

**United Radiant Technology
Corporation and Subsidiaries**

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

**No.12,Chien-Kuo Road,T.T.I.P. Tantzu Dist.,
Taichung City
Tel: (04)25314277**

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REPRESENTATION LETTER

Pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, as of and for the year ended December 31, 2023, the Company that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared, provided that a statement to that effect is made and presented on the front page of the consolidated financial report.

Very truly yours,

United Radiant Technology Corporation and Subsidiaries

Mon-Han, Wu

February 27, 2024

Independent Auditor’s Report

To the Board of directors of United Radiant Technology Corporation:

Audit opinion

We have audited the accompanying consolidated financial statements of United Radiant Technology Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter for the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Validity of Specific Customer's Revenue Recognition

The Group's main revenue comes from export sales, including sales to Europe and the Americas. The revenue from some of these customers has grown significantly compared to the previous year, and the transaction amounts of these customers are significant to the overall revenue. May have a material impact on the financial performance of the Fnetlink Group; therefore, we have considered the validity of specific customers' revenue recognition of specific customers as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4 of the Consolidated Financial Statements.

Our audit procedures related to the key audit matter described above are as follows:

1. We understood the related internal control and operating procedures in the sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the internal control and operating procedures.
2. We selected samples from the sales details from specific customers, examined the shipping documents and export declarations, and checked whether the invoice recipient was the same as the shipment recipient to confirm the validity of the sales revenue.

Other Matters

We have also audited the parent company only financial statements of United Radiant Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

Deloitte Taiwan
CPA Dli-Wei Liu

CPA Ting-Chien Su

Approval Document Number of Financial
Supervisory Commission
Jin Guan Zheng Sheng Zi No. 1110348898

Approval Document Number of Financial
Supervisory Commission
Jin Guan Zheng Sheng Zi No. 1070323246

February 27, 2024

United Radiant Technology Corporation and Subsidiaries
Consolidated Balance Sheets
As of December 31 in 2023 and 2022

Unit: NT\$ thousand

Code	ASSET	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 672,793	36	\$ 722,610	36
1120	Financial assets at fair value through other comprehensive income or loss - current (Notes 4 and 7)	384,305	20	344,345	17
1136	Financial assets at amortized cost - current (Notes 4, 8 and 26)	13,000	1	13,000	1
1170	Accounts receivable, net (Notes 4, 9, 19 and 25)	244,512	13	231,417	11
1200	Other receivables, net (Notes 4 and 25)	5,412	-	4,771	-
1310	Inventories (Notes 4 and 10)	222,166	12	375,079	18
1410	Prepayments	4,970	-	2,999	-
1470	Other current assets (Note 19 and 25)	1,679	-	2,576	-
11XX	Total current assets	<u>1,548,837</u>	<u>82</u>	<u>1,696,797</u>	<u>83</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income or loss - non-current (Notes 4 and 7)	24,584	1	22,403	1
1550	Investments accounted for using the equity method (Notes 4 and 12)	43,173	2	24,185	1
1600	Property, plant and equipment (Notes 4, 13 and 28)	133,334	7	124,362	6
1755	Right-of-use assets (Notes 4, 14 and 28)	7,222	1	15,441	1
1780	Intangible assets (Notes 4 and 15)	6,602	-	8,728	1
1840	Deferred income tax assets (Notes 4 and 21)	20,396	1	17,513	1
1915	Prepayments for business facilities	8,030	1	17,979	1
1920	Refundable deposits (Notes 4)	2,225	-	1,409	-
1932	Long-term accounts receivable (Notes 4, 9 and 19)	80,004	4	101,506	5
1990	Other non-current assets (Note 19)	14,535	1	5,618	-
15XX	Total non-current assets	<u>340,105</u>	<u>18</u>	<u>339,144</u>	<u>17</u>
1XXX	Total Assets	<u>\$ 1,888,942</u>	<u>100</u>	<u>\$ 2,035,941</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current liabilities				
2130	Contract liabilities - current (Notes 4 , 19 and 25)	\$ 22,422	1	\$ 24,586	1
2150	Notes payable	101	-	990	-
2170	Accounts payable	131,593	7	163,043	8
2180	Accounts payable - related party (Note 25)	12,051	1	12,051	1
2200	Other payables (Notes 16 and 25)	79,048	4	118,237	6
2230	Income tax liabilities for the period (Notes 4)	25,977	2	57,002	3
2280	Lease liabilities - current (Notes 4 and 14)	1,626	-	833	-
2399	Other current liabilities	3,828	-	1,518	-
21XX	Total current liabilities	<u>276,646</u>	<u>15</u>	<u>378,260</u>	<u>19</u>
	Non-current				
2527	Contract liabilities - non-current (Notes 4 and 19)	4,753	-	6,168	-
2570	Deferred tax liabilities (Notes 4 and 21)	-	-	3,039	-
2580	Lease liabilities - non-current (Notes 4 and 14)	5,769	-	5,129	-
2640	Net defined benefit liability - non-current (Notes 4 and 17)	35,280	2	36,787	2
2645	Guarantee deposits (Note 26)	10,288	1	10,291	1
25XX	Total non-current liabilities	<u>56,090</u>	<u>3</u>	<u>61,414</u>	<u>3</u>
2XXX	Total liabilities	<u>332,736</u>	<u>18</u>	<u>439,674</u>	<u>22</u>
	Equity attributable to shareholders of the Company				
3110	Common shares	1,063,518	56	1,063,518	52
3200	Capital surplus	37,883	2	17,340	1
	Retained earnings				
3310	Statutory reserves	144,373	8	116,254	6
3320	Special reserve	92,930	5	-	-
3350	Undistributed earnings	268,269	14	492,085	24
3400	Other equity	(50,767)	(3)	(92,930)	(5)
3XXX	Total equity	<u>1,556,206</u>	<u>82</u>	<u>1,596,267</u>	<u>78</u>
	Total Liabilities and Equity	<u>\$ 1,888,942</u>	<u>100</u>	<u>\$ 2,035,941</u>	<u>100</u>

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

Chairman: Mon-Han, Wu

Manager: Chien Wen, Yeh

Accounting Supervisor: Kun-Quan, Liu

United Radiant Technology Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4,19 and 26)	\$ 1,557,823	100	\$ 1,948,681	100
5000	Operating costs (Notes 11 and 20)	<u>1,297,570</u>	<u>83</u>	<u>1,538,190</u>	<u>79</u>
5900	Operating margin	260,253	17	410,491	21
	Operating expenses (Note 20)				
6100	Selling expenses	39,214	3	36,900	2
6200	General and administrative expenses	90,737	6	102,709	5
6300	Research & development expenses	35,112	2	<u>40,975</u>	<u>2</u>
6450	Expected credit impairment benefit(Notes 4 and 9)	<u>2,233</u>	<u>-</u>		
6000	Total operating expenses	<u>167,296</u>	<u>11</u>	<u>180,412</u>	<u>9</u>
6900	Net Operating income	<u>92,957</u>	<u>6</u>	<u>230,079</u>	<u>12</u>
	Non-operating income and expenditure(Note 4)				
7010	Other income(Notes 20 and 25)	14,424	1	30,521	1
7020	Other profits and losses (Note 20)	(4,720)	-	59,533	3
7050	Interest expenses	(128)	-	(380)	-
7060	Profit and loss share of related companies recognized using the equity method (Note 12)	(11,555)	(1)	(5,815)	-
7100	Interest income	21,545	1	8,696	-
7670	Impairment losses (Note 13)	<u>-</u>	<u>-</u>	<u>(4,966)</u>	<u>-</u>
7000	Total non-operating income and expenditure	<u>19,566</u>	<u>1</u>	<u>87,589</u>	<u>4</u>
7900	Net profit before tax	<u>\$ 112,523</u>	<u>7</u>	<u>317,668</u>	<u>16</u>

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Code		2023		2022	
		Amount	%	Amount	%
7950	Income tax gains (expenses) (Notes 4 and 21)	(<u>22,302</u>)	(<u>1</u>)	(<u>64,579</u>)	(<u>3</u>)
8200	NET INCOME	<u>90,221</u>	<u>6</u>	<u>253,089</u>	<u>13</u>
	Other comprehensive income(Notes 4)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation (Note 17)	(<u>1,555</u>)	-	<u>21,188</u>	<u>1</u>
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income or loss	<u>42,141</u>	<u>2</u>	(<u>119,672</u>)	(<u>6</u>)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	<u>22</u>	-	(<u>263</u>)	-
8300	Other comprehensive income (loss) for the year, net of income tax	<u>40,608</u>	<u>2</u>	(<u>98,747</u>)	(<u>5</u>)
8500	Total comprehensive income (loss)	<u>\$ 130,829</u>	<u>8</u>	<u>\$ 154,342</u>	<u>8</u>
	Earnings per share (Note 22)				
9750	Basic	<u>\$ 0.85</u>		<u>\$ 2.38</u>	
9850	Diluted	<u>\$ 0.84</u>		<u>\$ 2.34</u>	

