected to be received from the investment and the proceeds from the ultimate disposal of the investment.

As the goodwill component of the carrying amount of investments in associates or joint ventures is not separately recognized, there is no need to apply the goodwill impairment test provisions of IAS 36 "Impairment of Assets".

When the Group loses significant influence over an associate or joint control over a joint venture, the retained portion of the investment is measured at fair value and recognized. When significant influence or joint control is lost, the difference between the carrying amount of the investment in the associate or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as profit or loss. In addition, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

### 13. Property, plant, and equipment

Property, plant, and equipment are recognized based on acquisition cost, and are displayed after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removal, and restoration of the location of the property, plant, and equipment, as well as necessary interest expenses incurred due to unfinished projects. If the various components of property, plant, and equipment are significant, depreciation is separately recorded. When a significant component of property, plant, and equipment needs to be periodically reset, the Group treats it as an individual asset and recognizes it separately based on specific useful life and depreciation method. The book value of the reset part is then eliminated in accordance with the exclusion rules under IAS 16 "Property, Plant, and Equipment". If significant overhaul costs meet the recognition criteria, they are recognized as a part of the book value of property, plant, and equipment as replacement costs, while other repair and maintenance expenses are recognized in profit or loss.

Depreciation is recognized using the straight-line method based on the estimated useful lives of the following assets:

<u>Asset category</u>	<u>Useful life</u>
Building and construction	3~60 years
Machinery and equipment	2~20 years
Transportation equipment	3~8 years
Leasehold improvements	5~20 years
Other equipment	3~10 years

If an item or any significant component of property, plant, and equipment is disposed of or is expected not to generate economic benefits from use or disposal in the future after initial recognition, it is eliminated and recognized in profit or loss.

The residual value, useful life, and depreciation method of property, plant, and equipment are evaluated at the end of each fiscal year, and if the expected values differ from previous estimates, such changes are recognized as accounting estimate changes.

### 14. Investment property

The Group's owned investment properties are measured at original cost, which includes transaction costs of acquiring the asset. The carrying amount of investment properties includes costs incurred for repairs or additions to existing investment properties when they

meet the conditions for cost recognition, but regular maintenance expenses are generally not included as part of the cost. After the initial recognition, investment properties are measured using the cost model in accordance with IAS 16 "Property, Plant and Equipment," except when they meet the conditions for classification as held for sale (or included in a disposal group classified as held for sale) under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." However, if the investment property is held by the lessee as a right-of-use asset and does not meet the conditions for classification as held for sale under IFRS 5, it is treated in accordance with IFRS 16.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets:

Asset category	Useful life
Building and construction	20 years

Investment properties are derecognized and recognized as profit or loss when they are disposed of or when they are no longer in use and are not expected to generate future economic benefits from disposal.

The Group determines the transfer in or out of investment properties based on the actual use of the assets.

When a property meets or no longer meets the definition of investment property and there is evidence of a change in use, the Group transfers the property to or from investment property.

#### 15. Lease

On the day the contract is established, the Group evaluates whether the contract is a lease or contains a lease. If the transfer of the right to control the use of a recognized asset is exchanged for consideration for a period of time, the contract is a lease or contains a lease. To evaluate whether the contract transfers the right to control the use of a recognized asset for a period of time, the Group evaluates whether it has the following two during the entire period of use:

- (1) The right to obtain almost all economic benefits from the use of the recognized asset; and
- (2) The right to direct the use of the recognized asset.

For contracts that are leases or contain leases, the Group treats each lease component in the contract as a separate lease and treats the non-lease components in the contract separately. For contracts that include one lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease component based on the relative standalone price of each lease component and the aggregate standalone price of the non-lease components. The relative standalone prices of the lease and non-lease components are determined based on the prices charged by the lessor (or similar supplier) for the respective component (or similar component). If the observable standalone price is not readily available, the Group maximizes the use of observable information to estimate the standalone price.

#### Company as a lessee

Except for short-term leases or leases of low-value assets that meet certain criteria, when the Group is the lessee in a lease contract, it recognizes right-of-use assets and lease liabilities for all leases.

On the commencement date, the Group measures the lease liability at the present value of the lease payments not yet paid on that date. If the implicit rate of the lease is readily

determinable, the lease payments are discounted using that rate. If not, the lessee's incremental borrowing rate is used. On the commencement date, the lease payments included in the lease liability comprise the following payments related to the right to use the underlying asset and not yet paid on that date:

- (1) Fixed payments (including substantive fixed payments), less any lease incentives receivable;
- (2) Variable lease payments based on an index or rate (using the index or rate at commencement date);
- (3) Amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
- (5) Penalties payable by the lessee for terminating the lease, if the lease term reflects the lessee's option to terminate the lease.

After the commencement date, the Group measures the lease liability using the amortized cost basis, increases the carrying amount of the lease liability for interest on the lease liability using the effective interest method, and reduces the carrying amount of the lease liability for lease payments made.

On the commencement date, the Group measures the right-of-use assets at cost, which includes:

- (1) The initial measurement of lease liabilities;
- (2) Any lease payments made on or before the commencement date, less any lease incentives received;
- (3) Any initial direct costs incurred by the lessee; and
- (4) The estimated cost of dismantling, removing, and restoring the site or of restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent to initial recognition, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, which means the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset transfers to the Group at the end of the lease term or if the cost of the right-of-use asset reflects the Group's exercise of a purchase option, depreciation is recognized on the right-of-use asset from the commencement date until the end of its useful life. Otherwise, depreciation is recognized on the right-of-use asset from the commencement date until the earlier of the end of its useful life or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use assets are impaired and to account for any recognized impairment losses.

Except for short-term leases or leases of low-value assets, the Group reports right-of-use assets and lease liabilities on the balance sheet and separately reports depreciation expense and interest expense related to leases on the statement of comprehensive income.

For short-term leases and leases of low-value assets, the Group chooses to recognize lease payments as an expense on a straight-line basis or on another systematic basis over the lease term.

#### Company as a lessor

On the contract inception date, the Group classifies each lease as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. If it does

not transfer substantially all the risks and rewards, it is classified as an operating lease. On the commencement date, the Group recognizes assets held under finance leases on the balance sheet and expresses them as lease receivables using the net investment in the lease. For contracts that contain both lease and non-lease components, the Group applies the provisions of IFRS 15 to allocate consideration in the contract.

The Group recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases with variable lease payments that are not dependent on an index or rate, they are recognized as rental income when the event that triggers payment occurs.

#### 16. Intangible assets

Separately acquired intangible assets are initially measured at cost upon initial recognition. Intangible assets acquired through business combinations are measured at their fair value on the acquisition date. After initial recognition, intangible assets are carried at their cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition criteria are not capitalized but are recognized as expenses when incurred.

The useful lives of intangible assets are classified as finite or indefinite.

Finite-lived intangible assets are amortized over their useful lives and are subject to impairment testing when there are indications of impairment. The amortization period and method for finite-lived intangible assets are reviewed at least at the end of each financial year. If the estimated useful life of the asset differs from the previous estimate or if the expected pattern of consumption of future economic benefits has changed, the amortization method or period will be adjusted and treated as a change in accounting estimate.

Indefinite-lived intangible assets are not amortized but are subject to impairment testing at the individual asset or cash-generating unit level annually. Indefinite-lived intangible assets are assessed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life for the asset. If the useful life changes from indefinite to finite, the change is applied prospectively.

Gains or losses resulting from the derecognition of intangible assets are recognized in profit or loss.

The Group's intangible asset accounting policies are summarized as follows:

	Trademark rights	Computer software	Customer relationships
Useful life	Finite (3~7 years)	Finite (1~8 years)	Finite (7.5 years)
Amortization method used	Straight-line method	Straight-line method	Straight-line method
Internally generated or externally acquired	Externally acquired	Externally acquired	Externally acquired

#### 17. Impairment of non-financial assets

At the end of each reporting period, the Group evaluates whether there are indications of impairment for all assets that are subject to IAS 36 "Impairment of Assets". If there are indications of impairment or if a regular impairment test is required for a particular asset, the Group tests the asset on an individual basis or the cash-generating unit to which the asset belongs. If the carrying amount of the asset or cash-generating unit is greater than its recoverable amount, impairment loss is recognized. The recoverable amount is the higher

of the net fair value or the value in use.

At the end of each reporting period, the Group also assesses whether there are indications that previously recognized impairment losses for assets other than goodwill may no longer exist or may have decreased. If such indications exist, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount of the asset increases due to changes in the estimated service potential of the asset, the impairment loss is reversed. However, the carrying amount after reversal cannot exceed the carrying amount of the asset if impairment loss had not been recognized, net of accumulated depreciation or amortization.

Goodwill of a cash-generating unit or group, whether or not there are indications of impairment, is subject to regular impairment testing on an annual basis. If an impairment loss is recognized, it is first allocated to reduce the carrying amount of goodwill, and any excess is allocated to the other assets of the cash-generating unit on a pro-rata basis based on the relative carrying amounts of those assets. Impairment loss on goodwill, once recognized, cannot be reversed for any reason.

Impairment losses and reversals of continuing operations are recognized in profit or loss.

18. Provision for liabilities

The provision for liabilities is recognized when there is a present obligation (legal or constructive) arising from past events, and it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the Group expects that some or all of the provision for liabilities will be reimbursed, it is only recognized as a separate asset when the reimbursement is virtually certain. If the time value of money is significant, the provision for liabilities is discounted using a pre-tax rate that reflects the specific risks of the liability. When discounting the liability, the increase in the amount of the liability due to the passage of time is recognized as borrowing cost.

19. Treasury stock

When the Group acquires the parent company's shares (treasury stock), they are recognized at the acquisition cost and presented as a deduction from equity. Price differences in treasury stock transactions are recognized under equity items.

20. Revenue recognition

The revenue from contracts with customers in the Group is generated from the sale of goods, with the accounting treatment described as follows:

Sale of goods

The Group manufactures and sells goods, recognizing revenue when the promised goods are delivered to the customer and the customer obtains control (i.e., the customer has the ability to direct the use of and obtain almost all remaining benefits from the goods), mainly being cooling fans, based on the prices described in the contract.

The credit period for the Group's sale of goods transactions ranges from 30 to 150 days. Most contracts recognize accounts receivable when control of the goods is transferred and there is an unconditional right to receive the consideration. Such accounts receivable usually have a short period and do not constitute a significant financing component. However, for some contracts, a portion of the consideration is collected from the customers at the time of signing the contract, and the Group undertakes the obligation to provide subsequent services, so they are recognized as contract liabilities.

The duration of the aforementioned contract liabilities being reclassified as revenue usually



does not exceed one year and does not result in the creation of a significant financing component.

21. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of that asset. All other borrowing costs are recognized as expenses incurred during the period. Borrowing costs include interest and other costs incurred in connection with borrowing funds.

22. Post-retirement benefit plans

The Company and its domestic subsidiaries apply employee retirement plans to all formally appointed employees. Employee retirement funds are fully deposited with the Supervisory Committee of Business Entities' Labor Retirement Reserve and placed in a special retirement fund account. Since the aforementioned retirement funds are deposited in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve, they are completely separated from the Company and its domestic subsidiaries, and therefore not included in the consolidated financial statements mentioned above. The retirement plans of foreign subsidiaries are handled according to local laws and regulations. For defined contribution post-retirement benefit plans, the Company and its domestic subsidiaries bear a monthly employee retirement contribution rate of no less than six percent of the employee's monthly salary, and the contribution amount is recognized as a current expense. Foreign subsidiaries and branches contribute and recognize expenses according to specific local ratios.

For defined benefit post-retirement benefit plans, provisions are made according to actuarial reports at the end of the annual reporting period based on the projected unit credit method. The remeasurement of net defined benefit liabilities (assets) includes any changes in plan asset returns and the impact of asset ceilings, less the amount of net interest on net defined benefit liabilities (assets) and actuarial gains and losses. The remeasurement of net defined benefit liabilities (assets) is recognized under other comprehensive income items when it occurs and is immediately recognized in retained earnings. Past service costs are changes in the present value of the defined benefit obligation arising from plan amendments or curtailments and are recognized as expenses on the earlier of the following dates:

- (1) When the plan amendment or curtailment occurs; and
- (2) When the Group recognizes the related restructuring costs or termination benefits.

The net interest on net defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate, both determined at the beginning of the annual reporting period, taking into account any changes in the net defined benefit liabilities (assets) due to contributions and benefit payments during that period.

The cost of pension benefits during interim periods is calculated based on the pension cost rate determined actuarially at the end of the previous year, using the beginning of the year to the end of the current period as the basis, and adjusted for significant market fluctuations, significant reductions, settlements, or other significant one-time events that occurred after that end date, with disclosures provided.

23. Income taxes

Income tax expense (benefit) refers to the aggregate amount included in determining the results of operations for the period related to current and deferred income taxes.

Current income tax

The current income tax liability (asset) related to the current and prior periods is measured using the enacted or substantively enacted tax rates and laws at the end of the reporting period. Current income tax related to items recognized in other comprehensive income or directly in equity is separately recognized in other comprehensive income or equity, respectively, and not in profit or loss.

The portion of the undistributed earnings subject to additional corporate income tax is recognized as an income tax expense on the date when the decision to distribute the earnings is made at a shareholders' meeting.

#### Deferred income tax

Deferred income tax is calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the following two cases:

- (1) The initial recognition of goodwill, or assets or liabilities generated from transactions which are not part of a business combination and are recognized without affecting accounting profit or taxable income (loss) and creating equivalent taxable and deductible temporary differences at the time of transaction.
- (2) Taxable temporary differences arising from investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal can be controlled, and it is highly probable that the reversal will not occur in the foreseeable future.

Deferred tax assets arising from deductible temporary differences, unused tax losses, and unused tax credits are recognized to the extent that it is probable that future taxable profits will be available, except for the following two cases:

- (1) Related to the deductible temporary differences arising from the initial recognition of assets or liabilities from transactions which are not part of a business combination and are recognized without affecting accounting profit or taxable income (loss) and creating equivalent taxable and deductible temporary differences at the time of transaction.
- (2) Related to deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint arrangements, recognized only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable profits available to utilize the temporary differences when they reverse.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability is settled, based on the enacted or substantively enacted tax rates and laws at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would arise from the manner of recovery of assets or settlement of liabilities carrying amounts expected at the end of the reporting period. Deferred income tax related to items not recognized in profit or loss is not recognized in profit or loss but is recognized in other comprehensive income or directly in equity based on the nature of the underlying transaction. Deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities only have statutory enforceability to the extent that there

is offsetting income tax asset and income tax liability in the current period from the same taxing authority, and they relate to income taxes levied by the same tax authority on the same taxpayer.

According to the temporary exception of “International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12),” it is not permissible to recognize deferred tax assets and liabilities related to Pillar Two income taxes, nor to disclose related information of them.

#### 24. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, identifiable assets acquired, and liabilities assumed in a business combination are measured at their fair values on the acquisition date. For each business combination, the acquirer measures non-controlling interests at fair value or as a proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the period incurred and included in administrative expenses.

When the Group acquires a business, it assesses the classification and designation of assets and liabilities based on the contractual terms, economic conditions, and other relevant factors existing on the acquisition date, including the separation of embedded derivatives in the main contracts held by the acquiree.

