

**Xander International Corp. and Its
Subsidiary**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” (the “Criteria”) for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the reporting purposes under the Criteria.

Very truly yours,

XANDER INTERNATIONAL CORP.

March 7, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Xander International Corp.

Opinion

We have audited the accompanying consolidated financial statements of Xander International Corp. and its subsidiary (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 (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matter

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

The description of the key audit matter of the consolidated financial statements for the year ended December 31, 2023 is as follow:

Consignment Revenue Recognition

For consignment transactions with customers, revenue is recognized when performance obligations are satisfied by periodic reconciliation and confirmation. Since timing differences might exist when the Group recognizes revenue and may significantly influence the consolidated financial statements for the year ended December 31, 2023, we identified the consignment revenue recognition as a key audit matter.

For relevant accounting policies of revenue recognition, refer to Note 4.

In view of the above important matters, we implement the following key audit procedures:

1. Understand, evaluate and test the design and implementation of accounting policies and internal controls for revenue recognition.
2. Verify the details of consignment revenue close to the balance sheet date, obtain the reconciliation information between the Group and customers, and check with the accounting details to confirm whether the attribution of the revenue in the period of recognition is appropriate.

Other Matter

We have also audited the parent company only financial statements of Xander International Corp. 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 management and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chien-Ming Tseng and Wen-Yea Shyu.

Chien-Ming Tseng Wen-Yea Shyu

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

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

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 324,806	11	\$ 363,277	11
Notes receivable (Notes 4, 5 and 9)	101,854	3	99,095	3
Trade receivables, net (Notes 4, 5 and 9)	1,202,609	40	1,486,163	45
Trade receivables - related parties (Notes 4, 5, 9 and 28)	847	-	9,839	-
Other receivables (Notes 4 and 9)	993	-	1,587	-
Inventories (Notes 4, 5 and 10)	970,050	32	935,378	28
Prepayments (Note 16)	15,557	1	2,103	-
Other current assets (Note 16)	128,583	4	136,640	4
Right to recover a product (Notes 4, 16 and 22)	<u>70,390</u>	<u>2</u>	<u>88,307</u>	<u>3</u>
Total current assets	<u>2,815,689</u>	<u>93</u>	<u>3,122,389</u>	<u>94</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 27)	3,417	-	2,356	-
Property, plant and equipment (Notes 4, 12 and 29)	148,147	5	147,633	4
Investment Property (Note 14)	586	-	-	-
Right-of-use assets (Notes 4 and 13)	28,864	1	23,016	1
Computer software (Notes 4 and 15)	1,172	-	342	-
Deferred tax assets (Notes 4 and 24)	16,289	-	12,052	-
Refundable deposits (Notes 4, 16 and 29)	27,151	1	17,704	1
Other non-current assets (Note 16)	<u>-</u>	<u>-</u>	<u>5,040</u>	<u>-</u>
Total non-current assets	<u>225,626</u>	<u>7</u>	<u>208,143</u>	<u>6</u>
TOTAL	<u>\$ 3,041,315</u>	<u>100</u>	<u>\$ 3,330,532</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 27)	\$ 606,050	20	\$ 525,597	16
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 27)	-	-	3	-
Notes payable (Note 18)	6	-	16	-
Trade payables (Note 18)	812,861	27	1,145,300	34
Other payables (Note 19)	217,844	7	247,041	7
Current tax liabilities (Notes 4 and 24)	9,187	-	6,397	-
Lease liabilities - current (Notes 4 and 13)	16,227	-	14,091	1
Other current liabilities (Notes 4, 19 and 22)	<u>295,206</u>	<u>10</u>	<u>333,153</u>	<u>10</u>
Total current liabilities	<u>1,957,381</u>	<u>64</u>	<u>2,271,598</u>	<u>68</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 13)	13,621	1	10,051	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	3,777	-	4,325	-
Guarantee deposits received (Note 19)	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>
Total non-current liabilities	<u>17,440</u>	<u>1</u>	<u>14,418</u>	<u>1</u>
Total liabilities	<u>1,974,821</u>	<u>65</u>	<u>2,286,016</u>	<u>69</u>
EQUITY (Note 21)				
Share capital - common stock	<u>908,896</u>	<u>30</u>	<u>908,896</u>	<u>27</u>
Capital surplus				
Additional paid-in capital issuance of shares in excess of par	34,164	1	34,164	1
Treasury stock transactions	8,600	-	8,600	-
Gain on disposal of property, plant and equipment, net of tax	46	-	46	-
Other	<u>24,608</u>	<u>1</u>	<u>24,608</u>	<u>1</u>
Total capital surplus	<u>67,418</u>	<u>2</u>	<u>67,418</u>	<u>2</u>
Retained earnings				
Legal reserve	9,845	-	6,481	-
Special reserve	2,989	-	2,865	-
Unappropriated earnings	<u>79,274</u>	<u>3</u>	<u>61,845</u>	<u>2</u>
Total retained earnings	<u>92,108</u>	<u>3</u>	<u>71,191</u>	<u>2</u>
Other equity	<u>(1,928)</u>	<u>-</u>	<u>(2,989)</u>	<u>-</u>
Total equity	<u>1,066,494</u>	<u>35</u>	<u>1,044,516</u>	<u>31</u>
TOTAL	<u>\$ 3,041,315</u>	<u>100</u>	<u>\$ 3,330,532</u>	<u>100</u>