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan,Liu

United Radiant Technology Corporation and Subsidiaries
Consolidated Statements of Changes In Equity
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

		Equity attributable to shareholders of the Company					Other equity (Note 4)			
		Retained earnings (Note 18)					Exchange differences arising on translation of foreign operations	Financial assets at fair value through other comprehensive income Unrealized gain or loss (Note 7)	Treasury stock	Total equity
Code		Common shares (Note 18)	Capital surplus (Note 4 and 18)	Legal reserve	Special reserve	Undistributed earnings (Notes 7 and 17)				
A1	Balance, January 1, 2022	1,063,518	17,340	93,873	24,351	347,181	5,238	28,681	-	1,580,182
	Distribution of 2021 earnings									
B1	Statutory reserves	-	-	22,381	-	(22,381)	-	-	-	-
B3	Reversal of special surplus reserve	-	-	-	(24,351)	24,351	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	(138,257)	-	-	-	(138,257)
D1	Net income in 2022	-	-	-	-	253,089	-	-	-	253,089
D3	Other comprehensive income (loss) in 2022	-	-	-	-	21,188	(263)	(119,672)	-	(98,747)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	274,277	(263)	(119,672)	-	154,342
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	6,914	-	(6,914)	-	-
Z1	Balance, December 31, 2022	\$ 1,063,518	\$ 17,340	\$ 116,254	\$ -	\$ 492,085	\$ 4,975	(\$ 97,905)	\$ -	\$ 1,596,267
	Distribution of 2022 earnings									
B1	Statutory reserves	-	-	28,119	-	(28,119)	-	-	-	-
B3	Special reserve	-	-	-	92,930	(92,930)	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	-	-	(191,433)	-	-	-	(191,433)
D1	Net income in 2023	-	-	-	-	90,221	-	-	-	90,221
D3	Other comprehensive income (loss) in 2023	-	-	-	-	(1,555)	22	42,141	-	40,608
D5	Total comprehensive income (loss) in 2023	-	-	-	-	88,666	22	42,141	-	130,829
C7	Changes in related enterprises recognized using the equity method	-	20,543	-	-	-	-	-	-	20,543
Z1	Balance, December 31, 2023	\$ 1,063,518	\$ 37,883	\$ 144,373	\$ 92,930	\$ 268,269	\$ 4,997	(\$ 55,764)	\$ -	\$ 1,556,206

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

Chairman: Mon-Han, Wu

Manager: Chien Wen, Yeh

Accounting Supervisor: Kun-Quan, Liu

United Radiant Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before income tax	\$ 112,523	\$ 317,668
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	24,309	22,459
A20200	Amortization expense	3,485	3,083
A20300	Expected credit losses (reversal)	2,233	(172)
A20900	Interest expense	128	380
A21200	Interest income	(21,545)	(8,696)
A21300	Dividend income	(7,834)	(18,941)
A22300	Profit and loss share of related companies recognized using the equity method	11,555	5,815
A22500	Gain on disposal of property, plant and equipment	(1,503)	(570)
A23700	Impairment losses	-	4,966
A23800	Impairment loss on non-financial assets	14,917	10,147
A24100	Unrealized foreign currency exchange losses (gains)	4,876	(1,331)
A29900	Other income	(778)	(1,353)
A30000	Changes in operating assets and liabilities:		
A31150	Accounts receivable	1,706	66,616
A31180	Other receivables	(2,908)	(1,781)
A31200	Inventories	137,996	(23,030)
A31230	Prepayments	(1,971)	2,083
A31240	Other current assets	2,181	805
A32125	Contract liabilities	(3,233)	(6,574)
A32130	Notes payable	(889)	(317)
A32150	Accounts payable	(29,198)	(97,636)
A32180	Other payables	(37,712)	15,083
A32230	Other current liabilities	2,314	(922)
A32240	Net defined benefit liability	(3,451)	(8,777)
A33000	Cash inflow generated from operations	207,201	279,005
A33100	Receipt of interest	21,539	7,907
A33200	Receipt of dividends	7,834	18,941
A33300	Interest paid	(128)	(380)
A33500	Refunded Income tax paid	(58,860)	(12,222)
AAAA	Net cash flows from operating activities	<u>177,586</u>	<u>293,251</u>

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Code		2023	2022
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income or loss	\$ -	(84,136)
B00020	Proceed from disposal of financial assets at fair value through other comprehensive income or loss	-	27,005
B00040	Acquisition of financial assets at amortized cost	(13,000)	(513,073)
B00050	Disposal of financial assets at amortized cost	13,000	513,073
B01800	Acquisition of investments using the equity method	(10,000)	(30,000)
B02700	Acquisition of property, plant and equipment	(19,972)	(4,605)
B02800	Proceed from disposal of property, plant and equipment	667	993
B03700	Refundable deposits paid	(1,077)	(287)
B03800	Refundable deposits refunded	261	7,890
B04500	Acquisition of intangible assets	(1,359)	(1,557)
B07100	Increase in prepayments for business facilities	(<u>3,167</u>)	(<u>20,892</u>)
BBBB	Net cash used in investing activities	(<u>34,647</u>)	(<u>105,589</u>)
	Cash flows from financing activities		
C00100	Increase in short-term bank borrowings	644	202,241
C00200	Decrease in short-term bank borrowings	(644)	(202,241)
C03000	Guarantee deposits received	-	9
C03100	Guarantee deposits refunded	(3)	-
C04020	Repayment of principal portion of lease liabilities	(1,365)	(818)
C04500	Cash dividend paid	(<u>191,433</u>)	(138,257)
CCCC	Net cash used in financing activities	(<u>192,801</u>)	(<u>139,066</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>45</u>	(<u>1,625</u>)
EEEE	Net decrease in cash and cash equivalents	(49,817)	46,971
E00100	Cash and cash equivalents, beginning of year	<u>722,610</u>	<u>675,639</u>
E00200	Cash and cash equivalents, end of year	\$ <u>672,793</u>	\$ <u>722,610</u>

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

Chairman: Mon-Han, Wu Manager: Chien Wen, Yeh Accounting Supervisor: Kun-Quan, Liu

United Radiant Technology Corporation and Subsidiaries

Notes to consolidated financial statements

For the Years Ended December 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies, Unless Specified
Otherwise)

I. Company History:

United Radiant Technology Corporation (hereinafter referred to as "the Company") was established in June 1990. The Company is engaged in the manufacture, processing and sale of all kinds of liquid crystal displays (LCDs) and their modules.

The Company's shares were approved for listing on the Taipei Exchanges (OTC) by Securities and Futures Commission (now the Securities and Futures Bureau of the Financial Supervisory Commission) in August 1996.

These consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval Date and Procedures of the Consolidated Financial Statements

The accompanying consolidated financial statements were approved by the Board of Directors on February 23, 2024.

III. Application of New and Revised International Financial Reporting Standards

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Group's accounting policies.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB(Note 1)
Amendment to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the above newly released/amended/revised

standards or interpretations are effective for the annual reporting period starting after the respective date.

Note 2: The seller and lessee should retroactively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after 16 days of initial application of IFRS.

Note 3: The first time this amendment is applied, some disclosure requirements are exempted.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the amendments of other standards and interpretations have no material impact on the Group's financial positions and financial performance.

(III) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

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

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

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the merged company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

(II) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

Current assets include:

1. Assets held for trading purposes;
2. Assets that are expected to be realized within twelve months from the balance sheet date; and
3. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

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

(IV) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Please refer to Note 11, Table 4 and Table 5 for more information on subsidiaries, percentage of ownership and main businesses.

(V) Foreign currencies

When each entity prepares its financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary items that are measured in terms of historical cost in foreign

currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries operating in countries or currencies different from those of the Company) are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income, and attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

(VI) Inventories

Inventories consist of raw materials, supplies, finished goods, work in progress, and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost. Inventories are recorded at weighted-average cost on the balance sheet date.

(VII) Investing in affiliated companies

Have significant influence on the merged company, but are not subsidiaries or joint ventures.

The merged company adopts the equity method for investing in affiliated companies.

Under the equity method, an investment in an affiliated enterprise is initially recognized at cost, and the book value after acquisition will increase or decrease with the combined company's share of the affiliated enterprise's profit or loss, other comprehensive profit or loss, and profit distribution. In addition, changes in the rights and interests of related companies that the merged company can enjoy are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of the affiliated company enjoyed by the merged company on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized; The excess of the share of the net fair value of the identifiable assets and liabilities of the affiliated enterprise over the

acquisition cost is included in the current year's profit or loss.