If a business combination is completed in stages, the acquirer's previously held equity interest in the acquiree is remeasured at its fair value on the acquisition date, and the resulting gain or loss is recognized in the current period's profit or loss.

Contingent consideration expected to be transferred is recognized at its fair value on the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognized as current period profit or loss or other comprehensive income changes according to IFRS 9. However, contingent consideration classified as equity is not remeasured until it is finally settled under the equity item.

The initial measurement of goodwill is the total of the consideration transferred and non-controlling interests, exceeding the fair value of the identifiable assets and liabilities acquired by the Group. If the consideration is less than the fair value of the acquired net assets, the difference is recognized as current period profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment. Goodwill arising from a business combination is allocated from the acquisition date to each cash-generating unit within the Group that is expected to benefit from the combination, regardless of whether the acquiree's other assets or liabilities are attributed to such cash-generating units. Each goodwill allocation unit or group of units represents the lowest level at which goodwill is monitored for internal management purposes and is no larger than a pre-aggregated operating segment.

When disposing of a portion of a cash-generating unit that includes goodwill, the carrying amount of the disposed portion includes goodwill related to the disposed operation. The disposed goodwill is measured based on the relative recoverable amounts of the disposed operation and the retained portion.

#### V. Critical accounting judgments, estimates and key sources of assumption uncertainty

In preparing the consolidated financial statements, the management of the Group is required to make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of

contingent liabilities. However, the uncertainty associated with these significant assumptions and estimates may result in significant adjustments to the carrying amounts of assets or liabilities in future periods.

#### 1. Judgments

In the process of adopting the Group's accounting policies, the management makes the following judgments that have the most significant impact on the amounts recognized in the financial statements:

##### (1) Investment properties

Some of the Group's real estate holdings are partially intended for earning rental income or capital appreciation, while other parts are for self-use.

##### (2) Operating lease commitments - Group as lessor

The Group has entered into commercial property leases for its investment property portfolio. Based on the assessment of the agreed terms, the Group retains the significant risks and rewards of ownership of these properties and accounts for these leases as operating leases.

##### (3) Judging control over investee companies without majority voting rights

The Group does not hold majority voting rights in some investee companies. However, after considering factors such as the Group's absolute shareholding ratio, other shareholders' relative shareholding ratios and dispersion of equity, written agreements among shareholders, potential voting rights, and other factors, the Group judges that it has control over them. Please refer to Note IV.

#### 2. Estimates and assumptions

The main source of uncertainty for estimates and assumptions made about the future as of the end of the reporting period is that there is a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year. The explanation is as follow:

##### (1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from an active market, the fair value is determined using valuation techniques, including the income approach (e.g., discounted cash flow models) or market approach. Changes in assumptions used in these models will affect the reported fair value of financial instruments. Please refer to Note XII.

##### (2) Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of fair value less costs to sell is based on the price that would be received or paid to transfer the liability in an orderly transaction between market participants at the measurement date, less the incremental costs directly attributable to the disposal of the asset or cash-generating unit. Value in use is based on the discounted cash flow model. Cash flow estimates are based on a five-year budget and do not include uncommitted restructuring or future significant investments required to enhance the performance of the tested cash-generating unit's assets. The recoverable amount is sensitive to the discount rate and expected future cash inflows and growth rates used for extrapolation purposes. For the main assumptions used to determine the recoverable amount of different cash-generating units, including sensitivity analysis, please refer to the description in Note VI.

(3) Post-retirement benefit plans

The defined benefit cost and present value of defined benefit obligations for post-retirement benefit plans are determined based on actuarial valuations. Actuarial valuations involve various assumptions, including discount rates and expected changes in wages. For a detailed description of the assumptions used to measure defined benefit costs and defined benefit obligations, please refer to Note VI.

(4) Income tax

The uncertainty of income tax exists in the interpretation of complex tax regulations, the amount and timing of future taxable income. Due to the long-term and complex nature of extensive international business relationships and contracts, differences between actual results and assumptions made or changes in these assumptions in the future may require adjustments to the already recorded income tax benefits and expenses in the future. The provision for income tax is based on reasonable estimates made according to the possible audit results of the tax authorities in the countries where the Group operates. The amount provided is based on various factors such as past tax audit experience and different interpretations of tax regulations by taxpayers and their respective tax authorities. The differences in interpretation may give rise to various issues due to the situation of each individual Company's location.

Unused tax losses and income tax credits that can be carried forward, as well as temporary differences that can be deducted, are likely to result in the recognition of deferred tax assets within the scope of future taxable income or temporary differences that should be taxed. The amount of deferred tax assets that can be recognized is estimated based on the timing and level of future taxable income and temporary differences that may occur, as well as future tax planning strategies.

(5) Accounts receivable - estimate of impairment loss

The estimate of impairment loss on accounts receivable of the Group is measured based on the expected credit loss amount over the remaining period of credit, using the difference between the present value of the contractual cash flows (book value) and the expected cash flows to be received (forward-looking information) as the credit loss. However, the discounting effect on short-term accounts receivable is not significant, and the credit loss is measured as the undiscounted difference. If the actual cash flows in the future are less than expected, significant impairment losses may be incurred, please refer to Note VI for details.

(6) Inventory valuation

The estimated net realizable value of inventory takes into account situations such as inventory damage, obsolescence in whole or in part, or a decline in selling prices, and is based on the most reliable evidence of the expected realizable amount of inventory at the time of estimation. Please refer to Note VI.

## VI. Explanation of Significant Accounting Items

### 1. Cash and cash equivalents

	Dec. 31, 2023	Dec. 31, 2022
Cash on Hand	\$1,630	\$1,442
Current Deposits	1,075,903	923,299
Check Deposits	50,194	61,088
Time Deposits	369,191	177,557
Total	<u>\$1,496,918</u>	<u>\$1,163,386</u>

### 2. Financial assets measured at FVTPL - current

	Dec. 31, 2023	Dec. 31, 2022
Mandatorily measured at FVTPL		
Stock	<u>\$8,261</u>	<u>\$18,248</u>

The Group's financial assets measured at fair value through profit or loss have not been pledged as collateral.

### 3. Financial assets measured at amortized cost

	Dec. 31, 2023	Dec. 31, 2022
Bank Deposit	<u>\$4,804</u>	<u>\$4,861</u>
Current	<u>\$4,804</u>	<u>\$4,861</u>

The Group classifies some financial assets as financial assets measured at amortized cost and has not provided collateral for them. For information related to credit risk management and impairment assessment, please refer to Note XII.

### 4. Net amount of notes receivable

	Dec. 31, 2023	Dec. 31, 2022
<u>Notes receivable - Generated from operating activities</u>	<u>\$60,244</u>	<u>\$110,117</u>
Minus: allowance for loss	-	-
Subtotal	<u>60,244</u>	<u>110,117</u>
<u>Notes receivable-Related parties</u>	<u>1,774</u>	<u>2,993</u>
Minus: allowance for loss	-	-
Subtotal	<u>1,774</u>	<u>2,993</u>
Total	<u>\$62,018</u>	<u>\$113,110</u>

The Group's notes receivable have not been pledged as collateral.

The Group assesses impairments in accordance with IFRS 9, for information on the allowance for losses, please refer to Note VI.21, and for information on credit risk, please refer to Note XII.

5. Net amount of accounts receivable and accounts receivable - related parties

(1)

	Dec. 31, 2023	Dec. 31, 2022
<u>Accounts receivable</u> (Total carrying amount)	\$519,127	\$640,462
Minus: allowance for loss	(12,472)	(9,075)
Subtotal	506,655	631,387
<u>Accounts receivable-related parties</u>	1,014	427
Minus: allowance for loss	-	-
Subtotal	1,014	427
Total	\$507,669	\$631,814

(2) The Group's credit period for customers is generally 30 days after the invoice date, while for some customers, it is 30 to 150 days EOM. The total carrying amounts as of December 31, 2023, and December 31, 2022, were \$520,141 thousand and \$640,889 thousand, respectively. For information on the allowance for losses for the years 2023 and 2022, please refer to Note VI.21, and for credit risk disclosure, please refer to Note XII.

(3) The Group has entered into accounts receivable insurance contracts with the following banks and insurance companies, with details as follows:

Dec. 31, 2023

Bank	Contract Period	Foreign Currency Balance (USD)	Accounts Receivable Insurance Balance (NTD)
Taishin International Bank	2022.12.27~2023.12.31	\$98	\$3,017

Dec. 31, 2022

Bank	Contract Period	Foreign Currency Balance (USD)	Accounts Receivable Insurance Balance (NTD)
Taishin International Bank	2021.12.27~2022.12.31	\$235	\$7,204

6. Net inventory amount

(1)

	Dec. 31, 2023	Dec. 31, 2022
Raw Materials	\$85,610	\$128,225
Work in Progress	72,343	97,586
Finished Goods	110,302	156,227
Total	\$268,255	\$382,038

(2) Inventory cost recognized in the current period

	Dec. 31, 2023	Dec. 31, 2022
Cost of sold inventory and others	\$1,661,745	\$1,990,067
Inventory price decline loss (reversal gain)	10,576	27,934
Cost of goods sold	<u>\$1,672,321</u>	<u>\$2,018,001</u>

(3) The aforementioned inventory has not been pledged as collateral.

7. Advance payment

	Dec. 31, 2023	Dec. 31, 2022
Prepaid expenses	\$11,724	\$11,994
Input tax amount	115,127	116,030
Other prepayments	23,333	35,315
Others	<u>\$150,184</u>	<u>\$163,339</u>

8. Financial assets at fair value through other comprehensive income

	Dec. 31, 2023	Dec. 31, 2022
Investment in equity instruments measured at FVTOCI - non-current :		
Unlisted stocks	<u>\$3,058</u>	<u>\$3,058</u>

The Group's financial assets measured at fair value through other comprehensive income have not been pledged as collateral.

9. Investment accounted for using equity method

(1) The details of the Group's investment accounted for using equity method are as follows:

Name of the Investee Company	Dec. 31, 2023		Dec. 31, 2022	
	Amount	Shareholding ratio	Amount	Shareholding ratio
CORNERSTONE ALLIANCE VENTURE CAPITAL CORP.	\$31,004	30.75%	\$16,775	30.75%
CSX MATERIAL CO., LTD.	26,164	13.04%	32,258	13.04%
Total	<u>\$57,168</u>		<u>\$49,033</u>	

(2) The Group's investments in CORNERSTONE ALLIANCE VENTURE CAPITAL CORP. and CSX MATERIAL CO., LTD. are not significant to the Group. The aggregate carrying amounts of the Group's investments in CORNERSTONE ALLIANCE VENTURE CAPITAL CORP. and CSX MATERIAL CO., LTD. as of December 31, 2023 and 2022 were \$57,168 thousand and \$49,033 thousand, respectively. The summarized financial information based on the Group's share of ownership is presented as follows:

	2023	2022
Net profit (loss) of continuing operations for the current period	\$4,774	(\$5,729)
Other comprehensive income (loss) for the current period (net of tax)	3,297	(749)
Total comprehensive income (loss) for the current period	<u>\$8,071</u>	<u>(\$6,478)</u>



- (3) The Group accounts for its investment in CSX MATERIAL CO., LTD. using equity method, mainly because, although the Group's shareholding is less than 20%, it holds a seat on the board of directors of CSX MATERIAL CO., LTD., which is considered to have significant influence over the investee.
- (4) As of December 31, 2023, and 2022, the aforementioned investments in associated companies had no outstanding liabilities or capital commitments and had not provided any collateral.

10. Property, plant and equipment

	Dec. 31, 2023	Dec. 31, 2022
Self-use	\$550,635	\$629,149

## (1) Self-use

	Land	Building and construction	Machinery and Equipment	Transportation equipment	Leasehold Improvements	Other equipment	Work in progress	Total
<u>Cost</u>								
Jan. 1, 2022	\$88,188	\$522,795	\$313,102	\$10,985	\$50,021	\$164,117	\$628	\$1,149,836
Add	-	3,832	21,947	2,068	-	10,272	189	38,308
Merge acquired	-	205,656	90,851	3,599	-	43,432	-	343,538
Disposal	-	-	(6,218)	(1,094)	-	(8,123)	-	(15,435)
Reclassification	-	606	-	-	-	-	(606)	-
Effect of exchange rate changes	1,471	16,261	5,596	469	886	2,186	32	26,901
Dec. 31, 2022	\$89,659	\$749,150	\$425,278	\$16,027	\$50,907	\$211,884	\$243	\$1,543,148
Add	-	172	11,616	2,234	115	9,733	25	23,895
Disposal	-	(172)	(28,323)	(2,978)	(680)	(10,268)	-	(42,421)
Reclassification	-	-	61	-	-	-	(257)	(196)
Effect of exchange rate changes	(1,026)	(10,983)	(7,374)	(175)	(956)	(3,447)	(11)	(23,972)
Dec. 31, 2023	\$88,633	\$738,167	\$401,258	\$15,108	\$49,386	\$207,902	\$-	\$1,500,454
<u>Depreciation and impairment</u>								
Jan. 1, 2022	\$300	\$227,439	\$215,658	\$7,868	\$39,638	\$146,141	\$-	\$637,044
Depreciation	-	26,652	40,149	1,186	4,047	16,703	-	88,737
Merge acquired	-	118,583	51,472	3,106	-	22,142	-	195,303
Disposal	-	-	(6,214)	(938)	-	(8,023)	-	(15,175)
Effect of exchange rate changes	-	2,333	2,906	328	693	1,830	-	8,090
Dec. 31, 2022	\$300	\$375,007	\$303,971	\$11,550	\$44,378	\$178,793	\$-	\$913,999
Depreciation	-	29,956	40,436	1,310	3,214	17,958	-	92,874
Disposal	-	(162)	(27,960)	(2,918)	(670)	(10,092)	-	(41,802)
Effect of exchange rate changes	-	(5,639)	(5,543)	(98)	(879)	(3,093)	-	(15,252)
Dec. 31, 2023	\$300	\$399,162	\$310,904	\$9,844	\$46,043	\$183,566	\$-	\$949,819
Net carrying amount:								
Dec. 31, 2023	\$88,333	\$339,005	\$90,354	\$5,264	\$3,343	\$24,336	\$-	\$550,635
Dec. 31, 2022	\$89,359	\$374,143	\$121,307	\$4,477	\$6,529	\$33,091	\$243	\$629,149

(2) The Group's property, plant, and equipment have not been provided as collateral.

(3) The major components of the Group's buildings include the main building, air conditioning equipment, and office decorations, which are depreciated over their useful lives of 60 years, 8 years, and 5 years, respectively.

#### 11. Investment property

Investment properties include the Group's owned investment properties. The Group has signed commercial property lease agreements for its owned investment properties, with a lease term of 5 years.

(1)

	<u>Building</u>	
<u>Cost</u>		
Jan. 1, 2022	\$115,156	
Effect of exchange rate changes	2,040	
Dec. 31, 2022	\$117,196	
Effect of exchange rate changes	(2,221)	
Dec. 31, 2023	\$114,975	
<u>Depreciation and impairment</u>		
Jan. 1, 2022	\$49,353	
Current depreciation	5,594	
Effect of exchange rate changes	861	
Dec. 31, 2022	\$55,808	
Current depreciation	5,559	
Effect of exchange rate changes	(1,142)	
Dec. 31, 2023	\$60,225	
<u>Net carrying amount:</u>		
Dec. 31, 2023	\$54,750	
Dec. 31, 2022	\$61,388	
	<u>2023</u>	<u>2022</u>
Rental income from investment properties	\$16,107	\$12,706

(2) The Group's investment properties have not been provided as collateral.

(3) The Group's held investment properties are not measured at fair value but only disclose information about their fair value, which belongs to Level 3 of the fair value hierarchy. The fair value of the Group's held investment properties is \$129,899 thousand, and the

aforementioned fair value is appraised by an independent external appraiser. The valuation method used is the discounted cash flow method, and the main input values and their quantified information are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Capitalization rate of return	9.35%	9.35%

## 12. Intangible assets

(1)

	Trademark rights	PC software	Customer relationships	Goodwill	Total
<u>Cost</u>					
Jan. 1, 2022	\$4,132	\$68,564	\$-	\$49,290	\$121,986
Additions - separately acquired	-	6,475	-	-	6,475
Merge acquired	-	22,733	64,237	170,630	257,600
Disposal	-	(8,580)	-	-	(8,580)
Effects of exchange rate changes	(10)	198	-	-	188
Dec. 31, 2022	\$4,122	\$89,390	\$64,237	\$219,920	\$377,669
Additions - separately acquired	-	5,924	-	-	5,924
Disposal	-	(13)	-	-	(13)
Effects of exchange rate changes	(21)	(410)	-	-	(431)
Dec. 31, 2023	\$4,101	\$94,891	\$64,237	\$219,920	\$383,149
<u>Amortization:</u>					
Jan. 1, 2022	\$2,581	\$65,903	\$-	\$-	\$68,484
Amortization	462	6,254	4,282	-	10,998
Merge acquired	-	9,845	-	-	9,845
Disposal	-	(8,580)	-	-	(8,580)
Effects of exchange rate changes	(3)	199	-	-	196
Dec. 31, 2022	\$3,040	\$73,621	\$4,282	\$-	\$80,943
Amortization	461	10,606	8,565	-	19,632
Disposal	-	(13)	-	-	(13)
Effects of exchange rate changes	(11)	(371)	-	-	(382)
Dec. 31, 2023	\$3,490	\$83,843	\$12,847	\$-	\$100,180
<u>Net carrying amount:</u>					
Dec. 31, 2023	\$611	\$11,048	\$51,390	\$219,920	\$282,969
Dec. 31, 2022	\$1,082	\$15,769	\$59,955	\$219,920	\$296,726

(2) The recognized amortization amounts of intangible assets are as follows:

	2023	2022
Operating cost	\$565	\$365
Sales expenses	172	177
Administration expense	6,790	3,548
R&D expenses	12,105	6,908
Total	\$19,632	\$10,998

(3) Goodwill mainly arises from the acquisition of MOBIEN CORPORATION, Melco Technorex Co., Ltd., and X-FAN (Cayman) Holding Co., Ltd., where the cost of the acquired equity exceeds the difference between the calculated net equity value based on the proportionate share of equity. Goodwill is not amortized but is subject to annual impairment testing and is also tested for impairment when specific events or changes in circumstances indicate that goodwill may be impaired.

(4) In the fiscal years 2023 and 2022, the recognized goodwill impairment losses were both \$0.

(5) Trademark rights are amortized on an average of 3-7 years, computer software on an average of 1-8 years, and customer relationships on an average of 7.5 years.

(6) Goodwill of \$170,630 thousand arising from business combinations, please refer to Note VI.28 for details.

### 13. Other non-current assets

	Dec. 31, 2023	Dec. 31, 2022
Prepayments for business facilities	\$4,577	\$5,265
Refundable deposits	14,892	16,629
Other non-current assets - other	4,106	7,980
Total	\$23,575	\$29,874

### 14. Impairment testing of goodwill

The Company's goodwill is allocated to the cash-generating units or groups of cash-generating units expected to benefit from the synergies of the combination. The following are key assumptions for the impairment testing:

The recoverable amount of cash-generating units is determined based on the value in use, which is calculated by discounting the cash flow projections approved by management for a five-year period at a pre-tax discount rate. The cash flow projections reflect changes in product demand. Based on the results of this analysis, the Company believes that the carrying amount of goodwill of \$219,920 thousand has not been impaired.

#### Key assumptions used in calculating the value in use

The value in use calculation for cash-generating units is most sensitive to the following assumptions:

- (1) Gross margin rate
- (2) Discount rate

(3) Revenue growth rate for the extrapolated budget period

Gross margin rate

The gross margin rate is estimated based on the most recent gross margin rate during the financial budget period and considering future market trends.

Discount rate

The discount rate represents the market's assessment of the specific risks for each cash-generating unit (regarding the time value of money and individual risks related to assets not yet included in the cash flow estimates). The discount rate calculation is based on the specific situation of the Company's operating departments and is derived from its weighted average cost of capital (WACC). WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors, while the cost of debt is based on interest-bearing loans that the Company is obligated to repay.

Revenue growth rate estimate

The growth rate is assessed based on historical experience, and the Company's budgeted long-term average growth rate has been adjusted considering the speed of product innovation and the overall economic environment.

Sensitivity of assumptions to changes

Regarding the value in use assessment of cash-generating units, the Company believes that there are no reasonably possible changes in the key assumptions mentioned above that would cause the carrying amount of the unit to significantly exceed its recoverable amount.

15. Short-term loans

(1)

Loan Nature	Dec. 31, 2023	Dec. 31, 2022
Bank L/C material purchase loan	\$15,224	\$25,142
Bank credit loan	801,905	726,522
Total	\$817,129	\$751,664

(2) Loan limits, interest rate ranges, and maturity dates are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Unused loan limit	\$840,354	\$840,624
Annual interest rate range	0.5000%~6.9345%	1.2700%~6.2685%
Maturity date	2024.1.27~2024.10.25	2023.1.3~2023.6.26

16. Other payables

	Dec. 31, 2022	Dec. 31, 2022
Salaries and bonuses payable	\$66,313	\$66,853
Employee bonuses payable	40,696	44,045
Remuneration to directors	8,511	13,811
Others	308,270	330,471
Total	\$423,790	\$455,180

## 17. Long-term loans

Details of long-term loans as of December 31, 2023, and 2022, are as follows:

Creditor	Dec. 31, 2023	Dec. 31, 2022	Contract period and repayment method
CTBC Bank Credit loan	\$-	\$100,000	From June 30, 2022, to June 30, 2024, interest is paid periodically, and the principal is repaid in full upon maturity.
CTBC Bank Credit loan	100,000	-	From June 30, 2023, to June 30, 2025, interest is paid periodically, and the principal is repaid in full upon maturity.
Subtotal	100,000	100,000	
Less: Due within one year	-	-	
Total	<u>\$100,000</u>	<u>\$100,000</u>	
Interest rate range	<u>2.0337%</u>	<u>1.8987%</u>	

## 18. Benefits after retirement Plan

### (1) Defined contribution plan

The Group has established a defined contribution pension plan for its employees in accordance with the "Labor Pension Act." According to the Act, the Group's monthly pension contribution rate should be no less than 6% of the employee's monthly salary. The Group has established an employee pension plan in accordance with the Act and contributes 6% of employee salaries each month to individual pension accounts with the Bureau of Labor Insurance.

Subsidiaries in Mainland China make pension contributions according to local government regulations, contributing a certain percentage of the total employee salaries for old-age insurance, and paying the contributions to the relevant government departments, with the funds saved in separate accounts for each employee.

The Group's other overseas subsidiaries and branches make pension contributions in accordance with local regulations to the relevant pension management institutions.

The Group recognized expenses for defined contribution plans of \$13,227 thousand and \$12,180 thousand for the fiscal years 2023 and 2022, respectively.

### (2) Defined benefit plan

The Group's employee pension plan established under the "Labor Standards Act" is a defined benefit plan. The payment of employee pensions is calculated based on a base number of years of service and the average monthly salary at the time of retirement approval. For service years of up to 15 years (inclusive), two base numbers are given for each full year, and one base number is given for each full year of service exceeding 15 years, with a maximum of 45 base numbers.

The Group contributes 2% of the total monthly salaries to the pension fund in accordance with the Labor Standards Act. The funds are deposited into a special account in the name of the Supervisory Committee of Business Entities' Labor

Retirement Reserve at the Bank of Taiwan. In addition, the Group estimates the balance of the aforementioned labor pension reserve fund account before the end of each fiscal year. If the balance is insufficient to pay the estimated pension amount for employees who meet retirement conditions in the following year, the difference will be contributed in one installment before the end of March of the next year.

The Ministry of Labor allocates assets in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The fund's investments are carried out through self-management and entrusted management, adopting a combination of active and passive long-term investment strategies. Considering market, credit, and liquidity risks, the Ministry of Labor sets risk limits and control plans for the fund, ensuring sufficient flexibility to achieve target returns without assuming excessive risks. The minimum annual return on the fund's investments must not be lower than the return calculated based on the local bank's two-year fixed deposit. If there is a shortfall, it will be supplemented by the national treasury after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of IAS 19. As of December 31, 2023, the Group's defined benefit plan is expected to contribute \$0 in the next fiscal year.

As of December 31, 2023, and 2022, the Group's defined benefit plan is expected to mature in 12 years and 13 years.

(3) Costs of defined benefit plans recognized in profit or loss

	2023	2022
Service cost in the period	\$84	\$83
Net interest on net defined benefit liability (asset)	29	49
Total	\$113	\$132

(4) Adjustments to the present value of defined benefit obligations and the fair value of plan assets are as follows:

	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Current value of defined benefit obligations	\$25,372	\$29,185	\$32,039
Fair value of plan assets	(25,155)	(27,069)	(24,450)
Other non-current liabilities - carrying amount of net defined benefit liability	\$217	\$2,116	\$7,589

Adjustments to the net defined benefit liability (asset):

	Current value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (assets)
Jan. 1, 2022	\$32,039	(\$24,450)	\$7,589
Service cost in the period	83	-	83



Interest expense (income)	208	(159)	49
Subtotal	32,330	(24,609)	7,721
Defined benefit liability/asset			
remeasurement:			
Actuarial gains (losses) arising from			
changes in demographic assumptions	101	-	101
Actuarial gains (losses) arising from			
changes in financial assumptions	(2,974)	-	(2,974)
Experience adjustments	(272)	-	(272)
Remeasurement of defined benefit			
assets	-	(1,977)	(1,977)
Subtotal	29,185	(26,586)	2,599
Payment of benefits	-	-	-
Distribution by the employer	-	(483)	(483)
Dec. 31, 2022	\$29,185	(\$27,069)	\$2,116
Service cost in the period	84	-	84
Interest expense (income)	400	(371)	29
Subtotal	29,669	(27,440)	2,229
Defined benefit liability/asset			
remeasurement:			
Actuarial gains (losses) arising from			
changes in demographic assumptions	-	-	-
Actuarial gains (losses) arising from			
changes in financial assumptions	344	-	344
Experience adjustments	(1,790)	-	(1,790)
Remeasurement of defined benefit			
assets	-	(84)	(84)
Subtotal	28,223	(27,524)	699
Payment of benefits	(2,851)	2,851	-
Distribution by the employer	-	(482)	(482)
Dec. 31, 2023	\$25,372	(\$25,155)	\$217

- (5) The following main assumptions are used to determine the Group's defined benefit plans:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.26%	1.37%
Expected growth rate of salary	4.00%	4.00%

- (6) Sensitivity analysis for each significant actuarial assumption:

	2023		2022	
	Increase in defined benefit obligations	Decrease in defined benefit obligations	Increase in defined benefit obligations	Decrease in defined benefit obligations
Discount rate increases by 0.5%	\$-	\$1,519	\$-	\$1,874

Discount rate decreases by 0.5%	\$1,644	\$-	\$2,037	\$-
Expected salary increases by 0.5%	\$1,591	\$-	\$1,973	\$-
Expected salary decreases by 0.5%	\$-	\$1,487	\$-	\$1,837

The aforementioned sensitivity analysis assumes that other assumptions remain unchanged and analyzes the potential impact on defined benefit obligations when a single actuarial assumption (e.g., discount rate or expected salary) experiences a reasonably possible change. Since some actuarial assumptions are interrelated, it is rare in practice for only a single actuarial assumption to change, so this analysis has its limitations.

The methods and assumptions used in the current period's sensitivity analysis are not different from those used in the previous period.

## 19. Equity

### (1) Ordinary share

- A. As of December 31, 2023, and 2022, the Company's authorized share capital is \$2,700,000 thousand, with a par value of \$10 per share, divided into 270,000 thousand shares. Each share has one voting right and the right to receive dividends.
- B. As of December 31, 2023, and 2022, the Company's issued share capital is \$1,100,000 thousand, with a par value of \$10 per share, divided into 110,000 thousand shares.

### (2) Capital surplus

A.

Item	Dec. 31, 2023	Dec. 31, 2022
Convertible bond conversion premium	\$19,033	\$19,033
Difference in the transaction amount of treasury stock	26,164	20,030
Changes in the net value of equity interests in associates and joint ventures recognized using equity method	12,977	12,977
Total	<u>\$58,174</u>	<u>\$52,040</u>

- B. According to laws and regulations, capital surplus can only be used to offset company losses and cannot be distributed as dividends. When the Group has no losses, a certain percentage of the capital surplus can be transferred to the paid-in capital as capital reserve each year. The capital surplus can also be distributed in cash to shareholders in proportion to their original shareholdings.

### (3) Treasury shares

As of December 31, 2023, and 2022, the Company's treasury stock holdings are \$0 and \$6,546 thousand, respectively, with share quantities of 0 thousand and 409 thousand, respectively.

The changes in the Company's treasury stock holdings for the years 2023 and 2022 are as follows:

Reason for recovery	Opening number of shares	Increase during the period	Decrease during the period	Closing number of shares
<u>2023</u>				
Transfer of shares to employees	409 thousand shares	-	409 thousand shares	-
<u>2022</u>				
Transfer of shares to employees	933 thousand shares	-	524 thousand shares	409 thousand shares

In accordance with the Securities and Exchange Act, the proportion of the Company's repurchased treasury shares must not exceed 10% of the total issued shares; the total amount of repurchased shares must not exceed the sum of retained earnings, share premium, and realized capital reserves. Shares repurchased for transfer to employees must be transferred within five years from the date of repurchase; if not transferred within the period, they shall be treated as unissued shares and canceled. Additionally, treasury stock cannot be pledged, and shareholder rights shall not be exercised until the transfer is complete.

#### (4) Profit distribution and dividend policy

In accordance with the Company's Articles of Incorporation, if there is a profit in the annual settlement, it shall be distributed in the following order:

- A. Payment of taxes and donations.
- B. Offsetting losses.
- C. Appropriating 10% as legal retained earnings.
- D. Appropriating or reversing special retained earnings as required by law or as ordered by the competent authority.
- E. The remaining profit will be proposed by the Board of Directors in accordance with the dividend policy and submitted to the shareholders' meeting.

The Company's dividend distribution policy is to adopt a balanced dividend policy, considering the profit situation of the Company during the year, the overall environment, relevant legal provisions, the Company's long-term development plan, and a solid financial structure. If cash dividends are distributed, they shall account for at least 10% of the total dividends for the year.