When an affiliated company issues new shares, if the merging company does not subscribe in accordance with the shareholding ratio, resulting in a change in the shareholding ratio, and thus resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital reserve - the equity method shall be used to recognize the related party Changes in the net value of corporate equity and investments using the equity method. However, if the ownership interest in the affiliated enterprise is reduced by not subscribing or obtaining it according to the shareholding ratio, the amount recognized in other comprehensive profit and loss related to the affiliated enterprise will be reclassified according to the reduction ratio, and the basis of accounting treatment is related to the affiliated enterprise If the basis for directly disposing of related assets or liabilities is the same; if the adjustment in the preceding paragraph should be debited to the capital reserve, and if the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus.

When the merging company's loss share of the affiliated enterprise is equal to or exceeds its equity in the affiliated enterprise (including the book value of the investment in the affiliated enterprise under the equity method and other long-term interests that are substantially part of the merging company's net investment in the affiliated enterprise) , which ceases to recognize further losses. The merged company recognizes additional losses and liabilities only within the scope of statutory obligations, constructive obligations or payments made on behalf of related companies.

When the consolidated company assesses the impairment, it regards the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount with the book value to conduct an impairment test. The recognized impairment loss is not apportioned to the components that constitute the investment book amount any assets, including goodwill. Any reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

The merged company ceases to adopt the equity method on the date when its investment ceases to be an affiliated enterprise, and its retained interests in the original affiliated enterprise shall be measured at fair value. included in the profit and loss for the year. In addition, all amounts related to the affiliated enterprise recognized in other comprehensive profit or loss are accounted for on the same basis

as would be required if the affiliated enterprise directly disposes of the related assets or liabilities. If the investment in an affiliated enterprise becomes an investment in a joint venture, or if the investment in a joint venture becomes an investment in an affiliated enterprise, the consolidated company continues to use the equity method without re-measurement of the retained interest.

Gains and losses arising from upstream, downstream, and sidestream transactions between the merged company and affiliated companies are recognized in the consolidated financial report only to the extent that they are not related to the merged company's rights and interests in the affiliated compa

(VIII) Property, plant and equipment

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

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

(IX) Intangible assets

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

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

(X) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(XI) Financial instrument

Financial assets and liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

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

1. Financial Assets

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

(1) Category of financial assets and measurement

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

at fair value through other comprehensive income.

A. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, long-term receivables, overdue receivables, refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

A financial asset is credit impaired when significant financial difficulty of the issuer or the borrower; breach of contract; default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of

cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

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

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

(2) Impairment of financial assets

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

The loss allowance for accounts receivable and overdue receivables is measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

over the expected life of a financial instrument.

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

- A. Internal or external information show that the debtor is unlikely to pay its creditors.
- B. When a financial asset is due longer than the collection period as stated in the contract, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial Liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

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

(XII) Revenue recognition

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

For a contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for any effect of a significant financing component.

1. Revenue from the sale of goods

Revenue from sales of goods is mainly generated from sales of LCD modules and LCD products. Revenue and accounts receivable are recognized when the customer has control over the committed assets, and the prepayment for sales of goods is recognized as a contract liability.

When supplying materials for processing, control of the processed goods is not transferred, in which case it is not recognized as revenue.

2. Construction revenue

The Group is engaged in the contracting business of LED street lighting projects. Since the assets are under the control of the customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the completion of the construction contracts. The Group provides standard warranties that are in compliance with the agreed specifications for LED street lighting projects and has recognized provisions for these warranties.

(XIII) Leases

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

The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

(XIV) Employee welfare

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2. Retirement benefits

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

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

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

(XV) Income tax

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

1. Current income tax

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

According to R.O.C Income Tax Act, income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

2. Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of

the deferred tax asset to be recovered.

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

3. Current and deferred tax for the year

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

V. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

The accounting policies, estimates and basic assumptions adopted by the combined company have been evaluated by the management of the combined company and there are no significant uncertainties in accounting judgments, estimates and assumptions.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 1	\$ 62
Deposits in banks	136,399	329,723
Cash equivalents (Investments with a maturity date of three months or less)		
Time deposits	<u>536,393</u>	<u>392,825</u>
	<u>\$ 672,793</u>	<u>\$ 722,610</u>
<u>Annual interest rate (%)</u>		
Deposits in banks	0.001-1.45	0.03-1.05
Cash equivalents	1.1-6.20	4.58-5.00

VII. Financial assets at fair value through other comprehensive income or loss

<u>Investments in equity instruments</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic listed shares	<u>\$ 384,305</u>	<u>\$ 344,345</u>
<u>Non-current</u>		
Foreign unlisted preference shares	\$ 17,570	\$ 17,151
Domestic unlisted common shares	<u>7,014</u>	<u>5,252</u>
	<u>\$ 24,584</u>	<u>\$ 22,403</u>

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

The Company disposed the financial assets at FVTPL in 2022, respectively, and realized gains of NT\$6,914 thousand were transferred to retained earnings.

VIII. Financial assets at amortized cost - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted		
Time deposits	\$ <u>13,000</u>	\$ <u>13,000</u>

For information on pledged financial assets at amortized cost, see Note 26.

IX. Accounts receivable and Overdue receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable - unrelated party, net</u>		
At amortized cost		
Carrying Amount	\$ 327,994	\$ 337,031
Less: Unrealized interest income	(3,067)	(3,747)
Less: Loss allowance	(<u>411</u>)	(<u>361</u>)
	<u>\$ 324,516</u>	<u>\$ 332,923</u>
Current	\$ 244,512	\$ 231,417
Non-current	<u>80,004</u>	<u>101,506</u>
	<u>\$ 324,516</u>	<u>\$ 332,923</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 1,299	\$ 1,299
Less: Loss allowance	(<u>1,299</u>)	(<u>1,299</u>)
	<u>\$ -</u>	<u>\$ -</u>

Accounts receivable and Overdue receivables

The average credit period of the Group for commodity sales is 30 to 90 days. Contracted projects are billed in accordance with the contracts. The amounts billed over one year are recorded as long-term receivables, and no interest is accrued on the accounts receivable. The policy adopted by the Group is to conduct transactions only with those who are equal to or higher than the investment grade and to attain sufficient guarantees, if necessary, to mitigate the risk of financial loss due to default. The Group uses publicly available financial information and historical transaction records to rate

major customers.

In order to minimize credit risk, management of the Group is responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade debts to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group recognizes the loss allowance of accounts receivable and overdue receivable according to the lifetime expected credit losses. The lifetime expected credit losses is calculated by using the reserve matrix, which examines the past default records of customers and the current financial situation. The historical experience of the Group's credit loss history has shown that the loss patterns of different customer have not significantly different from the loss patterns. Therefore, the provision matrix is not further differentiated in the client base. Only the number of overdue days for accounts receivable are used for setting the expected credit loss rate.

The Group directly writes off related accounts receivable and overdue receivable when there is evidence indicating that the debtor is experiencing in severe financial difficulty and there is no realistic prospect of recovery by the Group. The Group continues to engage in enforcement activity, and the recovered amounts are recognized as profit or loss.

The Group's loss allowance for trade receivable based on the provision matrix were as follows:

	Not past due	Past due within 30 days	Past due 31 - 60 days	Past due 61 - 90 days	Past due 91 - 365 days	Past due over 365 days	Total
<u>December 31, 2023</u>							
Expected credit loss ratio	0.1%	3%	6%	10%	50%	100%	
Carrying Amount	\$ 325,149	\$ 2,845	\$ -	\$ -	\$ -	\$ 1,299	\$ 329,293
Allowance for loss (loss on lifetime expected credit)	(326)	(85)	-	-	-	(1,299)	(1,710)
Unrealized interest income	(3,067)	-	-	-	-	-	(3,067)
At amortized cost	<u>\$ 321,756</u>	<u>\$ 2,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,516</u>
<u>December 31, 2022</u>							
Expected credit loss ratio	0.1%	3%	6%	10%	50%	100%	
Carrying Amount	\$ 336,206	\$ 825	\$ -	\$ -	\$ -	\$ 1,299	\$ 338,330
Allowance for loss (loss on lifetime expected credit)	(336)	(25)	-	-	-	(1,299)	(1,660)
Unrealized interest income	(3,747)	-	-	-	-	-	(3,747)
At amortized cost	<u>\$ 332,123</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,923</u>

Movements in loss allowance for accounts receivable and overdue receivables are as follows:

	2023		2022	
	Accounts receivable	Overdue receivables	Accounts receivable	Overdue receivables
Balance, beginning of year	\$ 361	\$ 1,299	\$ 533	\$ 1,299
Impairment loss (reversed) recognized for the year	<u>50</u>	<u>-</u>	(172)	-
Balance, end of year	<u>\$ 411</u>	<u>\$ 1,299</u>	<u>\$ 361</u>	<u>\$ 1,299</u>

Long-term receivables expected to be collected in 2025, 2026, 2027 and 2028, are NT\$22,381 thousand, NT\$22,381 thousand, NT\$22,380 thousand and NT\$15,929 thousand, respectively.

X. Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 48,269	\$ 88,089
Work in process	38,073	59,189
Raw materials	129,834	219,541
Supplies	5,019	7,180
Goods in transit	<u>971</u>	<u>1,080</u>
	<u>\$ 222,166</u>	<u>\$ 375,079</u>

The nature of cost of goods sold related to inventories is as follows:

	2023	2022
Cost of inventory sold	\$ 1,243,309	\$ 1,500,896
Unallocated manufacturing expenses	38,085	25,926
Inventory write-down	<u>14,917</u>	<u>10,147</u>
	<u>\$ 1,296,311</u>	<u>\$ 1,536,969</u>

XI. Subsidiary

Subsidiaries included in the consolidated financial statements:

Investor Company	Subsidiary	Percentage of Ownership	
		December 31, 2023	December 31, 2022
United Radiant Technology Corporation	FIRSTHILL LIMITED	100	100
	UNITED RADIANT TECHNOLOGY (H.K.) CO., LTD.	100	100
	BRIGHT YEH, LTD	100	100
BRIGHT YEH, LTD	Bright Yeh Technology (Huizhou) Co., Ltd.	100	100

For the business nature of the above subsidiaries, please refer to Tables 4 and 5.

XII. Recruitment rights investment

<u>investment association</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Amount</u>	<u>Sharehol ding%</u>	<u>Amount</u>	<u>Sharehol ding%</u>
<u>Hongyi optical Co., Ltd.</u>	<u>\$ 35,006</u>	<u>19.87</u>	<u>\$ 24,185</u>	<u>31.45</u>
<u>IMMENSE OAK TECHNOLOGIES INC.</u>	<u>8,167</u>	<u>32.53</u>	<u>-</u>	<u>-</u>
	<u>\$ 43,173</u>		<u>\$ 24,185</u>	

The above-mentioned affiliated companies are individually immaterial affiliated companies, and the general information is as follows:

	<u>2023</u>	<u>2022</u>
Benefits of the merged company		
Current year loss	(\$ 11,555)	(\$ 5,815)
Loss and Other		
Comprehensive Income for the		
Year	-	-
Total profit and loss	(\$ 11,555)	(\$ 5,815)

Merged company acquired NT\$30,000 thousand since May 111, 31.45% shareholding of Hongyi Optical Company, which is a subsidiary of the company. The acquired company's trading income is NT\$12,885 thousand, which is the origin of the affiliated investment company.

In May 2023, Hongyi optical Co., Ltd. increased its cash capital, and the merged company's unproportioned proportionate purchase amount was 31.45%, and its proportionate proportion decreased by 19.87%, and its official capital increased by NT\$20,543 thousand. The management level of the company was evaluated and the merger company was appointed to the company's director, which had a significant impact on the investment management of the late Recruitment and Profit Law.

Since November 2023, the merged company acquired NT\$10,000 thousand and acquired 32.53% stake in IMMENSE OAK TECHNOLOGIES INC. Acquired NT\$2,635 thousand for the company's production and business transaction, and the investment related company's completed book. The merged company's financial reporting period progressed impairment loss review was NT\$1,054 thousand in 2023.

XIII. Property, plant and equipment

<u>2023</u>	<u>Buildings</u>	<u>Machinery & equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 445,146	\$ 1,205,845	\$ 79,764	\$ 1,730,755
Additions	11,791	3,273	3,482	18,546
Disposals	(23,055)	(215)	(2,629)	(25,899)

2023	Buildings	Machinery & equipment	Other equipment	Total
Reclassifications(Note)	13,032	84	-	13,116
Effect of foreign currency exchange differences	(53)	(69)	-	(122)
Balance, December 31, 2023	<u>\$ 446,861</u>	<u>\$ 1,208,918</u>	<u>\$ 80,617</u>	<u>\$ 1,736,396</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2023	\$ 354,682	\$ 1,176,854	\$ 68,332	\$ 1,599,868
Disposals	(18,161)	(214)	(2,402)	(20,777)
Depreciation expense	6,887	11,907	3,668	22,462
Effect of foreign currency exchange differences	191	(43)	-	148
Balance at December 31, 2023	<u>\$ 343,599</u>	<u>\$ 1,188,504</u>	<u>\$ 69,598</u>	<u>\$ 1,601,701</u>
<u>Accumulated impairment loss</u>				
Balance at January 1, 2023	\$ 5,138	\$ 1,387	\$ -	\$ 6,525
Impairment loss recognized	(5,193)	-	-	(5,193)
Effect of foreign currency exchange differences	55	(26)	-	29
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ 1,361</u>
Carrying amounts at December 31, 2023	<u>\$ 103,262</u>	<u>\$ 19,053</u>	<u>\$ 11,019</u>	<u>\$ 133,334</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 442,864	\$ 1,198,387	\$ 75,477	\$ 1,716,728
Additions	-	1,913	5,218	7,131
Disposals	-	(1,729)	(1,988)	(3,717)
Reclassifications(Note)	-	7,219	1,057	8,276
Effect of foreign currency exchange differences	2,282	55	-	2,337
Balance, December 31, 2022	<u>\$ 445,146</u>	<u>\$ 1,205,845</u>	<u>\$ 79,764</u>	<u>\$ 1,730,755</u>
2022	Buildings	Machinery & equipment	Other equipment	Total
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ 346,467	\$ 1,166,822	\$ 66,957	\$ 1,580,246
Disposals	-	(1,306)	(1,988)	(3,294)
Depreciation expense	6,470	11,303	3,363	21,136
Effect of foreign currency exchange differences	1,745	35	-	1,780
Balance at December 31, 2022	<u>\$ 354,682</u>	<u>\$ 1,176,854</u>	<u>\$ 68,332</u>	<u>\$ 1,599,868</u>
<u>Accumulated impairment loss</u>				
Balance at January 1, 2022	\$ -	\$ 1,367	\$ -	\$ 1,367
Impairment loss recognized	4,966	-	-	4,966
Effect of foreign currency exchange differences	172	20	-	192
Balance at December 31, 2022	<u>\$ 5,138</u>	<u>\$ 1,387</u>	<u>\$ -</u>	<u>\$ 6,525</u>
Carrying amounts at December 31, 2022	<u>\$ 85,326</u>	<u>\$ 27,604</u>	<u>\$ 11,432</u>	<u>\$ 124,362</u>

Note: The reclassification mainly refers to the amount transferred from the prepaid equipment payment.

Merger company 2023 unapproved line or transfer impairment loss . The merged company's 2022 financial year will result in a decrease in the future operating profit of apartment buildings and construction, The recoverable amount was less than the book value, and the recognized impairment loss was NT\$4,966 thousand.

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

Buildings	
Main buildings	20 to 40 years
Others	1 to 32 years
Machinery & equipment	1 to 8 years
Other equipment	2 to 20 years

For related significant contingencies, please refer to Note 27.

XIV. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts		
Land	\$ 4,892	\$ 15,148
Buildings	76	293
Transportation Equipment	<u>2,254</u>	<u>-</u>
	<u>\$ 7,222</u>	<u>\$ 15,441</u>
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 2,798</u>	<u>\$ -</u>
Depreciation of right-of-use assets		
Land	\$ 1,086	\$ 1,105
Buildings	217	218
Transportation Equipment	<u>544</u>	<u>218</u>
	<u>\$ 1,847</u>	<u>\$ 1,323</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts		
Current	<u>\$ 1,626</u>	<u>\$ 833</u>
Non-current	<u>\$ 5,769</u>	<u>\$ 5,129</u>

Discount rates for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.75%	1.75%
Buildings	2%	2%
Transportation Equipment	2%	-

(III) Material lease terms

The merged company leases transportation equipment for transportation use for a period of 3 years. There are no renewal or purchase rights provisions in these lease agreements.

The Group leases some land and buildings for the use of factories, offices and warehouses. The lease terms are 2 to 10 years. The Group does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group was granted the right to use land in China for 43 years and is entitled to use the land, receive income, transfer and lease the land during the land use period, and is responsible for all taxes and fees payable arising from the use of the land. For related significant contingencies, please refer to Note 27.