According to the Company Act, the legal reserve shall be appropriated until it reaches the total amount of the paid-in capital. The legal reserve may be used to offset losses. When the Group has no losses, new shares or cash may be issued in proportion to the original shareholders' holdings for the portion of the legal reserve that exceeds 25% of the paid-in capital.

When distributing distributable earnings, the Company shall, in accordance with legal provisions, appropriate special retained earnings for the balance of special retained earnings and the net amount of other equity deductions upon the first adoption of IFRS. Subsequently, when the net amount of other equity deductions is reversed, the special

retained earnings may be reversed and distributed as earnings.

Following the adoption of TIFRS, the FSC on 31 March 2022 issued Order No. FinancialSupervisory-Securities-Corporate-1090150022, the Group has set up a special surplus reserve to provide for unrealized revaluation increments and cumulative translation adjustments (gains) accounted for on the date of transition to the International Financial Reporting Standards under the exemption item of IFRS 1 “First-time Adoption of International Financial Reporting Standards”. The Group may reverse the proportion of the special surplus reserve and distribute profits when using, disposing of, or reclassifying related assets in the future.

As of January 1, 2023 and 2022, the special retained earnings allocated upon the first adoption of IFRS amounted to \$72,974 thousand for both years. In addition, the Company did not use, dispose of, or reclassify any related assets from January 1 to December 31, 2023 and 2022, so the special retained earnings allocated upon the first adoption of IFRS as of December 31, 2023, and 2022, both amounted to \$72,974 thousand.

At the shareholders' meetings on June 20, 2023, and June 15, 2022, the Company resolved the profit allocation and distribution plan for the 2022 and 2021 fiscal years and the dividends per share, as follows:

	Allocation and Distribution of			
	Earnings		Dividends per Share (NTD)	
	2022	2021	2022	2021
Legal reserve	\$22,361	\$20,770	-	-
Appropriation of special retained earnings	(\$49,135)	\$17,278	-	-
Cash dividends for common stock	\$183,040	\$174,786	\$1.664	\$1.60

For information on the estimation and recognition of employee compensation and director compensation, please refer to Note VI.23.

(5) Non-controlling interests

	2023	2022
Beginning balance	\$392,740	\$93,780
Attributable to non-controlling interests' current net profit (loss)	(175)	33,927
Attributable to non-controlling interests' other comprehensive income (loss):		
Exchange differences on translation of foreign financial statements	(3,782)	(1,406)
Acquisition of subsidiaries' equity	(16,660)	(73,291)
Cash dividends distributed by subsidiaries	-	(16,649)
Business combinations attributable to non-controlling interests	-	356,379
Ending balance	\$372,123	\$392,740

## 20. Operating revenue

	2023	2022
Revenue from customer contracts		
Revenue from sales of goods	\$2,392,531	\$2,786,421
Other operating income	2,743	2,574
Total	<u>\$2,395,274</u>	<u>\$2,788,995</u>

The information related to revenue from customer contracts for the years 2023 and 2022 of the Group is presented as follows:

### (1) Revenue breakdown 2023

	Fan division	Other divisions	Total
Sales of goods	<u>\$2,369,878</u>	<u>\$25,396</u>	<u>\$2,395,274</u>
Timing of revenue recognition:			
At a point in time	<u>\$2,369,878</u>	<u>\$25,396</u>	<u>\$2,395,274</u>

	Fan division	Other divisions	Total
Sales of goods	<u>\$2,740,905</u>	<u>\$48,090</u>	<u>\$2,788,995</u>
Timing of revenue recognition:			
At a point in time	<u>\$2,740,905</u>	<u>\$48,090</u>	<u>\$2,788,995</u>

### (2) Contract balance

Contract liabilities - current

	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Sales of goods	<u>\$16,083</u>	<u>\$4,065</u>	<u>\$13,692</u>

The explanations for the significant changes in the contract liability balance for the Consolidated Company in the fiscal years 2023 and 2022 are as follows:

	2023	2022
Opening balance transferred to revenue in the current period	\$3,921	\$13,636
Increase in current advance payments (deducting the current period incurred and transferred to revenue)	15,939	4,009

21. Expected credit impairment gains (losses)

	2023	2022
Operating expenses - Expected credit impairment gains (losses)		
Accounts receivable	\$3,456	(\$17,498)

For information related to credit risk, please refer to Note XII.

The Group measures its accounts receivable (including notes and accounts receivable) for impairment losses based on the expected credit losses during the remaining period of its existence. The relevant explanation for the assessment of the impairment loss amount as of December 31, 2023 and 2022 is as follows:

- (1) Historical credit loss experience of receivables shows no significant differences in loss patterns among different customer groups. Therefore, the allowance for losses is measured using a provision matrix without distinguishing between groups. The relevant information is as follows:

Dec. 31, 2023

	Not overdue (note)	Days past due				Total
		Within30 Days	31-60 Days	61-90 Days	Over91 Days	
Total carrying amount	\$540,491	\$26,950	\$4,831	\$412	\$9,475	\$582,159
Loss rate	0.1%	5%	20%	50%	100%	
Lifetime expected credit losses	478	1,347	966	206	9,475	12,472
Carry amount	\$540,013	\$25,603	\$3,865	\$206	\$-	\$569,687

Dec. 31, 2022

	Not overdue (note)	Days past due				Total
		Within30 Days	31-60 Days	61-90 Days	Over91 Days	
Total carrying amount	\$709,923	\$24,908	\$13,692	\$1,937	\$3,539	\$753,999
Loss rate	0.1%	5%	20%	50%	100%	
Lifetime expected credit losses	584	1,245	2,738	969	3,539	9,075
Subtotal	\$709,339	\$23,663	\$10,954	\$968	\$-	\$744,924

Note: All notes receivable of the Consolidated Company are not overdue.

- (2) The changes in the allowance for losses on accounts receivable of the Consolidated Company for 2023 and 2022 are as follows:

	<u>Accounts receivable</u>
Jan.1, 2022	\$5,320
Decrease in the current period	(17,498)
Effects of changes in consolidated entities	21,224
Effects of exchange rate changes	29
Dec. 31, 2022	<u>\$9,075</u>
Decrease in the current period	3,456
Effects of exchange rate changes	(59)
Dec. 31, 2023	<u>\$12,472</u>

## 22. Lease

### (1) The Consolidated Company as a lessee

The Consolidated Company leases various assets, including real estate (houses and buildings), transportation equipment, and machinery equipment. The lease terms of each contract range from 2 to 58 years.

The impact of leases on the Consolidated Company's financial position, financial performance, and cash flows is described as follows:

#### A. Amounts recognized on the balance sheet

##### (a) Right-of-use assets

Right-of-use assets Carrying amount

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Land	\$139,072	\$146,508
Building and construction	134,716	9,089
Machinery and equipment	234	428
Transportation equipment	2,428	4,692
Other equipment	399	883
Total	<u>\$276,849</u>	<u>\$161,600</u>

In 2023, the Consolidated Company acquired right-of-use assets for \$145,397 thousand; in 2022, the Consolidated Company acquired, consolidated, and reclassified right-of-use assets for \$2,079 thousand, \$15,463 thousand, and \$14,490 thousand, respectively.

##### (b) Lease liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Lease liabilities	\$143,394	\$19,008
Current	\$17,746	\$9,095
Non-current	\$125,648	\$9,913

For the interest expense on lease liabilities of the Consolidated Company in 2023 and 2022, please refer to Note VI.24(4) Finance Costs; for the maturity analysis of lease liabilities as of December 31, 2023, and 2022, please refer to Note XII.5 Liquidity Risk Management.

B. Amounts recognized in the consolidated statement of comprehensive income

Right-of-use assets-Depreciation

	2023	2022
Land	\$4,316	\$3,866
Building and construction	15,707	6,551
Machinery and equipment	169	173
Transportation equipment	2,296	2,134
Other equipment	436	446
Total	<u>\$22,924</u>	<u>\$13,170</u>

C. Income and expenses related to lessee and lease activities

	2023	2022
Short-term lease expenses	\$2,256	\$2,044
Low-value asset lease expenses (excluding short-term low-value asset lease expenses)	6,778	7,219
Total	<u>\$9,034</u>	<u>\$9,263</u>

D. Cash outflows related to lessee and lease activities

The total cash outflows for leases of the Consolidated Company in 2023 and 2022 were \$18,092 thousand and \$9,816 thousand, respectively.

(3) The Consolidated Company as a lessor

For the disclosure related to the Consolidated Company's owned investment properties, please refer to Note VI.11. Owned investment properties are classified as operating leases because they do not transfer substantially all the risks and rewards of ownership of the underlying assets.

	2023	2022
Lease income recognized for operating leases		
Income related to fixed lease payments and variable lease payments based on indices or rates	<u>\$16,107</u>	<u>\$12,706</u>

For the disclosure related to property, plant, and equipment leased under operating leases, the Consolidated Company applies IAS 16. Please refer to Note VI.11. The Consolidated Company entered into operating lease contracts, and the total undiscounted lease payments to be collected and the remaining years as of December 31, 2023, and 2022 are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Not exceeding one year	\$21,330	\$17,613
Exceeding 1 year but not exceeding 2 years	20,995	17,144
Exceeding 2 years but not exceeding 3 years	20,995	16,809
Exceeding 3 years but not exceeding 4 years	7,501	16,809
Exceeding 4 years but not exceeding 5 years	408	4,837
Exceeding 5 years	-	403
Total	<u>\$71,229</u>	<u>\$73,615</u>



23. The summary table of employee benefits, depreciation, and amortization expenses by function is as follows:

Function Nature	2022			2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits expenses						
Salaries expenses	\$284,952	\$277,203	\$562,155	\$319,746	\$245,166	\$564,912
Labor and health insurance expenses	\$43,822	\$25,213	\$69,035	\$43,592	\$21,232	\$64,824
Pension expenses	\$-	\$13,340	\$13,340	\$-	\$12,312	\$12,312
Remuneration to directors	\$-	\$16,447	\$16,447	\$-	\$21,639	\$21,639
Other employee benefit expenses	\$17,115	\$14,306	\$31,421	\$14,749	\$11,918	\$26,667
Depreciation expenses	\$63,556	\$57,801	\$121,357	\$61,198	\$46,303	\$107,501
Amortization expenses	\$2,115	\$22,973	\$25,088	\$1,541	\$12,917	\$14,458

According to the provisions of the Group's Articles of Incorporation, if there is a profit for the year, no less than 5% should be allocated as employee compensation, and no more than 5% should be allocated as director compensation. However, if there is an accumulated loss, an amount should be reserved in advance to make up for it. The aforementioned employee compensation shall be in the form of stocks or cash, and the resolution shall be voted with at least two-thirds of the directors attending and passed by a majority of the attending directors, and reported to the shareholders' meeting.

For information on the employee compensation and director compensation passed by the board of directors, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

In 2023, the Company estimated employee compensation at 9% and director compensation at 5% based on the profitability of that year, with employee compensation and director compensation in 2023 totaling \$15,196 thousand and \$8,442 thousand, respectively. In 2022, the Company estimated employee compensation at 9% and director compensation at 5% based on the profitability of that year, with employee compensation and director compensation in 2022 totaling \$24,762 thousand and \$13,757 thousand, respectively. The aforementioned amounts are recorded under salary expenses.

On March 26, 2023, the Company's board of directors resolved to pay the 2022 employee compensation in cash, totaling \$24,762 thousand, which had no significant difference from the amount recorded as an expense in the 2022 financial statements.

The actual distribution of director compensation in 2023 had no significant difference from the amount recorded as an expense in the 2022 financial statements.

24. Non-operating income and expenses

(1) Other income

	2023	2022
Interest income	\$13,815	\$6,290

(2) Other income

	2023	2022
Rental income	\$29,123	\$24,670
Dividend income	362	440
Other income - Other	66,769	96,458
Total	\$96,254	\$121,568

(3) Other profits and losses

	2023	2022
(Loss) on the disposal of property, plant and equipment	(\$251)	(\$230)
Foreign exchange gain	25,198	45,581
Financial assets measured at FVTPL gain (loss) (Note)	1,532	(933)
Disposal of investment gains (Note)	635	227
Others	(10,635)	(44,362)
Total	\$16,479	\$283

Note: It is generated from financial assets mandatorily measured at fair value through profit or loss.

(4) Finance costs

	2023	2022
Interests from bank loans	(\$20,258)	(\$9,768)
Lease liabilities interest	(1,461)	(124)
Total	(\$21,719)	(\$9,892)

(5) Share of profit (loss) of associates and joint ventures accounted for using equity method

	2023	2022
Share of profit (loss) of associates accounted for using equity method	\$4,774	(\$5,729)

25. Components of other comprehensive income

The components of other comprehensive income in 2023 are as follows:

	Current period generated	Current period reclassification adjustment	Other comprehensive income	Income tax expense	Post-tax amount
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plans	\$1,530	\$-	\$1,530	\$-	\$1,530
Unrealized valuation gains and losses on equity instruments measured at fair value through other comprehensive income	3,040	-	3,040	-	3,040
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of financial statements of foreign operations	(49,385)	-	(49,385)	9,120	(40,265)
Total other comprehensive income for the current period	(\$44,815)	\$-	(\$44,815)	\$9,120	(\$35,695)

The components of other comprehensive income in 2022 are as follows:

	Current period Current period generated	Current period reclassification adjustment	Other comprehensive income	Income tax expense	Post-tax amount
Items not reclassified to profit or loss:					
Remeasurement of defined benefit plans	\$5,122	\$-	\$5,122	\$-	\$5,122
Unrealized valuation gains and losses on equity instruments measured at fair value through other comprehensive income	(302)	-	(302)	-	(302)
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising from the translation of financial statements of foreign operations	60,390	-	60,390	(12,359)	48,031
Total other comprehensive income for the current period	\$65,210	\$-	\$65,210	(\$12,359)	\$52,851

## 26. Income tax

(1) The main components of income tax expenses for 2023 and 2022 are as follows:

### Income tax recognized in profit or losses

	2023	2022
Current income tax		
Current income tax payable	\$58,292	\$67,963
Adjustment of current income tax for prior years in the current period	(115)	3,016
Deferred income tax		
Deferred income tax expenses (benefits) related to the origination and reversal of temporary differences	7,200	(17,046)
Effects of exchange rate changes	(3,087)	(350)
Income tax expenses	\$62,290	\$53,583

### Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax expense (benefit):		
Exchange differences on translation	(\$9,120)	\$12,359

(2) Adjustments to the amount of income tax expense multiplied by the applicable income tax rate on accounting profit are as follows:

	2023	2022
Pretax net profit from continuing operations	\$194,844	\$315,318
Income tax calculated at the parent company's statutory tax rate	38,969	63,064
Income tax effect of deferred tax assets/liabilities	(18,666)	(38,748)
Income tax effect of non-deductible expenses on	(11)	1,110

tax return		
Surcharge on undistributed earnings for business income tax	7,380	-
Adjustment of current income tax for prior years in the current period	(115)	3,016
The effect of different tax rates applicable to individual operating entities in other tax jurisdictions	11,912	17,932
Other income tax effects adjusted according to tax law	22,821	7,209
Total income tax expense recognized in profit or loss	<u>\$62,290</u>	<u>\$53,583</u>

(3) The balances of deferred tax assets (liabilities) related to the following items:  
2023:

	Beginning balance	Recognized in profit or losses	Recognized in other comprehensive income	Directly recognized in equity	Ending balance
Temporary differences					
Foreign exchange gains	(\$5,472)	\$2,445	\$-	\$-	(\$3,027)
Foreign exchange losses	15,546	(6,039)	-	-	9,507
Unrealized parent-subsidiary upstream transactions	5,561	(3,136)	-	-	2,425
Pension costs exceeding limit	1,867	151	-	-	2,018
Bad debt expenses	118	1,101	-	-	1,219
Inventory valuation	245	(53)	-	-	192
Customer complaint compensation	4,056	(1,701)	-	-	2,355
Impairment losses	2,601	-	-	-	2,601
Exchange differences on translation of foreign operating institutions' statements	22,225	-	9,120	-	31,345
Unrealized removal of vacation bonuses	1,341	32	-	-	1,373
Deferred income tax expenses/(benefit)		<u>(\$7,200)</u>	<u>\$9,120</u>	<u>\$-</u>	
Net amount of deferred tax assets/(liabilities)	<u>\$48,088</u>				<u>\$50,008</u>
Information presented in the balance sheet:					
Deferred tax assets	<u>\$53,560</u>				<u>\$53,072</u>
Deferred tax liabilities	<u>(\$5,472)</u>				<u>(\$3,064)</u>

2022:

	Beginning balance	Recognized in profit or losses	Recognized in other comprehensive income	Directly recognized in equity	Ending balance
Temporary differences					
Foreign exchange gains	(\$10,106)	\$4,634	\$-	\$-	(\$5,472)
Foreign exchange losses	4,261	11,285	-	-	15,546
Unrealized parent-subsidary upstream transactions	8,863	(3,302)	-	-	5,561
Pension costs exceeding limit	1,681	186	-	-	1,867
Bad debt expenses	(332)	450	-	-	118
Inventory valuation	197	48	-	-	245
Customer complaint compensation	440	3,616	-	-	4,056
Impairment losses	2,601	-	-	-	2,601
Exchange differences on translation of foreign operating institutions' statements	34,584	-	(12,359)	-	22,225
Unrealized removal of vacation bonuses	1,212	129	-	-	1,341
Deferred income tax expenses/(benefit)		\$17,046	(\$12,359)	\$-	
Net amount of deferred tax assets/(liabilities)	\$43,401				\$48,088
Information presented in the balance sheet:					
Deferred tax assets	\$53,839				\$53,560
Deferred tax liabilities	(\$10,438)				(\$5,472)

(4) The Company's income tax settlement and reporting cases for the fiscal year 2021 (inclusive) and earlier have been approved by the tax collection authority.

#### 27. Earnings per share

The calculation of the basic earnings per share amount is based on the net profit attributable to the parent company's ordinary shareholders for the current period divided by the weighted average number of ordinary shares outstanding during the period:

	2023	2022
(1) Basic earnings per share		
Net profit attributable to the parent company's ordinary shareholders from continuing operations (in thousands)	\$132,728	\$227,808
Weighted average number of ordinary shares for basic earnings per share (in thousands)	109,825	109,308
Basic earnings per share (in dollars)	\$1.21	\$2.08

#### (2) Diluted earnings per share

Net profit attributable to the parent company's ordinary shareholders from continuing operations (in thousands)	\$132,728	\$227,808
Adjusted net profit attributable to the parent company's ordinary shareholders from continuing operations after dilution effect (in thousands)	\$132,728	\$227,808
Weighted average number of ordinary shares adjusted for dilution effect (in thousands)	109,825	109,308
Diluted earnings per share (in dollars)	\$1.21	\$2.08

There have been no significant transactions affecting the number of outstanding ordinary shares or potential ordinary shares between the end of the reporting period and the approval of the financial statements for publication.

## 28. Merge

The Group acquired 25.081% of the voting shares of X-FAN (Cayman) Holding Co., Ltd. according to the investment agreement and gained control on July 1, 2022. The company is mainly engaged in the manufacturing and sales of cooling fans. The Group acquired the company to expand its scope of operations and achieve operational synergies.

The Group has chosen to measure the non-controlling interest in X-FAN (Cayman) Holding Co., Ltd. based on the relative proportion of the identifiable net assets already recognized.

The fair value of identifiable assets and liabilities of X-FAN (Cayman) Holding Co., Ltd. at the acquisition date is as follows:

	Fair value on the acquisition date
Current assets	
Cash and cash equivalents	\$177,441
Receivables	271,959
Current tax assets	7,436
Inventory	93,291
Advance payment	25,253
Non-current assets	
Property, plant and equipment	148,235
Right-of-use assets	15,463
Intangible assets	77,125
Other non-current assets - others	11,096
Total assets	\$827,299
	Fair value on the acquisition date
Current liabilities	
Payables	\$329,386
Current tax liabilities	14,392

Other current liabilities	7,835
Total liabilities	<u>\$351,613</u>
Total fair value of identifiable net assets	<u>\$475,686</u>

The goodwill amount for X-FAN (Cayman) Holding Co., Ltd. is as follows:

Cash consideration	\$289,937
Add: Non-controlling interest (74.919% of the fair value of identifiable net assets)	356,379
Less: Fair value of identifiable net assets	<u>(475,686)</u>
Goodwill	<u>\$170,630</u>

Cash flow from the acquisition:

Net cash acquired from the subsidiary	\$177,441
Cash payment amount	<u>(289,937)</u>
Net cash outflow	<u>(\$112,496)</u>

From the acquisition date (July 1, 2022) to December 31, 2022, X-FAN (Cayman) Holding Co., Ltd. generated a net profit of \$55,241 thousand for the Group. If the consolidation had occurred at the beginning of the year, the operating revenue would have been \$744,770 thousand, and the net profit would have been \$95,512 thousand.

## VII. Transaction with related parties

During the financial reporting period, the following related parties had transactions with the Group:

### Name and relationship of related parties

Name of related party	Relationship with the Group
XINRUILIAN ELECTRONICS (ZHAOQING)CO.,LTD ( XINRUILIAN ZHAOQING)	The chairman of the company is the same person as the chairman of the Group (note)
ZHAO QING HENGYANG ELECTRONICS.CO.,LTD(HENGYANG)	The chairman of the company is the same person as the chairman of the Group (note)
XINRUILIAN SCIENCE & TECHNOLOGY CO., LTD (XINRUILIAN SCIENCE & TECHNOLOGY)	The chairman of the company is the same person as the chairman of the Group (note)
Directors and supervisors above deputy general manager	Key management personnel of the Group
X TECH CO., LTD (X TECH)	Substantially related party of the Group
SHENZHEN XINRUILIAN ELECTRONICS&MECHANINCS CO.,LTD (XINRUILIAN ELECTRONICS&MECHANINCS)	Substantially related party of the Group
WENDELIN INT'L CO.,LTD.(WENDELIN)	Substantially related party of the Group
XINRUILIAN ELECTRONICS (HONG KONG)CO., LIMITED (XINRUILIAN HONG KONG)	Substantially related party of the Group
RIGI INT'L CO.,LTD(RIGI)	Substantially related party of the Group
KING XIN CO., LTD. (KING XIN)	The chairman of the company is the same person as the chairman of the Group

(Note) Since July 2022, the Company has included X-FAN (Cayman) Holding Co., Ltd. and its subsidiaries in the consolidated entities. The transactions between the Group and the related parties from July 1, 2022, to December 31, 2022, have been eliminated.

### Significant transactions with related parties

#### (1) Sales

The details of the Group's sales to related parties are as follows:

	2022	2021
XINRUILIAN ZHAOQING	\$-	\$6,147
X TECH	6,746	18,128
XINRUILIAN ELECTRONICS&MECHANINCS	4,119	781
Total	<u>\$10,865</u>	<u>\$25,056</u>

The Group's sales prices to related parties are negotiated based on market prices by both parties; payment terms for foreign customers are approximately 30 to 90 days after the end of the month. For non-related parties, payment terms for domestic and foreign customers are 15 to 120 days after the end of the month. The Group does not require any guarantees for receivables from related parties.



(2) Purchases

The details of the Group's purchases from related parties are as follows:

	2023	2022
XINRUILIAN ZHAOQING	\$-	\$2,360

The Group's purchase prices from related parties are negotiated based on market prices by both parties; the payment terms for the Group's purchases from related parties are comparable to those of general suppliers, with payment periods ranging from 30 to 150 days after the end of the month.

(3) Notes receivable-Related parties

	Dec. 31, 2023	Dec. 31, 2022
XINRUILIAN	\$1,774	\$2,993
ELECTRONICS&MECHANINCS		

(4) Accounts receivable-Related parties

	Dec. 31, 2023	Dec. 31, 2022
XINRUILIAN	\$1,014	\$427
ELECTRONICS&MECHANINCS		

The credit terms for the above-mentioned related party receivables are payment within 90 days after the end of the month of sales, which is comparable to general customers.

(5) Other receivables-Related parties

	Dec. 31, 2023	Dec. 31, 2022
X TECH	\$-	\$9,415
Others	-	31
Total	\$-	\$9,446

(6) Other payables-Related parties

	Dec. 31, 2023	Dec. 31, 2022
KING XIN	\$12	\$12

(7) Lease

Lease liabilities

	Dec. 31, 2023	Dec. 31, 2022
KING XIN	\$5,700	\$3,009

The interest expense amortized in each period for lease liabilities is detailed as follows:

	2023	2022
XINRUILIAN ZHAOQING	\$-	\$34
KING XIN	14	-
Total	\$14	\$34

(8) Funding transactions

The Group's funding transactions with related parties are as follows:

Long-term notes and accounts payable - related parties

2023: None.

	From January 1 to December 31, 2022				
	Highest amount	Ending balance	Interest rate range	Total interest expense	Ending payable interest
WENDELIN	\$20,503	\$-	0.0966%	\$11	\$-

(9) Compensation for the Group's key management personnel

	2023	2022
Short-term employee benefits	\$52,310	\$52,429
Benefits after retirement	1,013	885
Share-based payments	2,724	1,022
Total	\$56,047	\$54,336

(10) Other transactions with significant impact on the current profit or loss or financial position:

A. The Group's revenues from providing technical services and other related services to related party XINRUILIAN SCIENCE & TECHNOLOGY in 2022 were \$273 thousand.

B. The Group's processing and other related expenses paid to related party XINRUILIAN ZHAOQING in 2022 were \$2,689 thousand.

C. On March 23, 2022, the Group purchased a 33% stake in AX Fan Technology (VIETNAM) Co., Ltd. from related party WENDELIN for a total payment of \$82,615 thousand, with the settlement date set as April 1, 2022.

D. On June 23, 2022, the Group purchased a total of 25.081% stake in X-FAN (Cayman) Holding Co., Ltd. from related parties XINRUILIAN HONG KONG, WENDELIN, and RIGI, paying \$168,163 thousand, \$60,887 thousand, and \$60,887 thousand respectively, totaling \$289,937 thousand.

E. On November 11, 2022, the Group purchased a 33% stake in AX Fan Technology Co., Ltd. from related party WENDELIN. Since the settlement date was set as January 1, 2023, the Group recorded a prepaid investment of \$23,308 thousand.

VIII. Pledged assets

None.

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2023, the following contingent liabilities and commitments were not included in the above financial statements:

(1) Details of unused letters of credit are as follows:

	Total amount of letters of credit
USD (thousand)	\$135

(2) The Company issued guarantee notes of \$1,558,453 thousand for applying credit lines from banks.

X. Significant disaster loss

None.

XI. Significant subsequent events

None,

XII. Others

1. Types of financial instruments

Financial assets

	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at FVTPL:		
Stock	\$8,261	\$18,248
Subtotal	8,261	18,248
Financial assets measured at FVTOCI	3,058	3,058
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	1,495,288	1,161,944
Financial assets measured at amortized cost	4,804	4,861
Notes receivable (including related parties)	62,018	113,110
Accounts receivable (including related parties)	507,669	631,814
Other receivables (including related parties)	16,415	32,509
Refundable deposits	14,892	16,629
Total	\$2,112,405	\$1,982,173

Financial liability

	Dec. 31, 2023	Dec. 31, 2022
Financial liability measured at amortized cost:		
Short-term loans	\$817,129	\$751,664
Payables	758,937	831,469
Lease liabilities	143,394	19,008
Long-term loans (Including those due within one year)	100,000	100,000
Total	\$1,819,460	\$1,702,141

2. Financial risk management objectives and policies

The Group's financial risk management objective is to manage market risk, credit risk and liquidity risk associated with operating activities. The Group identifies, measures and

manages the aforementioned risks in accordance with the Group's policies and risk appetite.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations, and significant financial activities are subject to review by the board of directors in accordance with relevant regulations and internal control systems. During the implementation of financial management activities, the Group must ensure compliance with the relevant regulations established for financial risk management.

### 3. Market risk

The market risk of the Group refers to the risk of financial instruments fluctuating in fair value or cash flows due to changes in market prices. Market risk mainly includes exchange rate risks, interest rate risk and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes in each risk variable are usually correlated. However, the sensitivity analysis of the following risks does not consider the interaction effects of related risk variables.

#### (1) Exchange rate risk

The Group's exchange rate risk is mainly related to operating activities (when the currency used for income or expenses is different from the Group's functional currency) and the net investment in foreign operations.

The Group's receivables and payables in foreign currencies are partly in the same currency, which generates a natural hedging effect for the equivalent positions. For some foreign currency items, the Group uses forward foreign exchange contracts to manage exchange rate risk. Since the aforementioned natural hedging and the use of forward foreign exchange contracts do not comply with hedge accounting regulations, hedge accounting is not adopted. Furthermore, the net investment in foreign operations is considered a strategic investment, and the Group does not hedge against it.

The sensitivity analysis of the Group's exchange rate risk mainly targets the significant monetary items in foreign currencies as of the end of the financial reporting period, and the impact of a 1% appreciation/depreciation in the relevant foreign currency on the Group's profit and equity. The Group's exchange rate risk is mainly affected by fluctuations in the USD and RMB exchange rates. The sensitivity analysis information for the Group in 2023 and 2022 is as follows:

- A. When the New Taiwan Dollar (NTD) appreciates/depreciates by 1% against the US Dollar (USD), the Group's profit for 2023 and 2022 would decrease/increase by \$5,949 thousand and \$6,510 thousand, respectively.

#### (2) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. The Group's interest rate risk mainly comes from fixed-rate borrowings and floating-rate borrowings.

The Group maintains an appropriate combination of fixed and floating interest rates and uses interest rate swap contracts to manage interest rate risk. However, as these measures do not comply with hedge accounting regulations, hedge accounting is not applied.

The sensitivity analysis for interest rate risk mainly targets the interest rate exposure items as of the end of the financial reporting period, including floating-rate

investments and floating-rate borrowings. Assuming a holding period of one accounting year, when interest rates increase/decrease by ten basis points, the Group's profit for 2023 and 2022 would decrease/increase by \$920 thousand and \$853 thousand, respectively.

### (3) Equity price risk

The Group holds equity securities listed on the stock exchange and unlisted securities, the fair value of which is affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Company are included in the categories of financial instruments measured at fair value through profit or loss and financial instruments measured at fair value through other comprehensive income, respectively. The Company manages the price risk of equity securities by diversifying investments and setting limits for individual and overall equity security investments. The investment portfolio information of equity securities must be provided regularly to the senior management of the Company, and the board of directors must review and approve all equity security investment decisions.