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 1,199</u>	<u>\$ 774</u>
Total cash outflow for leases	<u>(\$ 2,692)</u>	<u>(\$ 1,705)</u>

For other equipment which qualify as short-term leases, the Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

XV. Intangible assets

2023	Balance, beginning of year	Additions	Heavy classification(Note)	Disposals	Balance, end of year
<u>Cost</u>					
Computer software	\$ 21,498	<u>\$ 1,359</u>	<u>\$ -</u>	(<u>\$ 4,566</u>)	\$ 18,291
<u>Accumulated amortization</u>					
Computer software	<u>12,770</u>	<u>\$ 3,485</u>	<u>\$ -</u>	(<u>\$ 4,566</u>)	<u>11,689</u>
	<u>\$ 8,728</u>				<u>\$ 6,602</u>
2022					
<u>Cost</u>					
Computer software	\$ 19,631	<u>\$ 1,557</u>	<u>\$ 1,305</u>	(<u>\$ 995</u>)	\$ 21,498

2023	Balance, beginning of year	Additions	Heavy classification(Note)	Disposals	Balance, end of year
<u>Accumulated amortization</u>					
Computer software	10,682	\$ 3,083	\$ -	(\$ 995)	12,770
	<u>\$ 8,949</u>				<u>\$ 8,728</u>

Note: The reclassification mainly refers to the amount transferred from the prepaid equipment payment.

Intangible assets were amortized on a straight-line basis over their useful lives between 3 to 10 years.

License fee for each function:

	2023	2022
Operating cost	\$ 990	\$ 1,002
Selling expenses	190	167
General and administrative expenses	1,496	1,271
R&D expenses	809	643
	<u>\$ 3,485</u>	<u>\$ 3,083</u>

XVI. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries and bonus	\$ 30,813	\$ 33,520
Payables for factory supplies	9,131	22,239
Payables for annual leave	8,572	23,123
Remuneration to employees	4,613	13,022
Remuneration to directors and supervisors	7,183	9,681
Prepayments for business facilities	2,002	3,443
Others	16,734	13,209
	<u>\$ 79,048</u>	<u>\$ 118,237</u>

XVII. Retirement benefit plans

(I) Defined contribution plans

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

There are no employees in UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd., FIRSTHILL, BRIGHT YEH and Bright Yeh Technology (Huizhou) Co., Ltd.,

so no retirement plan or system is available.

(II) Defined benefit plan

The Company adopted a defined benefit plan under the Labor Standards Act (the “LSA”), which is a state-managed defined benefit plan. Under the LSA, pension benefits are calculated based on the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the supervisory committee of workers' retirement reserve fund. Pension contributions are deposited in the Bank of Taiwan in the committees’ name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Company is required to fund the difference in a one-time appropriation that shall be made before the end of March of the following year. The funds are operated and managed by the Bureau of Labor Funds, MOL; as such, the Company does not have any right to intervene in the investments of the funds.

The amount of defined benefit plans included in the consolidated balance sheets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 140,095	\$ 147,373
Fair value of plan assets	(<u>104,815</u>)	(<u>110,586</u>)
Net defined benefit liability	<u>\$ 35,280</u>	<u>\$ 36,787</u>

Net defined benefit liability:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2022	<u>\$ 147,373</u>	<u>(\$ 110,586)</u>	<u>\$ 36,787</u>
Service Cost			
Current service cost	218	-	218
Interest expenses (income)	<u>2,211</u>	<u>(1,676)</u>	<u>535</u>
Recognized in profit or loss	<u>2,429</u>	<u>(1,676)</u>	<u>753</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	(\$ 684)	(\$ 684)
Actuarial (gain) loss			

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
- arising from changes in financial assumptions	3,373	-	3,373
- arising from experience adjustments	(745)	-	(745)
Other comprehensive income (loss)	2,628	(684)	1,944
Benefits paid directly by the Company	-	(4,204)	(4,204)
Benefits paid	(12,335)	12,335	-
December 31, 2022	<u>\$ 140,095</u>	<u>(\$ 104,815)</u>	<u>\$ 35,280</u>
January 1, 2022	\$ 174,959	(\$ 102,910)	\$ 72,049
Service Cost			
Current service cost	458	-	458
Interest expenses (income)	1,093	(650)	443
Recognized in profit or loss	1,551	(650)	901
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,122)	(8,122)
Actuarial (gain) loss			
- arising from changes in demographic assumptions	307	-	307
- arising from changes in financial assumptions	(14,226)	-	(14,226)
- arising from experience adjustments	(4,444)	-	(4,444)
Other comprehensive income (loss)	(18,363)	(8,122)	(26,485)
Benefits paid directly by the Company	-	(9,678)	(9,678)
Benefits paid	(10,774)	10,774	-
December 31, 2022	<u>\$ 147,373</u>	<u>(\$ 110,586)</u>	<u>\$ 36,787</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	2023	2022
Operating cost	\$ 529	\$ 632
Selling expenses	41	51
General and administrative expenses	117	118
R&D expenses	66	100
	<u>\$ 753</u>	<u>\$ 901</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.25%	1.50%
Expected salary increase rate	2.50%	2.50%

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ <u>3,373</u>)	(\$ <u>3,742</u>)
Decrease 0.25%	<u>\$ 3,493</u>	<u>\$ 3,880</u>
Expected salary increase rate		
0.25% increase	<u>\$ 3,389</u>	<u>\$ 3,773</u>
Decrease 0.25%	(<u>\$ 3,290</u>)	(<u>\$ 3,658</u>)

The sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	\$ <u>2,112</u>	\$ <u>2,280</u>
The average duration of the defined benefit obligation	9.8 years	10.3 years

XVIII. EQUITY

(I) Common shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>315,500</u>	<u>315,500</u>
Authorized capital	\$ <u>3,155,000</u>	\$ <u>3,155,000</u>
Number of shares issued and fully paid (in thousands)	<u>106,352</u>	<u>106,352</u>
Issued capital	\$ <u>1,063,518</u>	\$ <u>1,063,518</u>

(II) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Treasury stock transactions	\$ 16,072	\$ 16,072
<u>May be used to offset deficit only</u>		
Stock options that have expired	1,268	1,268
Use the equity method to recognize changes in the net equity value of related companies	<u>20,543</u>	<u>-</u>
	\$ <u>37,883</u>	\$ <u>17,340</u>

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

(III) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that, if the Company makes profit, it shall pay the tax and make up for the accumulative losses, and the allocate 10% of the balance as the legal reserve; however, the requirement does not apply when the accumulated legal reserve has reached the total capital of the Company. The remainder shall be set aside or reversed as a special reserve in accordance with

the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings. In accordance with Article 240(5) of the Company Act, the Board of Directors is authorized to resolve, by a resolution adopted by a two-thirds majority of the directors present who represent two-thirds or more of the directors, to distribute all or part of the dividends and bonuses or legal reserve and capital reserve under Article 241(1) of the Company Act in cash, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, For employee and director remuneration distribution policies stipulated in the company's articles of association, please refer to Note 20-5 Employee remuneration and director remuneration.

The Company's dividend policy in Articles of Incorporation is to distribute dividends to shareholders at a rate of not less than 30% of available earnings for the year, taking into account current and future development plans, the investment environment, capital requirements, domestic and international competition, and the shareholders' interests. The dividend may be distributed in cash or in shares; the cash dividend shall not be less than 20% of the total dividends paid.

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

When the Company makes a special surplus reserve for the net deductions from other equity accumulated in the previous period, it only makes a provision for the undistributed earnings of the previous period.

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

	2022	2021
Statutory reserves	\$ 28,119	\$ 22,381
(Reversal) of special reserve	92,930	(24,351)
Cash dividend	191,433	138,257
Cash dividend per share (NT\$)	1.8	1.3

The above cash dividends have been resolved by the board of directors in February 2023 and February 2022, respectively, and the remaining appropriations of earnings will be resolved by the shareholders' meeting in May 2023 and May 2022, respectively.

The appropriations of earnings for 2023 had been proposed by the Company's board of directors on February 23, 2024:

	<u>2023</u>
Statutory reserves	\$ 8,867
Reversal of special reserve	(42,163)
Cash dividend	85,081
Cash dividend per share (NT\$)	0.8

The above cash dividends have been resolved by the board of directors. The remaining items are subject to the resolution of the shareholders' meeting scheduled to be held in May 2024.