## 4. Credit risk management

Credit risk refers to the risk of financial loss resulting from a counterparty's inability to fulfill the obligations specified in a contract. The credit risk of the Group is mainly due to its business activities, which primarily involve accounts and notes receivable, as well as its financial activities, which primarily involve bank deposits and various financial instruments.

Each unit of the Group follows the policies, procedures, and controls related to credit risk to manage credit risk. The credit risk assessment of all counterparties is based on various factors, including their financial condition, credit ratings from rating agencies, past transaction experiences, current economic conditions, and the Group's internal rating standards. The Group also uses certain credit enhancement tools (such as advance payments and insurance, etc.) at appropriate times to reduce credit risks associated with specific counterparties.

As of December 31, 2023, and December 31, 2022, the accounts receivable of the top ten customers accounted for 33.84% and 32.32% of the total accounts receivable of the Group, respectively, and the credit concentration risk of the remaining accounts receivable is relatively insignificant.

The Group's finance department manages the credit risk of bank deposits and other financial instruments in accordance with the Group's policies. Since the Group's trading partners are determined through internal control procedures and are reputable banks and financial institutions with good credit, there is no significant credit risk.

In addition, the Group offsets financial assets when it determines that it cannot reasonably expect to recover them, such as when the issuer or debtor faces significant financial difficulties or has declared bankruptcy.

## 5. Liquidity risk management

The Group maintains financial flexibility through contracts such as cash and cash equivalents, bank loans and leases. The following table summarizes the payment maturity of the financial liabilities of the Group's contracts, compiled based on the earliest possible

repayment date and using undiscounted cash flows, including the agreed interest. The undiscounted interest amount paid on the cash flows for variable interest rate payments is derived from the yield curve at the end of the reporting period.

Non-derivative financial liability

	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Dec. 31, 2023					
Loans	\$818,983	\$100,000	\$-	\$-	\$918,983
Payables	757,083	-	-	-	757,083
Lease liabilities	17,746	28,999	27,090	69,559	143,394
Dec. 31, 2022					
Loans	\$752,539	\$100,000	\$-	\$-	\$852,539
Payables	830,594	-	-	-	830,594
Lease liabilities	9,095	4,629	835	4,449	19,008

6. Adjustments to liabilities arising from financing activities:

Adjustment information for liabilities in 2023:

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities arising from financing activities
Jan. 1, 2023	\$751,664	\$100,000	\$19,008	\$870,672
Cash flow	65,465	-	(18,092)	47,373
Non-cash changes	-	-	142,478	142,478
Dec. 31, 2023	\$817,129	\$100,000	\$143,394	\$1,060,523

Adjustment information for liabilities in 2022:

	Short-term loans	Long-term loans	Lease liabilities	Long-term notes and accounts payable	Total liabilities arising from financing activities
Jan. 1, 2022	\$488,400	\$130,000	\$20,901	\$18,208	\$657,509
Cash flow	263,264	(30,000)	(9,816)	(18,208)	205,240
Non-cash changes	-	-	7,923	-	7,923
Dec. 31, 2022	\$751,664	\$100,000	\$19,008	\$-	\$870,672

7. Fair value of financial instruments

(1) Valuation techniques and assumptions used for fair value

Fair value refers to the price that can be received for selling an asset or the price that needs to be paid for transferring a liability in orderly transactions between market participants at the measurement date. The methods and assumptions used by the

Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of fair value, mainly due to the short maturity of these instruments.
- B. For financial assets and financial liabilities actively traded in the market with standard terms and conditions, their fair value is determined by reference to market quotations (for example, listed stocks, beneficiary certificates, bonds, and futures, etc.).
- C. For equity instruments without active market trading (such as privately placed stocks listed on stock exchanges, publicly traded stocks of companies without active market trading, and unlisted company stocks), fair value is estimated using the market approach, based on the prices and other relevant information (such as lack of liquidity discounts, input values such as similar company price-to-earnings ratios and price-to-book ratios).
- D. For debt instrument investments, bank borrowings, corporate bonds payable, and other non-current liabilities without active market quotes, the fair value is determined using counterparty quotes or valuation techniques. Valuation techniques are based on discounted cash flow analysis, with assumptions such as interest rates and discount rates primarily referring to information related to similar instruments (e.g., the reference yield curve of the Taipei Exchange, the average quote of Reuters commercial paper interest rates, and credit risk information).
- E. For derivative financial instruments without active market quotes, the fair value of non-option derivative financial instruments is calculated using counterparty quotes or the applicable yield curve during the term, based on discounted cash flow analysis. For option derivative financial instruments, the fair value is calculated using counterparty quotes, appropriate option pricing models (such as the Black-Scholes model), or other valuation methods (e.g., Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost by the Group is close to their fair value.

(3) Fair value hierarchy information of financial instruments

Please refer to Note XII.8 for the fair value hierarchy information of the Group's financial instruments.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

All assets and liabilities measured or disclosed at fair value are classified into the fair value hierarchy based on the lowest level of input that is significant to the overall fair value measurement. The levels of input are 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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable

for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities recognized in the financial statements on a recurring basis, the Group reevaluates their classification at the end of each reporting period to determine if there are any transfers between the different levels of the fair value hierarchy.

(2) Fair value hierarchy information

The Group did not have any non-recurring assets measured at fair value. The fair value hierarchy information for recurring assets is presented as follows:

Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at FVTPL				
Stock	\$8,261	\$-	\$-	\$8,261
Financial assets measured at fair value through other comprehensive income				
Equity instruments measured at FVTOCI	-	-	3,058	3,058

Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at FVTPL				
Stock	\$18,248	\$-	\$-	\$18,248
Financial assets measured at fair value through other comprehensive income				
Equity instruments measured at FVTOCI	-	-	3,058	3,058

Transfer between Level 1 and Level 2 of the fair value hierarchy

In 2023 and 2022, there were no transfers between Level 1 and Level 2 of the fair value hierarchy for the Group's assets and liabilities measured at fair value on a recurring basis.

Details of changes in Level 3 of the fair value hierarchy on a recurring basis

Adjustments to the balances of assets and liabilities measured at fair value on a recurring basis belonging to Level 3 of the fair value hierarchy from the beginning to the end of the period are presented as follows:



	Assets
	Measured at fair value through other comprehensive income
	Stocks
Jan. 1, 2023	\$3,058
Transfer in (out) of Level 3	-
Dec. 31, 2023	\$3,058
Jan. 1, 2022	\$3,058
Transfer in (out) of Level 3	-
Dec. 31, 2022	\$3,058

#### Significant unobservable inputs for Level 3 fair value

The following table shows the significant unobservable inputs used in measuring the fair value of the Group's recurring Level 3 fair value measurements of assets:

Dec. 31, 2023:

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between input value and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Price-to-Net Asset Value ratio of comparable companies	13.22	The higher the Price-to-Net Asset Value ratio of comparable companies, the higher the estimated fair value	If the Price-to-Net Asset Value ratio of comparable companies increases (decreases) by 10%, the Group's equity will increase/decrease by \$306 thousand

Dec. 31, 2022:

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between input value and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Price-to-Net Asset Value ratio of comparable companies	13.22	The higher the Price-to-Net Asset Value ratio of comparable companies, the higher the estimated fair value	If the Price-to-Net Asset Value ratio of comparable companies increases (decreases) by 10%, the Group's equity will increase/decrease by \$306 thousand

(3) Level information for assets not measured at fair value but requiring fair value disclosure

Dec. 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets for which only fair value is disclosed:				
Investment property (Detailed in Note VI)	\$-	\$-	\$129,899	\$129,899

Dec. 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets for which only fair value is disclosed:				
Investment property (Detailed in Note VI)	\$-	\$-	\$129,899	\$129,899

9. Significant foreign currency financial assets and liabilities information

The Group's significant foreign currency financial assets and liabilities information are as follows:

Dec. 31, 2023			
	Foreign currency (in thousand)	Exchange rate	NTD
Financial assets			
Monetary items			
USD	\$25,922	30.7350	\$796,713
EUR	\$915	34.0114	\$31,120
HKD	\$2,801	3.9339	\$11,019
Financial liabilities			
Monetary items			
USD	\$6,567	30.7350	\$201,837
EUR	\$51	34.0114	\$1,735
HKD	\$202	3.9339	\$795
Dec. 31, 2022			
	Foreign currency (in thousand)	Exchange rate	NTD
Financial assets			
Monetary items			
USD	\$27,951	30.7080	\$858,319
EUR	\$662	32.7086	\$21,653
HKD	\$2,765	3.9384	\$10,890
Financial liabilities			
Monetary items			
USD	\$6,752	30.7080	\$207,340
EUR	\$42	32.7086	\$1,374
HKD	\$236	3.9384	\$929

- (1) The above information is disclosed based on the foreign currency book value (converted to the functional currency).
- (2) Due to the diverse functional currency types of the Group's entities, it is not possible to disclose the exchange gain or loss information for monetary financial assets and financial liabilities by each significant foreign currency. The Group's foreign currency exchange gains in 2023 and 2022 were \$25,198 thousand and \$45,581 thousand, respectively.

#### 10. Capital management

The primary objective of the Group's capital management is to ensure that sound credit ratings and good capital ratios are maintained in order to support corporate operations and maximize shareholders' equity. The Group manages and adjusts its capital structure in accordance with economic conditions. The Group may adjust dividend payments, return capital or issue new shares to maintain and adjust the capital structure.

### XIII. Supplementary disclosures

#### 1. Information about significant transactions

Significant transaction-related information from January 1 to December 31, 2023, is as follows:

- (1) Financing provided to others: Table 1.
- (2) Endorsement/guarantee provided to others: Table 2.
- (3) Marketable securities held: Table 3.
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4 and Table 7.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 8.
- (9) Trading in derivative financial instruments: None.
- (10) Other: Intercompany relationships and significant intercompany transactions: Table 6.
- (11) Direct or indirect significant influence or control over investee companies: Table 5.

#### 2. Information on investment in Mainland China:

- (1) Information on investment in Mainland China: Table 9.
- (2) Significant direct or indirect transactions with the investee company in Mainland China through third parties, and their prices, payment terms, and unrealized gains or losses:
  - A. Purchase amount and percentage, and the ending balance and percentage of related payables: Table 10.
  - B. Sales amount and percentage, and the ending balance and percentage of related receivables: Table 10.

- C. Ending balance of a note endorsement guarantee or provision of collateral and its purpose: None.
- D. The amount of property transactions and the resulting gain or loss: None.
- E. Maximum balance, ending balance, interest rate range, and total interest for the period of financing: Table 1.
- F. Transactions that have significant impact on the profit or loss of current period or the financial position: None.

3. Information of Major Shareholders: Table 11.

XIV. Segment information

For management purposes, the Group divides its operating units based on different products and services and is divided into the following two reportable operating segments:

1. Cooling fan division: Responsible for the manufacturing and sales of cooling fan products.

2. Other divisions: Responsible for the manufacturing and sales of other non-fan products.

The management individually supervises the operating results of their business units to make resource allocation and performance evaluation decisions. Segment performance is evaluated based on operating profit or loss and is measured in a manner consistent with the operating profit or loss in the consolidated financial statements.

However, financial costs and financial income, as well as income tax in the consolidated statements, are managed on a group basis and are not allocated to each operating segment.

Transfer pricing between operating segments is based on a similar arm's length transaction basis with external third parties.

2023		Other	Reportable	Adjustments	
	Fan division	divisions	segment	and	Group total
			subtotal	eliminations	
Revenue					
Revenue from external customers	\$2,369,878	\$25,396	\$2,395,274	\$-	\$2,395,274
Inter-segment revenue	1,273,965	431,939	1,705,904	(1,705,904)	-
Total revenue	<u>\$3,643,843</u>	<u>\$457,335</u>	<u>\$4,101,178</u>	<u>(\$1,705,904)</u>	<u>\$2,395,274</u>
Segment profit or loss	<u>\$239,451</u>	<u>\$15,777</u>	<u>\$255,228</u>	<u>(\$87,179)</u>	<u>\$168,049</u>
2022		Other	Reportable	Adjustments	
	Fan division	divisions	segment	and	Group total
			subtotal	eliminations	
Revenue					
Revenue from external customers	\$2,740,905	\$48,090	\$2,788,995	\$-	\$2,788,995

Inter-segment revenue	1,607,475	519,577	2,127,052	(2,127,052)	-
Total revenue	<u>\$4,348,380</u>	<u>\$567,667</u>	<u>\$4,916,047</u>	<u>(\$2,127,052)</u>	<u>\$2,788,995</u>
Segment profit or loss	<u>\$496,493</u>	<u>\$25,478</u>	<u>\$521,971</u>	<u>(\$206,653)</u>	<u>\$315,318</u>

(Note): Inter-segment revenue is eliminated during consolidation.

Adjustments to reportable segment profit or loss

	2023	2022
Total reportable segment profit or loss	\$86,902	\$206,347
Less inter-segment profit	(1,662)	(3,549)
Non-operating revenue/expense:		
Interest income	13,815	6,290
Other income	96,254	121,568
Other gains and losses	16,479	283
Finance costs	(21,719)	(9,892)
Share of profit (loss) of associates and joint ventures accounted for using equity method	4,774	(5,729)
Profit before tax from continuing operations	<u>\$194,843</u>	<u>\$315,318</u>

3. Geographical information

Revenue from external customers:

	2023	2022
Taiwan	\$115,370	\$215,349
USA	143,789	267,033
China	875,637	882,094
Japan	130,592	135,087
Others	1,129,886	1,289,432
Total	<u>\$2,395,274</u>	<u>\$2,788,995</u>

Revenue is classified based on the country where the customer is located.

ADDA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

TABLE 1  
Financing provided to others :

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 8)	Amount Actually Drawn (Note 9)	Interest Rate	Nature for Financing (Note 4)	Transactions Amount (Note 5)	Reason for Financing (Note 6)	Allowance for Doubtful Accounts	Collateral		Financing Limits for Each Borrower (Note 7)	Financing Company's Total Financing Amount Limits (Note 7)
													Item	Value		
0	ADDA Corporation	PANAMA ADDA CORP.	Long-term receivables — Related parties	Yes	\$5,000	\$5,000	\$57	—	2	—	Business Turnover - Advances	Included in the consolidated financial statements; exemption from provision according to regulations	—	—	\$442,871	\$590,494
0	ADDA Corporation	GOLD STRONG ENTERPRISES LIMITED	Long-term receivables — Related parties	Yes	\$5,000	\$5,000	\$96	—	2	—	Business Turnover - Advances	Included in the consolidated financial statements; exemption from provision according to regulations	—	—	\$442,871	\$590,494
0	ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	Long-term receivables — Related parties	Yes	\$10,000	\$10,000	—	—	1	Purchases \$377,658 Sales \$11,072	—	Included in the consolidated financial statements; exemption from provision according to regulations	—	—	\$442,871	\$590,494
0	ADDA Corporation	AX Fan Technology (Vietnam) Co., Ltd	Long-term receivables — Related parties	Yes	\$93,405	\$61,470	\$30,735	5.38%	2	—	Business Turnover - Advances	Included in the consolidated financial statements; exemption from provision according to regulations	—	—	\$442,871	\$590,494
1	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	Long-term receivables — Related parties	Yes	\$15,000 RMB (thousand)	\$15,000 RMB (thousand)	— RMB (thousand)	—	2	—	Business Turnover - Advances	—	—	—	\$18,559 RMB (thousand)	\$22,271 RMB (thousand)
2	GOLD STRONG ENTERPRISES LIMITED	AX Fan Technology (Vietnam) Co., Ltd	Long-term receivables — Related parties	Yes	\$32,419	\$30,735	\$30,735	5.48%	2	—	Business Turnover - Advances	—	—	—	\$323,932	\$431,909

(Note 1): The method of filling in the number column is as follows:

1. Issuers fill in 0.
2. Invested companies are numbered sequentially starting with the Arabic number 1.

(Note 2): Items such as accounts receivable from related enterprises, accounts receivable from related parties, shareholder transactions, advance payments, and temporary payments on the books, if they are of the nature of lending, should be included in this column.