XIX. Operating income

	<u>2023</u>	<u>2022</u>	
Revenue from contracts with customers			
Revenue from the sale of goods	\$ 1,556,440	\$ 1,947,341	
Construction revenue	<u>1,383</u>	<u>1,340</u>	
	<u>\$ 1,557,823</u>	<u>\$ 1,948,681</u>	
(I) Contract balances			
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (Note 9)	\$ 244,512	231,417	\$ 277,504
Long-term accounts receivable (Note 9)	<u>80,004</u>	<u>101,506</u>	<u>123,045</u>
	<u>\$ 324,516</u>	<u>\$ 332,923</u>	<u>\$ 400,549</u>
Contract liabilities - current			
Merchandise sales	<u>\$ 22,422</u>	<u>\$ 24,586</u>	<u>\$ 30,098</u>
Contract liabilities - non-current			
Revenue from constructions	<u>\$ 4,753</u>	<u>\$ 6,168</u>	<u>\$ 7,551</u>
(II) Assets recognized for contract costs			
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
<u>Current</u>			
Cost to fulfill contract	<u>\$ 1,288</u>	<u>\$ 1,259</u>	
<u>Non-current</u>			
Cost to fulfill contract	<u>\$ 4,330</u>	<u>\$ 5,618</u>	

XX. NET INCOME

(I) Other benefits and losses

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Disposal of interests in real property, plant and equipment	\$ 1,503	\$ 570
Net foreign currency exchange gains (losses)	(<u>6,223</u>)	<u>58,963</u>
	(<u>\$ 4,720</u>)	<u>\$ 59,533</u>

(II) Financial costs

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank borrowing interest	\$ -	\$ 267
Interest on lease liabilities	<u>128</u>	<u>113</u>
	<u>\$ 128</u>	<u>\$ 380</u>

(III) Other income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
dividend income	\$ 7,834	\$ 18,941
other	<u>6,590</u>	<u>11,580</u>
	<u>\$ 14,424</u>	<u>\$ 30,521</u>

(IV) Employee benefits, depreciation and amortization expenses

<u>By nature</u>	<u>For Operating costs</u>	<u>For Operating costs</u>	<u>Total</u>
<u>2023</u>			
Employee benefit expenses			
Wages and salaries	\$ 144,358	\$ 86,100	\$ 230,458
Pension expense			
Defined contribution plans	6,963	4,576	11,539
Defined benefit plan	529	224	753
Other employee benefits	29,141	22,058	51,199
Depreciation expense	17,468	6,841	24,309
Amortization expense	990	2,495	3,485
<u>2022</u>			
Employee benefit expenses			
Wages and salaries	\$ 172,673	\$ 93,762	\$ 266,435
Pension expense			
Defined contribution plans	7,404	4603	12,007
Defined benefit plan	632	269	901
Other employee benefits	30,456	32,387	62,843
Depreciation expense	15,413	7,046	22,459
Amortization expense	1,002	2,081	3,083

For information on the allocation of amortization expenses of intangible assets to each individual line item, please refer to Note 15.

(V) Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, the article stipulates the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 6% and no higher than 4%, respectively, of the pre-tax profit prior to deducting employees' compensation and remuneration of directors. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2023 and 2022 which have been resolved by the Company's board of directors on February , 2024 and 2023, respectively, were as follows:

Cash	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Employees' compensation	6.82%	\$ 8,572	6.54%	\$ 23,123
Remuneration to directors and supervisors	3.67%	4,613	3.68%	13,022

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

XXI. Income tax

(I) Income tax recognized in profit or loss

Income tax expense (benefit) consisted of the following:

	2023	2022
Current income tax		
In respect of the current year	\$ 27,861	\$ 55,269
Undistributed Earnings Levy	-	2,395
Income tax adjustments on prior years	(26)	2
Deferred tax		
In respect of the current year	(5,533)	6,913
Income tax expense (benefit) recognized in profit or loss	\$ 22,302	\$ 64,579

A reconciliation of income before income tax and income tax (expense) benefit was as follows:

	2023	2022
Income tax expense calculated at the statutory rate	\$ 22,355	\$ 62,421
Tax-exempt income	(1,633)	(3,788)
Realized investment losses	(869)	-
Non-deductible expense losses	2,311	1,163
Addition and deduction of salary expenses during the employee's acceptance of calling for leave	(1)	(3)
Undistributed Earnings Levy	-	2,395
Unrecognized deductible temporary differences	16	1,277
Unrecognized loss carryforwards	189	1,112
Credit on loss carryforwards in respect of the current year	(40)	-
Income tax adjustments on prior years	(26)	2
Income tax expense (benefit) recognized in profit or loss	<u>\$ 22,302</u>	<u>\$ 64,579</u>

(II) Movement in deferred income tax assets

2023	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
<u>Deferred income tax assets</u>				
Temporary differences				
Inventory write-down	\$ 6,017	\$ 793	\$ -	\$ 6,810
Defined benefit obligation	7,357	(690)	389	7,056
Payables for annual leave	1,936	(500)	-	1,436
Unrealized exchange losses	-	1,789	-	1,789
Others	<u>2,203</u>	<u>1,102</u>	<u>-</u>	<u>3,305</u>
	<u>\$ 17,513</u>	<u>\$ 2,494</u>	<u>\$ 389</u>	<u>\$ 20,396</u>
Deferred tax liabilities				
Temporary differences				
Unrealized exchange benefits	<u>\$ 3,039</u>	<u>(\$ 3,039)</u>	<u>\$ -</u>	<u>\$ -</u>
<hr/>				
2022				
<u>Deferred income tax assets</u>				
Temporary differences				

2023	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Inventory write-down	\$ 5,703	\$ 314	\$ -	\$ 6,017
Defined benefit obligation	14,410	(1,756)	(5,297)	7,357
Payables for annual leave	2,012	(76)	-	1,936
Unrealized exchange losses	2,686	(2,686)	-	-
Others	<u>1,873</u>	<u>330</u>	<u>-</u>	<u>2,203</u>
	<u>\$ 26,684</u>	<u>(\$ 3,874)</u>	<u>(\$ 5,297)</u>	<u>\$ 17,513</u>
Deferred tax liabilities				
Temporary differences				
Unrealized exchange benefits	\$ -	\$ 3,039	\$ -	\$ 3,039

(III) Deductible temporary differences and unused loss carryforwards for deferred income tax assets not recognized in the consolidated balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Loss carryforward		
No expiration date	<u>\$ 78,236</u>	<u>\$ 84,339</u>
Deductible temporary differences		
Investments accounted for using the equity method	<u>\$ 493,852</u>	<u>\$ 493,531</u>

(IV) Income tax examination

The tax authorities have examined income tax returns of the Company through 2021.

XXII. Earnings per share

<u>2023</u>	<u>Equity attributable to shareholders of the Company</u>	<u>(in thousands)</u>	<u>Earnings per share (NT\$)</u>
Basic Earnings Per Share			
Equity attributable to shareholders of the Company	\$ 90,221	106,352	<u>\$ 0.85</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>627</u>	

	Equity attributable to shareholders of the Company	(in thousands)	Earnings per share (NT\$)
Diluted Earnings Per Share Equity attributable to shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 90,221	106,979	\$ 0.84
<u>2022</u>			
Basic Earnings Per Share Equity attributable to shareholders of the Company	\$ 253,089	106,352	\$ 2.38
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,655	
Diluted Earnings Per Share Equity attributable to shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 253,089	108,007	\$ 2.34

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

XXIII. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the reporting period.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Key management of the Group reviews the capital structure quarterly. As part of this review, the key management considers the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management, the Group may seek to pay off its debts and manage its current assets to balance its overall capital structure.

XXIV. Financial instrument

- (I) Fair value of financial instruments - Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

- (II) Fair value of financial instruments - Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value measurements

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income or loss</u>				
Investments in equity				
instruments				
- Domestic listed shares	\$ 384,305	\$ -	\$ -	\$ 384,305
- Foreign unlisted shares	-	-	17,570	17,570
- Domestic unlisted shares	-	-	7,014	7,014
Total	<u>\$ 384,305</u>	<u>\$ -</u>	<u>\$ 24,584</u>	<u>\$ 408,889</u>
<u>December 31, 2022</u>				
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income or loss</u>				
Investments in equity				
instruments				
- Domestic listed shares	\$ 344,345	\$ -	\$ -	\$ 344,345
- Foreign unlisted shares	-	-	17,151	17,151
- Domestic unlisted shares	-	-	5,252	5,252
Total	<u>\$ 344,345</u>	<u>\$ -</u>	<u>\$ 22,403</u>	<u>\$ 366,748</u>

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

2. Reconciliation of Level 3 fair value measurements of financial assets

<u>Financial assets at fair value through other comprehensive income or loss - equity instruments</u>	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 22,403	\$ 22,263
Recognized in other comprehensive profit or loss (unrealized valuation gains or losses on financial assets at fair value through other comprehensive profit or loss)	2,181	(635)
Purchase	<u>-</u>	<u>775</u>
Balance, end of year	<u>\$ 24,584</u>	<u>\$ 22,403</u>

3. Valuation techniques and input used in Level 3 fair value measurement

Market approach or income approach is used to value unlisted domestic and foreign equity investments. The market approach is used as a reference to evaluate the subject company's value to a comparable company. The income approach is based on the discounted cash flow method to calculate the present value of the expected gain or loss for holding the investment.