(Note 3): The highest balance of funds lent to others during the year.

(Note 4): The nature of the funds lent should be filled in as either business transactions or necessary for short-term financing.

1. For business transactions, please fill in 1.
2. For those necessary for short-term financing, please fill in 2.

(Note 5): For the nature of funds lent as business transactions, the amount of business transactions should be filled in. The amount of business transactions refers to the amount of business transactions between the company lending the funds and the borrower in the most recent year.

(Note 6): For the nature of funds lent as necessary for short-term financing, the reasons for the necessary lending of funds and the borrower's use of funds should be specifically explained, such as: repayment of loans, purchase of equipment, business turnover, etc.

(Note 7): The Company's fund lending operation procedure stipulates that the total amount of funds lent by the Company shall not exceed 40% of the net equity value, but this limit does not apply to foreign companies in which the Company directly and indirectly holds 100% of voting shares.

The lending to a single enterprise shall not exceed 30% of the Company's net equity value.

KUNSHAN ADD GREEN MICRO-ELECTRIC CO., LTD, which is a subsidiary of the Company, has set the limit of 50% of the net equity value for a loan to an individual customer and the limit of 60% of the net equity value for all the loans in total. GOLD STRONG ENTERPRISES LIMITED, which is a subsidiary of the Company, has set the limit of 30% of the net equity value for a loan to an individual customer and the limit of 40% of the net equity value for all the loans in total.

(Note 8): If a publicly traded company, in accordance with Article 14(1) of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, submits the fund lending on a case-by-case basis to the board of directors for resolution, even if the funds have not been disbursed, the resolution amount should still be included in the disclosed balance to reveal the risk assumed. However, after the funds are repaid, the balance after repayment should be disclosed to reflect the risk adjustment. If a publicly traded company, in accordance with Article 14(2) of the Regulations, authorizes the chairman of the board through a board resolution to disburse loans or cycle funds within a certain amount and a one-year period, the approved fund lending amount should still be used as the disclosed balance. Although the funds are repaid subsequently, considering that they may be disbursed again, the approved fund lending amount should still be used as the disclosed balance.

(Note 9): Already offset in the preparation of the consolidated financial statements.

ADDA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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TABLE 2

Endorsement/guarantee provided to others :

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4/8)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries (Note 7)	Endorsement provided by subsidiaries to parent company (Note 7)	Endorsement provided to subsidiaries in China (Note 7)
		Name	Nature of Relationship (Note 2)										
0	ADDA Corporation	AX Fan Technology (Vietnam) Co., Ltd	2	\$275,000	\$276,894	\$153,675	\$81,755	—	10.41%	\$1,100,000	Y	N	N

(Note 1): The method for filling in the numbering column is as follows:

1. Issuer fills in 0.
2. Investee companies are numbered sequentially starting with Arabic numeral 1.

(Note 2): There are six types of relationships between endorers and endorsed parties, and the type can be indicated as follows:

1. Companies with business relationships.
2. Subsidiaries with direct ownership of more than 50% of common shares.
3. Investee companies in which the parent company and its subsidiaries combined hold more than 50% of common shares.
4. Parent companies with direct or indirect ownership of more than 50% of common shares through subsidiaries.
5. Companies mutually guaranteeing each other based on contract requirements for subcontracted projects in the same industry.
6. Companies that endorse and guarantee each other based on their shareholding ratio in a joint investment relationship.
7. Joint and several guarantees for the performance of presale housing sales contracts between peers under consumer protection regulations.

(Note 3): The total amount of the Company's endorsements and guarantees to external parties is limited to not exceeding the Company's paid-in capital. The endorsement and guarantee amount for a single enterprise is limited to not exceeding 25% of the Company's paid-in capital.

(Note 4): The maximum balance of endorsements and guarantees for others during the year.

(Note 5): As of the end of the year, the Company assumes the responsibility of endorsement or guarantee as soon as the amount of endorsement and guarantee contracts or notes with banks is approved. In addition, other related endorsements and guarantees should be included in the endorsement and guarantee balance.

(Note 6): Enter the actual amount disbursed by the endorsed and guaranteed company within the scope of the endorsement and guarantee balance.

(Note 7): Only those who belong to the listed parent company endorsing and guaranteeing its subsidiary, belong to the subsidiary endorsing and guaranteeing the listed parent company, and belong to the mainland endorsement issuer are required to fill in "Y."

(Note 8): The maximum balance for endorsement/guarantee for the current period, which was NT\$276,894 thousand (US\$9,000 thousand), was exceeded due to the board of directors' meeting held in May, 2023,

which was held in advance of the expiration date of the old contract and approved the new contract This resulted in the double-calculation of the amount, while the total endorsement/guarantee amount was US\$5,000 thousand (US\$5,000,000) in actuality and was not exceeded.

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TABLE 3

Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities) :

Holding Company	Type of Marketable Securities (Note 1)	Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial statement account	December 31, 2023				Remark
					Shares (In Thousands)	Carrying amount (Note 3)	Percentage of Ownership	Fair Value	
ADDA Corporation	Unlisted stocks	ORVISO CORPORATION	—	Financial assets at fair value through other comprehensive income	0.75	\$2,774	16.30%	\$—	—
	Unlisted stocks	AAIREL CORPORATION	—	Financial assets at fair value through other comprehensive income	0.18	\$284	5.83%	\$—	—
MOBIEN CORPORATION	Listed stocks	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	—	Financial assets at fair value through profit or loss	230	\$3,001	0.00%	\$3,001	—
	Listed stocks	FORMOSA TAFFETA CO., LTD.	—	Financial assets at fair value through profit or loss	75	\$2,104	0.00%	\$2,104	—
	Listed stocks	FORMOSA PLASTICS CORPORATION	—	Financial assets at fair value through profit or loss	44	\$3,924	0.00%	\$3,924	—

(Note 1): Marketable securities referred to in this table are stocks, bonds, beneficiary certificates, and derivatives of the above items within the scope of International Financial Reporting Standard (IFRS) 9 "Financial Instruments."

(Note 2): If the issuer of the marketable securities is not a related party, this column can be left blank.

(Note 3): For those measured at fair value, please fill in the carrying amount in the column with the balance after adjusting for fair value and deducting accumulated impairment; for those not measured at fair value, please fill in the carrying amount in the column with the original acquisition cost or amortized cost minus the accumulated impairment balance.

(Note 4): If the listed marketable securities are restricted in use due to providing collateral, pledge loans, or other contractual agreements, please indicate the number of shares provided as collateral or pledged, the collateral or pledged amount, and the restricted use situation in the remarks column.



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TABLE 4

Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

Company Name	Related Party	Transaction Details					Abnormal Transaction(Note 1)		Notes/Accounts Payable or Receivable		Remark
		Nature of Relationships	Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ADDA Corporation	ADDA USA, INC	Sub-subsidiary	Sales	\$512,114	48%	45 EOM after sales	NA	NA	\$66,274	38%	(Note 4)
ADDA Corporation	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN)CO.,LTD	Sub-subsidiary	Purchases	\$247,970	31%	120 EOM after purchases	NA	NA	(\$873,809)	62%	(Note 4)
ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	Sub-subsidiary	Purchases	\$377,658	47%	120 EOM after purchases	NA	NA	(\$353,089)	25%	(Note 4)

(Note 1): If the transaction conditions with related parties differ from general transaction conditions, the differences and reasons should be explained in the unit price and credit period columns.

(Note 2): If there are prepayments, the reasons, contract terms, amounts, and differences from general transaction types should be explained in the notes column.

(Note 3): Paid-in capital refers to the parent company's paid-in capital. For issuers whose shares have no par value or a par value not equal to NT\$10, the transaction amount of 20% of the paid-in capital should be calculated as 10% of

the equity attributable to the parent company's owners on the balance sheet.

(Note 4): Already offset in the preparation of the consolidated financial statements.

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TABLE 5  
Information about the investee company, location, etc. (excluding investee companies in Mainland China):  
(1)ADDA Corporation

Name of the Investee Company (Note 1, 2)	Location	Main businesses	Initial Investment		Investment as of December 31, 2023			Net income (loss) of investee company (Note 2)	Investment income (loss) recognized (Note 2)	Remark
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
PANAMA ADDA CORP.	Panama	General Investment	\$1,385,122	\$1,385,122	434	100.00%	\$1,291,946	\$81,063	\$81,055	(Note 3/5)
GOLD STRONG ENTERPRISES LIMITED	Samoa	General Investment	\$369,626	\$369,626	11,961	100.00%	\$1,079,137	\$65,125	\$63,440	(Note 3/5)
MOBIEN CORPORATION	Taiwan	Manufacturing and wholesale of electronic components	\$23,454	\$23,454	2,000	100.00%	\$40,476	\$1,478	\$1,446	(Note 3/5)
Melco Technorex Co.,Ltd.	Japan	Manufacturing and sales of electronic application machines	\$51,488	\$51,488	400 shares	100.00%	\$85,369	(\$4,998)	(\$5,420)	(Note 3/5)
AX Fan Technology (VIETNAM) Co., Ltd.	Vietnam	Manufacturing and sales of cooling fans	\$229,079	\$229,079	—	85.00%	\$122,233	(\$50,194)	(\$42,665)	(Note 5)
X-FAN (Cayman) Holding Co., Ltd.	Cayman Islands	General Investment	\$289,937	\$289,937	8,528	25.081%	\$295,261	\$8,331	(\$93)	(Note 3/5)
CORNERSTONE ALLIANCE VENTURE CAPITAL CORP.	Taiwan	General Investment	\$20,000	\$20,000	2,000	30.75%	\$31,004	\$36,387	\$11,189	
CSX MATERIAL CO., LTD.	Taiwan	General Investment	\$36,000	\$36,000	3,000	13.04%	\$26,164	(\$49,195)	(\$6,415)	

(2)Subsidiary: PANAMA ADDA CORP.

Name of the Investee Company (Note 1, 2)	Location	Main businesses	Initial Investment		Investment as of December 31, 2023			Net income (loss) of investee company (Note 2)	Investment income (loss) recognized (Note 2)	Remark
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
ADDA USA, INC.	United States	Sales of computer fans	\$16,554 RMB (thousand)	\$16,554 RMB (thousand)	1,000	100.00%	\$51,136 RMB (thousand)	\$3,933 RMB (thousand)	\$3,933 RMB (thousand)	(Note 5)
ADDA EUROPE GMBH	Europe	Sales of cooling fans	\$752 RMB (thousand)	\$752 RMB (thousand)	100	100.00%	\$2,031 RMB (thousand)	\$504 RMB (thousand)	\$504 RMB (thousand)	(Note 5)

(3)Subsidiary: GOLD STRONG ENTERPRISES LIMITED

Name of the Investee Company (Note 1, 2)	Location	Main businesses	Initial Investment		Investment as of December 31, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Remark
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AX Fan Technology Co., Ltd	Samoa	General Investment	\$45,020	\$45,020	1,541	67.00%	\$25,340	(\$11,885)	(\$7,963)	(Note 5)

(4)Subsidiary: Melco Technorex Co.,Ltd.

Name of the Investee Company (Note 1, 2)	Location	Main businesses	Initial Investment		Investment as of December 31, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Remark
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AX Fan Technology (VIETNAM) Co., Ltd.	Vietnam	Manufacturing and sales of cooling fans	\$165,713 JPY (thousand)	\$165,713 JPY (thousand)	—	15.00%	\$99,064 JPY (thousand)	(\$225,798) JPY (thousand)	(\$33,870) JPY (thousand)	(Note 5)

(5)Subsidiary: X-FAN(Cayman)Holding Co.,Ltd.

Name of the Investee Company (Note 1, 2)	Location	Main businesses	Initial Investment		Investment as of December 31, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Remark
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
Xinruilian Science & Technologies Co., Ltd.	Taiwan	Sales of cooling fans	\$74,200	\$74,200	8,000	100.00%	\$184,609	\$24,054	\$24,054	(Note 5)

(6)Sub-subsidiary: ADDA USA, INC.

Name of the Investee Company (Note 1, 2)	Location	Main businesses	Initial Investment		Investment as of December 31, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Remark
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
AX Fan Technology Co., Ltd	Samoa	General Investment	\$759 USD (thousand)	\$— USD (thousand)	759	33.00%	\$406 USD (thousand)	(\$381) USD (thousand)	(\$126) USD (thousand)	(Note 5)
SUPERFAN MEXICO SA, DE. CV.	Mexico	Contract manufacturing and processing of computer fans	\$500 USD (thousand)	\$500 USD (thousand)	48	100.00%	—	—	—	(Note 4)

(Note 1): If a publicly traded company has a foreign holding company and the consolidated financial statements are the main financial statements according to local regulations, the disclosure of information about the foreign investee companies can be limited to the information related to the holding company.

(Note 2): For cases not described in Note 1, the following rules apply:

- Columns such as "Investee Company Name", "Location", "Main Business Items", "Original Investment Amount", and "Shareholding at the End of the Period" should be filled out according to the investment situation of this (publicly traded) company and the reinvestment situation of each directly or indirectly controlled investee company, and the relationship between each investee company and this (publicly traded) company (such as being a subsidiary or a sub-subsidiary) should be noted in the notes column.
- Column "Investee Company's Current Period Profit or Loss" should be filled out with the current period profit or loss amount of each investee company.
- Column "Recognized Investment Profit or Loss for the Current Period" only needs to be filled out with the profit or loss amount of each subsidiary and investee company evaluated using the equity method, which is directly reinvested by this (publicly traded) company. The rest can be left blank.

When filling out the "Current Period Profit or Loss Amount of Each Subsidiary Directly Reinvested", it should be confirmed that the current period profit or loss amount of each subsidiary has included the investment profit or loss that should be recognized according to the regulations for reinvestment.

(Note 3): Includes unrealized gains and losses among associates.

(Note 4): Closed for business on September 30, 2004.

(Note 5): Already offset in the preparation of the consolidated financial statements.

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TABLE 6  
Intercompany relationships and significant intercompany transactions

NO (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Consolidated Net Revenue or Total Assets (Note 3)
0	ADDA Corporation	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	1	Sales revenue	\$19,194	Equivalent to general transaction terms	1%
0	ADDA Corporation	ADDA USA,INC.	1	Sales revenue	\$512,114	Equivalent to general transaction terms	21%
0	ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	1	Sales revenue	\$11,072	Equivalent to general transaction terms	0%
0	ADDA Corporation	ADDA EUROPE GMBH	1	Sales revenue	\$38,386	Equivalent to general transaction terms	2%
0	ADDA Corporation	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	1	Cost of goods sold (purchases)	\$247,970	Equivalent to general transaction terms	10%
0	ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	1	Cost of goods sold (purchases)	\$377,658	Equivalent to general transaction terms	16%
0	ADDA Corporation	AX Fan Technology (VIETNAM) Co., Ltd.	1	Cost of goods sold (purchases)	\$8,470	Equivalent to general transaction terms	0%
0	ADDA Corporation	ADDA USA,INC.	1	Accounts receivable	\$66,274	Equivalent to general collection period	2%
0	ADDA Corporation	ADDA EUROPE GMBH	1	Accounts receivable	\$18,183	Equivalent to general collection period	0%
0	ADDA Corporation	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	1	Accounts payable	\$873,809	Equivalent to general payment period	23%
0	ADDA Corporation	GAO JING ELECTRICAL SHEN ZHEN CO., LTD	1	Accounts payable	\$132,099	Equivalent to general payment period	3%
0	ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	1	Accounts payable	\$353,089	Equivalent to general payment period	9%
0	ADDA Corporation	AX Fan Technology (VIETNAM) Co., Ltd.	1	Long-term receivables	\$30,735	Fund financing	1%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	3	Sales revenue	\$23,685	Equivalent to general transaction terms	1%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	3	Sales revenue	\$9,101	Equivalent to general transaction terms	0%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	3	Sales revenue	\$5,331	Equivalent to general transaction terms	0%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	MELCO TECHNOREX (DALIAN) CO., LTD	3	Sales revenue	\$5,127	Equivalent to general transaction terms	0%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	3	Cost of goods sold (purchases)	\$81,314	Equivalent to general transaction terms	3%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	3	Accounts receivable	\$20,655	Equivalent to general collection period	1%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	3	Accounts receivable	\$23,993	Equivalent to general collection period	1%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	3	Accounts payable	\$269,759	Equivalent to general payment period	7%
1	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	3	Other payables	\$18,950	Equivalent to general payment period	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	3	Sales revenue	\$140,813	Equivalent to general transaction terms	6%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	AX Fan Technology (VIETNAM) Co., Ltd.	3	Sales revenue	\$7,986	Equivalent to general transaction terms	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	3	Sales revenue	\$7,404	Equivalent to general transaction terms	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	3	Cost of goods sold (purchases)	\$42,897	Equivalent to general transaction terms	2%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	AX Fan Technology (VIETNAM) Co., Ltd.	3	Accounts receivable	\$14,014	Equivalent to general collection period	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	3	Accounts receivable	\$21,526	Equivalent to general collection period	1%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	3	Accounts receivable	\$133,509	Equivalent to general collection period	3%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	3	Accounts payable	\$11,894	Equivalent to general payment period	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	GAO JING ELECTRICAL SHEN ZHEN CO., LTD	3	Accounts payable	\$10,323	Equivalent to general payment period	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	AX Fan Technology (VIETNAM) Co., Ltd.	3	Other receivables	\$5,436	Equivalent to general collection period	0%
2	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	GAO JING ELECTRICAL SHEN ZHEN CO., LTD	3	Other payables	\$30,502	Equivalent to general payment period	1%
3	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	GAO JING ELECTRICAL SHEN ZHEN CO., LTD	3	Accounts payable	\$20,368	Equivalent to general payment period	1%
4	Melco Technorex Co.,Ltd.	MELCO TECHNOREX (DALIAN) CO., LTD	3	Sales revenue	\$11,695	Equivalent to general transaction terms	0%
4	Melco Technorex Co.,Ltd.	MELCO TECHNOREX (DALIAN) CO., LTD	3	Cost of goods sold (purchases)	\$126,985	Equivalent to general transaction terms	5%
4	Melco Technorex Co.,Ltd.	MELCO TECHNOREX (DALIAN) CO., LTD	3	Accounts payable	\$11,827	Equivalent to general payment period	0%
5	GOLD STRONG ENTERPRISES LIMITED	AX Fan Technology (VIETNAM) Co., Ltd.	3	Long-term receivables	\$30,735	Fund financing	1%
6	AX FAN ELECTRONICS(ZHAOQING) CO.,LTD.	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	3	Sales revenue	\$8,781	Equivalent to general transaction terms	0%
7	XINRULIAN SCIENCE & TECHNOLOGY CO., LTD	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	3	Sales revenue	\$23,178	Equivalent to general transaction terms	1%
7	XINRULIAN SCIENCE & TECHNOLOGY CO., LTD	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	3	Cost of goods sold (purchases)	\$154,241	Equivalent to general transaction terms	6%
7	XINRULIAN SCIENCE & TECHNOLOGY CO., LTD	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	3	Accounts payable	\$27,972	Equivalent to general payment period	1%
8	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	ZHAO QING HENGYANG ELECTRONICS.CO.,LTD	3	Accounts payable	\$21,248	Equivalent to general payment period	1%
8	XINRULIAN ELECTRONICS (ZHAOQING)CO.,LTD	ZHAO QING HENGYANG ELECTRONICS.CO.,LTD	3	Other payables	\$43,286	Equivalent to general payment period	1%

(Note 1): The business transaction information between the parent company and its subsidiaries should be separately marked in the number column, and the numbers should be filled in as follows:

1. Parent company fills in 0.
2. Subsidiaries are sequentially numbered with Arabic numerals starting from 1.

(Note 2): There are three types of relationships with the transaction parties, and only the type needs to be indicated (if it is a transaction between a parent company and its subsidiaries or between subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed a transaction with a subsidiary, the subsidiary does not need to repeat the disclosure; if one subsidiary has disclosed a transaction with another subsidiary, the other subsidiary does not need to repeat the disclosure):

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3): The calculation of the transaction amount as a percentage of consolidated total revenue or total assets: if it is an asset or liability account, calculate it as the ending balance as a percentage of consolidated total assets; if it is an income or expense account, calculate it as the accumulated amount during the period as a percentage of consolidated total revenue.

(Note 4): Already offset in the preparation of the consolidated financial statements.

(Note 5): Business relationships and significant transactions between the parent company and its subsidiaries are disclosed only if the transaction amount is \$5,000 thousand or more.

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TABLE 7

Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	ADDA Corporation	The Company's ultimate parent company	Sales	\$247,970	42%	120 EOM	N/A	N/A	Accounts receivable \$873,809	86%	—
ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	ADDA Corporation	The Company's ultimate parent company	Sales	\$377,658	60%	120 EOM	N/A	N/A	Accounts receivable \$353,089	44%	—
ADDA USA, INC.	ADDA Corporation	The Company's ultimate parent company	Purchases	\$512,114	98%	45 EOM	N/A	N/A	Accounts payable \$66,274	97%	—

(Note): Already offset in the preparation of the consolidated financial statements.

ADDA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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TABLE 8

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 3)	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Allowance for Doubtful Accounts
					Amount	Action Taken		
GAO JING ELECTRICAL (SHEN ZHEN) CO., LTD	ADDA Corporation	The Company's ultimate parent company	\$132,099	—	—	—	(Note 2)	(Note 1)
ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	ADDA Corporation	The Company's ultimate parent company	\$353,089	1.05	—	—	(Note 2)	(Note 1)
ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	ADDA Corporation	The Company's ultimate parent company	\$873,809	0.30	—	—	(Note 2)	(Note 1)

(Note 1): For companies preparing consolidated financial statements with a 100% shareholding ratio, the allowance for doubtful accounts may not be provided.

(Note 2): Regular settlement of accounts receivable and payable with offsetting.

(Note 3): Paid-in capital refers to the paid-in capital of the parent company. For issuers whose shares have no par value or have a par value other than NT\$10, the 20% transaction amount rule for paid-in capital is calculated as 10% of the equity attributable to the parent company's owners on the balance sheet.

(Note 4): Already offset in the preparation of the consolidated financial statements.

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TABLE 9  
Information on investment in Mainland China  
(1)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Method (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Maximum Balance for the Period		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profits/ Losses of the Investee Company	Percentage of Ownership (Direct or Indirect Investment)	Share of Profits/ Losses(Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
GAO JING ELECTRICAL SHEN ZHEN CO., LTD	Manufacturing, processing, and sales of computer fans	RMB (thousand) \$14,263	Note 1 (2) GOLD STRONG ENTERPRISES LIMITED	\$59,698	—	—	\$59,698	(\$17,349)	100%	Note 2 (2)-2. (\$17,349)	\$187,195	—
ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	Manufacturing, processing, and sales of computer fans	RMB (thousand) \$121,809	Note 1 (2) PANAMA ADDA CORP.	\$534,460	—	—	\$534,460	\$52,835	100%	Note 2 (2)-2. \$52,835	\$904,014	—
KUNSHAN ADD GREEN MICRO-ELECTRIC CO.,LTD	Manufacturing, processing, and sales of computer fans	RMB (thousand) \$35,295	Note 1 (2) PANAMA ADDA CORP.	\$156,008	—	—	\$156,008	\$3,160	100%	Note 2 (2)-2. \$3,160	\$160,861	—
WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	Sales of computer fans	RMB (thousand) \$867	Note 1 (2) GOLD STRONG ENTERPRISES LIMITED	\$4,127	—	—	\$4,127	\$12,374	100%	Note 2 (2)-2. \$12,374	\$144,288	—
GAO XING WANG ELECTRICAL (SHEN ZHEN) CO. LTD	Manufacturing, processing, and sales of plastic hardware accessories, electronic plastic accessories, and cooling fans	RMB (thousand) \$18,897	Note 1 (2) PANAMA ADDA CORP.	\$92,075	—	—	\$92,075 (Note 5)	(\$346)	100%	Note 2 (2)-2. (\$346)	\$1,055	—
ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	Manufacturing, processing, and sales of computer fans	RMB (thousand) \$37,213	Note 1 (2) GOLD STRONG ENTERPRISES LIMITED	\$184,895	—	—	\$184,895	\$81,942	100%	Note 2 (2)-2. \$81,942	\$665,215	—
MELCO TECHNOREX (DALIAN) CO., LTD	Manufacturing and sales of cooling fans	RMB (thousand) \$13,345	Note 1 (2) GOLD STRONG ENTERPRISES LIMITED	\$60,990	—	—	\$60,990	(\$8,963)	100%	Note 2 (2)-2. (\$8,963)	\$24,617	—
AX FAN ELECTRONICS(ZHAOQING) CO.,LTD.	Production, processing, and sales: metal die-casting products, metal stamping products, plastic products, mold and assembly of electronic components	RMB (thousand) \$15,527	Note 1 (2) AX FAN TECHNOLOGY CO., LTD.	\$45,020	\$23,308	—	\$68,328 (Note 6)	(\$11,885)	100%	Note 2 (2)-2. (\$11,885)	\$37,817	—
XINRUILIAN ELECTRONICS (ZHAOQING)CO.,LTD	Manufacturing and sales of cooling fans	RMB (thousand) \$41,535	Note 1 (2) X-FAN (Cayman) Holding Co., Ltd.	206,087	—	—	\$206,087	(\$6,691)	25.081%	Note 2 (2)-2. (\$2,585)	\$210,938	—
ZHAO QING HENGYANG ELECTRONICS.CO.,LTD	Sales of cooling fans	RMB (thousand) \$15,000	Note 1 (2) X-FAN (Cayman) Holding Co., Ltd.	64,192	—	—	\$64,192	(\$485)	25.081%	Note 2 (2)-2. (\$122)	\$63,978	—

(2)

Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,447,486 (USD 44,692 thousand · HKD 8,886 thousand)	\$1,408,723 (USD 44,697 thousand · HKD 8,887 thousand)	(Note 4)

(Note 1): Investment methods are divided into the following three types, and the type can be indicated:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in Mainland China through a third-region company (please specify the investment company in that third region).
- (3) Other methods.

(Note 2): In the column of investment income and loss recognized in this period:

- (1) If it is still in preparation and there is no investment income or loss, please specify.
- (2) The basis for recognizing investment income and loss is divided into the following three types, which should be specified.
  1. Financial statements audited and certified by an international accounting firm with a cooperative relationship with a CPA firm in the Republic of China.
  2. Financial statements audited and certified by a CPA of the Taiwan parent company.
  3. Other.

(Note 3): The relevant figures in this table should be presented in New Taiwan Dollars.

(Note 4): The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

(Note 5): Including the machine price transfer investment in GAO XING WANG ELECTRICAL (SHEN ZHEN) CO. LTD of USD 464,706 (equivalent to NTS13,495 thousand) by PANAMA ADDA CORP. (Xingwang incoming processing factory).

(Note 6): The amount includes the indirect investment of ADDA USA, INC. in AX FAN ELECTRONICS (ZHAOQING) CO., LTD. with its own capital of US\$759 thousand (equivalent to NTS23,308 thousand), which was not remitted by the Company.

(Note 7): This Mainland China investment information does not include the investment information of the disposed Mainland China subsidiaries.

(Note 8): Already offset in the preparation of the consolidated financial statements.

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TABLE 10

Mainland China Information - The percentage of purchase (sales) amount and the percentage of the ending balance of related accounts payable (receivable):

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
ADDA Corporation	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	Sub-subsidiary	Purchases	\$247,970	31%	120 days EOM	N/A	N/A	Accounts payable \$873,809	62%	—
ADDA Corporation	ADDA ELECTRIC MACHINERY TECHNOLOGY(KUN SHAN) CO.,LTD	Sub-subsidiary	Sales	\$19,194	2%	120 days EOM	N/A	N/A	—	—	—
ADDA Corporation	WARBURG BRANCH TRADE (SHENZHEN) CO., LTD.	Sub-subsidiary	Sales	\$439	0%	120 days EOM	N/A	N/A	Accounts receivable \$461	0%	—
ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	Sub-subsidiary	Purchases	\$377,658	47%	120 days EOM	N/A	N/A	Accounts payable \$353,089	25%	—
ADDA Corporation	ZENG DA ELECTRICAL (HUI ZHOU) CO.LTD	Sub-subsidiary	Sales	\$11,072	1%	120 days EOM	N/A	N/A	—	—	—

(Note): Already offset in the preparation of the consolidated financial statements.

ADDA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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TABLE 11

Information of Major Shareholders:

Name of Major Shareholder	Shares	
	Number of shares	Percentage of ownership
KING XIN CO., LTD.	21,780,007	19.80%
J T INT'L INVESTMENTS CO., LTD	19,580,007	17.80%
K D INT'L INVESTMENTS CO., LTD	15,381,672	13.98%

(Note 1): The major shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation based on the last business day of each quarter, considering the shares of common stock and preferred stock that have reached 5% or more, which have completed the dematerialization registration and delivery (including treasury stock). As for the share capital recorded in the company's financial statements and the actual number of shares that have completed the dematerialization registration and delivery, there may be differences due to different calculation bases.

(Note 2): If the above information pertains to shareholders who have delivered their shares in trust, it is disclosed separately in the entrusted accounts opened by the trustee in the name of the principal. As for shareholders who, according to the securities trading regulations, process the internal shareholding declaration for shareholdings exceeding 10%, their shareholdings include their own shares plus the shares delivered in trust and the shares with decision-making power over the trust property. For information on internal shareholding declarations, please refer to the Market Observation Post System.