(III) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,017,946	\$ 1,074,713
Financial assets at fair value through other comprehensive income or loss		
- Investments in equity instruments	408,889	366,748
<u>Financial Liabilities</u>		
At amortized cost (Note 2)	181,900	225,266

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, long-term receivables, and overdue receivables which are measured at amortized cost.

Note 2: The balance includes notes payable, accounts payable, other payables and guarantee deposits, which are measured at amortized cost.

(IV) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, bank loans and lease liabilities. The Group's finance department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the

financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including exchange rate risk , interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risks faced by the Group's operating activities are changes in foreign currency exchange rates, interest rate changes and other price risks.

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

(1) Exchange rate risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. A significant portion of the Group's sales are not denominated in the functional currency used in the transactions. Exchange rate exposures were managed within approved policy parameters utilizing derivative financial instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and the amount that would change pre-tax net income at the end of the year when translated into New Taiwan dollars at a 1% change in foreign currencies. 1% represents management's assessment of the reasonably possible change in foreign exchange rates.

<u>Type of Currency</u>	<u>Effect of changes in foreign exchange rates on profit or loss</u>	
	<u>2023</u>	<u>2022</u>
USD	\$ 4,682	\$ 6,979

The above amounts are mainly derived from the US dollar-denominated cash and cash equivalents, receivables and payables of the combined company that are still outstanding on the balance sheet date and have not been used for cash flow hedging.

The combined company's sensitivity to exchange rates decreased

during the year, mainly due to the decrease in cash and equivalent cash positions denominated in US dollars.

(2) Interest rate risk

The Group has been exposed to interest rate risk due to the deposits at fixed and floating interest rates.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial Assets	\$ 629,397	\$ 507,331
Financial Liabilities	7,395	5,962
Cash flow interest rate risk		
Financial Assets	\$ 136,399	329,723

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the changes in fair value of financial assets and liabilities with floating interest rates as of the end of the reporting period. If interest rates had been 1% higher or lower and all other variables were held constant, Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased or decreased by \$1,364 thousand and \$3,297 thousand, respectively.

The combined company's sensitivity to interest rates decreased during the year, mainly due to the decrease in variable interest rate debt instruments.

(3) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. If the equity price changes by 1%, other comprehensive income before tax will be changed by NT\$4,089 thousand and NT\$-3,667 thousand in 2023 and 2022, respectively, due to the change in financial assets at fair value through other comprehensive income.

The combined company's sensitivity to equity securities investments has not changed significantly compared with the previous year.

2. Credit risk

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

The Group's credit risk is mainly concentrated in the five largest customers. As of December 31, 2023 and 2022, the accounts receivable from these customers accounted for 70% and 40% of the total amounts, respectively.

3. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of financing facilities and ensures compliance with loan covenants. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities of NT\$405,000 thousand.

The following liquidity and interest rate risk tables illustrate the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables includes both interest and principal cash flows.

Non-derivative financial liabilities	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
<u>December 31, 2023</u>				
Non-interest bearing liabilities	\$ 171,612	\$ 7,663	\$ 2,625	\$ -
Lease liabilities	<u>1,745</u>	<u>3,865</u>	<u>1,601</u>	<u>676</u>
	<u>\$ 173,357</u>	<u>\$ 11,528</u>	<u>\$ 4,226</u>	<u>\$ 676</u>
<u>December 31, 2022</u>				
Non-interest bearing liabilities	\$ 214,975	\$ 7,666	\$ 2,625	\$ -
Lease liabilities	<u>931</u>	<u>2,812</u>	<u>1,854</u>	<u>901</u>
	<u>\$ 215,906</u>	<u>\$ 10,478</u>	<u>\$ 4,479</u>	<u>\$ 901</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable

interest rates differ from those estimates of interest rates determined at the end of the reporting period.

XXV. Related Party Transactions

Intercompany transactions, account balances, revenues and expenses between the Company and its subsidiaries (which are related parties of the Company) have been eliminated upon consolidation; therefore those items are not disclosed in this note. The significant transactions between the Group and its related parties, other than those disclosed in other notes, are summarized as follows:

(I) Related party name and categories

<u>Related Party Name</u>	<u>Relationship with the Company</u>
LEADRAY ENERGY CO., LTD. (LEADRAY ENERGY)	Other related party(Not a related person since the end of September 2023)
Hongyi optical Co., Ltd.	Affiliated enterprises
IMMENSE OAK TECHNOLOGIES INC.	Affiliated enterprises

(II) Operating revenue

<u>Related Party Name/Categories</u>	<u>2023</u>	<u>2022</u>
Affiliated enterprises	\$ <u>970</u>	\$ <u>3,825</u>

There is no similar transaction between the company's sales to affiliated companies and non-related parties for comparison.

(III) Operating expenses

<u>Related Party Name/Categories</u>	<u>2023</u>	<u>2022</u>
Affiliated enterprises	\$ <u>62</u>	\$ <u>-</u>

(IV) Other income

<u>Related Party Name/Categories</u>	<u>2023</u>	<u>2022</u>
Other related party	\$ 290	\$ 364
Affiliated enterprises	<u>287</u>	<u>248</u>
	\$ <u>577</u>	\$ <u>612</u>

(V) Accounts receivable

<u>Related Party Name/Categories</u>	<u>2023</u>	<u>2022</u>
Affiliated enterprises	\$ <u>468</u>	\$ <u>-</u>

There is no collection guarantee for outstanding accounts receivable. No provision for losses was made in accounts receivable in 2023.

(VI) Other receivables

<u>Related Party Name/Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party	\$ 2,547	\$ 364
Affiliated enterprises	<u>4</u>	<u>45</u>
	2,551	409
Less: Allowance for losses	<u>(2,183)</u>	<u>-</u>
	<u>\$ 368</u>	<u>\$ 409</u>

There is no collection guarantee for other receivables outstanding. Provision losses for other receivables in 2023 and 2022 were NT\$ 2,183 thousand and NT\$ 0 thousand respectively.

(VII) Other receivables

<u>Related Party Name/Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party		
LEADRAY ENERGY	\$ -	\$ 1,044

(VIII) Contract liabilities - current

<u>Related Party Name/Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Affiliated enterprises	<u>\$ 39</u>	<u>\$ 950</u>

(IX) Accounts payable

<u>Related Party Name/Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party	<u>\$ 12,051</u>	<u>\$ 12,051</u>

The outstanding accounts payable to related parties are unsecured.

(X) Other payables

<u>Related Party Name/Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party	<u>\$ 5,900</u>	<u>\$ 5,900</u>

This is the outstanding amount of the processing fee.

(XI) Guarantee deposits

<u>Related Party Categories/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related party		
LEADRAY ENERGY	<u>\$ 9,441</u>	<u>\$ 9,441</u>

(IX) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 25,777	\$ 32,564
Retirement benefits	<u>424</u>	<u>419</u>
	<u>\$ 26,201</u>	<u>\$ 32,983</u>

The compensation to directors and other key management personnel were

determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

XXVI Pledged Assets

The following assets have been provided as collateral for obligation to banks and Taichung Customs, Customs Administration, Ministry of Finance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits (recognized as financial assets at amortized cost)	<u>\$ 13,000</u>	<u>\$ 13,000</u>

XXVII. Significant Contingent Liabilities and Unrecognized Commitments

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

There is a dispute between UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. and Bo Yi Electronics Company in Bo Luo County, Guang Dong, China over the land use right and the property on the ground (recognized as right-of-use assets and property, plant and equipment). The land is located in Chizhukeng Area of Tangquan Forestry Farm, Luoyang Town, Luo County, Guangdong Province, with a total area of 16,667 square meters, of which UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. has an equity interest of 7,000 sq.m. (approximately 42%) and Bo Yi Electronics Company has an equity interest of 9,667 sq.m. (approximately 58%), and the state-owned land use certificate and real estate title certificate are registered under the name of Bo Yi Electronics Company. UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. decided to pursue legal proceedings to preserve its own rights, it has appointed an attorney to handle the dispute and filed a lawsuit in August 2017. The Company prevailed in the first trial in October 2020, but Bo Yi Electronics filed an appeal in December 2020. The appeal was remanded to the local intermediate people's court in October 2021, In June 2023, the court rejected the request of UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd., so UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd. appealed to the Higher People's Court in July 2023. However, both parties have signed a settlement agreement on November 27, 2023, and both parties are required to fulfill confidentiality obligations regarding the agreement. The merger company assesses that it will not have a significant impact on the operations of UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd..

XXVIII. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence

The Group's entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies. Information on Foreign-Currency-Denominated Assets and Liabilities that have Significant Influence is as follows:

December 31, 2023	Foreign currency	Exchange rate	NTD
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 18,938	30.705 (USD:NTD)	\$ 581,501
Non-monetary items			
Financial assets at fair value through other comprehensive income or loss	EUR 537	33.98 (EUR:NTD)	17,570
<u>Foreign currency liabilities</u>			
Monetary items			
USD	2,855	30.705(USD:NTD)	87,670
USD	833	7.815 (USD:HKD)	25,590
<hr/>			
December 31, 2022			
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 27,008	30.71 (USD:NTD)	\$ 829,403
Non-monetary items			
Financial assets at fair value through other comprehensive income or loss	EUR 537	32.72 (EUR:NTD)	17,151
<u>Foreign currency liabilities</u>			
Monetary items			
USD	3,449	30.71(USD:NTD)	105,930
USD	833	7.7984 (USD:HKD)	25,594

The realized and unrealized foreign currency exchange gains (losses) of the combined company in 2023 and 2022 were NT\$(6,223) thousand and NT\$58,963 thousand respectively. Due to the wide variety of foreign currency transactions and functional currencies of the group entities, it is impossible to classify each major impact Disclosure of exchange gains and losses by foreign currency.

XXIX. Supplementary Disclosures

(I) Significant transactions information:

1. Financings provided: See Table 1 attached.
2. Endorsement/guarantee provided: None.
3. Marketable securities held (excluding investments in subsidiaries, associates

and joint ventures): See Table 2 attached.

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 properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Acquisition of individual real estate properties at costs 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: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Information about the derivative instrument transaction: None.
10. Other: Significant inter-company transactions during the reporting periods: See Table 3 attached.

(II) Relevant information on reinvestment business: See Table 4 attached.

(III) Information on investment in mainland China:

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.
2. Significant direct or indirect transactions with the investee, its prices, terms of payment, and unrealized gain or loss: See Table 3 attached.
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - (3) The amount of property transactions and the amount of the resultant gains or losses.
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - (6) Other transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.

- (IV) Information of major shareholder: shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

XXX. Segment Information

(I) Department Operation Information

Provides information to key operating decision makers to allocate resources and evaluate department performance, focusing on each type of product or service delivered or provided. The merged company is mainly a single operating department focused on the manufacturing, processing and sales of various types of liquid crystal displays and their modules. The basis for measuring the profits and losses, assets and liabilities of the operating departments is the same as the basis for preparing the consolidated financial statements. For information about the operating departments, please refer to the consolidated balance sheet and consolidated comprehensive income statement.

(II) Regionally differentiated information

The combined company operates primarily in three regions - Europe, Asia and the Americas.

Information on the consolidated company's continuing operating unit income from external customers based on the country and location of the sales customer and non-current assets based on the location of the asset are as follows:

	Revenue from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Europe	\$ 913,737	\$ 1,042,261	\$ -	\$ -
Asia	555,749	683,427	251,952	275,043
America	88,337	222,993	-	-
	<u>\$ 1,557,823</u>	<u>\$ 1,948,681</u>	<u>\$ 251,952</u>	<u>\$ 275,043</u>

Non-current assets exclude financial assets measured at fair value through other comprehensive profit or loss - non-current, equity method investments and deferred income tax assets.

(III) Major customer information

Revenues from one single customer representing 10% or more of the Group's total revenues are as follows:

Customer Name	2023		2022	
	Amount	%	Amount	%
Company A	\$ 607,800	39	\$ 783,780	40

United Radiant Technology Corporation and Subsidiaries
Financings provided
For the Years Ended December 31, 2023

TABLE 1

Unit: NT\$ thousand

Serial No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Balance, end of year	Amount Actually Drawn (Note 1)	Interest rate Range	Nature for Financing	Transaction Amounts	Reason for short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Name	Value		
0	The Company	UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	Other receivables	Y	\$ 27,024	\$ 25,590	\$ 25,590	-	Transaction Amounts	\$ -	-	\$ -	-	\$ -	\$ 155,621	\$ 622,482

Note 1: The amount already written off during the preparation of the consolidated financial statements.

Note 2: The limit on lending funds provided each borrowing company is up to 10% of the net worth and the total limit shall not exceed 40% of the net worth.

United Radiant Technology Corporation and Subsidiaries
Marketable Securities Held
DECEMBER 31, 2023

TABLE 2

Unit: NT\$ thousand

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Remarks
				Shares (in thousands)	Carrying Amount	Percentage of Ownership (%)	plan assets	
The Company	<u>Stocks</u>							
	Taiwan Cement Corporation	None	Financial assets at fair value through other comprehensive income or loss - current	3,739,756	\$ 130,330	-	\$ 130,330	
	Fubon Financial Holding Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - current	1,875,137	121,509	-	121,509	
	Cathay Financial Holdings Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - current	2,487,723	113,813	-	113,813	
	Asia Cement Corporation	None	Financial assets at fair value through other comprehensive income or loss - current	450,000	18,653	-	18,653	
	Miortech Holding B.V.	None	Financial assets at fair value through other comprehensive income or loss - non-current	22,154	17,570	9	17,570	
	LEADRAY ENERGY	Other related party	Financial assets at fair value through other comprehensive income or loss - non-current	567,063	7,014	2	7,014	
	Chungyo Department Store	None	Financial assets at fair value through other comprehensive income or loss - non-current	3,567	-	-	-	
Friendly International Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	56,933	-	-	-		

United Radiant Technology Corporation and Subsidiaries
Significant Inter-Company Transactions During the Reporting Periods
For the Years Ended December 31, 2023

TABLE 3

Unit: NT\$ thousand

Serial No.	Company name	Counterparty	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount (Note)	Transaction Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	The Company	UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	Parent to subsidiary	Other receivables	\$ 25,590	—	1

Note: The amount already written off during the preparation of the consolidated financial statements.

United Radiant Technology Corporation and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
For the Years Ended December 31, 2022

TABLE 4

Unit: NT\$ thousand

Investor Company	Investee Company (Note 1)	Location	Main businesses	Original Investment Amount		Balance as of December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Remarks
				December 31, 2023	December 31, 2022	Shares (in thousands)	Percentage of Ownership	Carrying Amount			
The Company	FIRSTHILL LIMITED	British Virgin Islands	Investment	\$ 625	\$ 625	197,414	100	\$ 9,479	\$ 433	\$ 433	Subsidiary
	BRIGHT YEH, LTD	British Virgin Islands	Investment	12,643	12,643	2,000	100	56	(755)	(755)	Subsidiary
	UNITED RADIANT TECHNOLOGY (H.K.) Co., Ltd.	Hong Kong	Manufacture, processing and sales of all kinds of liquid crystal displays and their modules	152,525	152,525	36,495,000	100	(15,654)	243	243	Subsidiary
	Hongyi optical Co., Ltd.	Taiwan	Manufacture, processing and sales of light-emitting components	30,000	30,000	2,500,000	19.87	35,006	(41,662)	(9,722)	Affiliated enterprises
	IMMENSE OAK TECHNOLOGIES INC..	Taiwan	HMI Planning, R&D and Sales	10,000	-	1,000,000	32.53	8,167	(10,227)	(1,833)	Affiliated enterprises

Note 1: The amount already written off during the preparation of the consolidated financial statements.

Note 2: Please refer to Table 5 for information on investees in mainland China.

United Radiant Technology Corporation and Subsidiaries
Information on investment in Mainland China:
For the Years Ended December 31, 2023

TABLE 5

Unit: In thousand NT\$ or Foreign currency

Investee Company (Note 1)	Main businesses	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows for the year ended December 31, 2021		December 31, 2022 from Taiwan as of January 1, 2022	Net profit (loss) of the investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 3)	Carrying Amount	Accumulated Inward Remittance of Earnings as of December 31, 2022	Remarks
					Outflow	Inflow							
Bright Yeh Technology (Huizhou) Co., Ltd.	Manufacture, processing and sales of all kinds of liquid crystal displays and their modules	\$ 12,643 (USD 400)	(Note 2)	\$ 12,643 (USD 400)	\$ -	\$ -	\$ 12,643 (USD 400)	(\$ 755)	100%	(\$ 755)	\$ 56	\$ -	

Accumulated Amount of Remittance from Taiwan to Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on Investments in Mainland China Imposed by the Investment Commission, MOEA (Note 4)
\$ 342,995 (USD 10,400)	\$ 12,643 (USD 400)	\$ 933,724

Note 1: The amount already written off during the preparation of the consolidated financial statements.

Note 2: The Company invested in China through a third-party company (third-party company: BRIGHT YEH directly invested in China).

Note 3: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company's CPA.

Note 4: The calculation of the limit is in accordance with the "Principles for Review of Investment or Technical Cooperation in Mainland China."