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

	2023		2022	
	Amount	%	Amount	%
REVENUES (Notes 4, 22, 28 and 34)				
Net sales	\$ 8,421,792	100	\$ 9,693,907	100
Other revenues	<u>8,076</u>	<u>-</u>	<u>7,897</u>	<u>-</u>
Total revenues	<u>8,429,868</u>	<u>100</u>	<u>9,701,804</u>	<u>100</u>
COST OF REVENUES (Notes 10 and 23)				
Cost of goods sold	8,046,431	96	9,289,353	96
Other operating costs	<u>14,775</u>	<u>-</u>	<u>4,322</u>	<u>-</u>
Total cost of revenues	<u>8,061,206</u>	<u>96</u>	<u>9,293,675</u>	<u>96</u>
GROSS PROFIT	<u>368,662</u>	<u>4</u>	<u>408,129</u>	<u>4</u>
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Operating expenses	352,748	4	364,382	4
Expected credit loss (gain)	<u>12,301</u>	<u>-</u>	<u>(2,385)</u>	<u>-</u>
Total operating expenses	<u>365,049</u>	<u>4</u>	<u>361,997</u>	<u>4</u>
OPERATING PROFIT	<u>3,613</u>	<u>-</u>	<u>46,132</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7, 23, 27 and 32)				
Other income	22,230	-	5,435	-
Other gains and losses	5,287	-	(3,995)	-
Finance costs	(12,892)	-	(6,483)	-
Interest income	<u>1,918</u>	<u>-</u>	<u>627</u>	<u>-</u>
Total non-operating income and expenses	<u>16,543</u>	<u>-</u>	<u>(4,416)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	20,156	-	41,716	-
INCOME TAX REVENUE (EXPENSE) (Notes 4 and 24)	<u>822</u>	<u>-</u>	<u>(8,366)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>20,978</u>	<u>-</u>	<u>33,350</u>	<u>-</u>

(Continued)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (76)	-	\$ 368	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (loss)	1,061	-	(124)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>15</u>	<u>-</u>	<u>(74)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,000</u>	<u>-</u>	<u>170</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 21,978</u>	<u>-</u>	<u>\$ 33,520</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO Owners of the Company	<u>\$ 20,978</u>	<u>-</u>	<u>\$ 33,350</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO Owners of the Company	<u>\$ 21,978</u>	<u>-</u>	<u>\$ 33,520</u>	<u>-</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$0.23</u>		<u>\$0.37</u>	
Diluted	<u>\$0.23</u>		<u>\$0.37</u>	

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

(Concluded)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

	Share Capital Common Stock	Capital Surplus				Retained Earnings			Other Equity Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
		Additional Paid-in Capital - Issuance of Shares in Excess of Par	Treasury Stock Transactions	Gain on Disposal of Property, Plant and Equipment, Net of Tax	Other	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1, 2022	\$ 908,896	\$ 34,164	\$ 8,600	\$ 46	\$ 24,608	\$ 953	\$ -	\$ 63,861	\$ (2,865)	\$ 1,038,263
Appropriation of 2021 net earnings										
Legal reserve	-	-	-	-	-	5,528	-	(5,528)	-	-
Special reserve	-	-	-	-	-	-	2,865	(2,865)	-	-
Cash dividends	-	-	-	-	-	-	-	(27,267)	-	(27,267)
Net income for the year ended December 31, 2022	-	-	-	-	-	-	-	33,350	-	33,350
Other comprehensive income for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294</u>	<u>(124)</u>	<u>170</u>
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,644</u>	<u>(124)</u>	<u>33,520</u>
BALANCE, DECEMBER 31, 2022	908,896	34,164	8,600	46	24,608	6,481	2,865	61,845	(2,989)	1,044,516
Appropriation of 2022 net earnings										
Legal reserve	-	-	-	-	-	3,364	-	(3,364)	-	-
Special reserve	-	-	-	-	-	-	124	(124)	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	-	-	20,978	-	20,978
Other comprehensive income for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>1,061</u>	<u>1,000</u>
Total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,917</u>	<u>1,061</u>	<u>21,978</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 908,896</u>	<u>\$ 34,164</u>	<u>\$ 8,600</u>	<u>\$ 46</u>	<u>\$ 24,608</u>	<u>\$ 9,845</u>	<u>\$ 2,989</u>	<u>\$ 79,274</u>	<u>\$ (1,928)</u>	<u>\$ 1,066,494</u>

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 20,156	\$ 41,716
Adjustments for:		
Depreciation	30,734	26,668
Amortization	475	331
Expected loss (credit loss reversed) on trade receivables	12,301	(2,385)
Finance costs	12,892	6,483
Interest income	(1,918)	(627)
(Gain) loss on disposal of property, plant and equipment	(3,926)	88
Write-down of inventories	5,475	7,470
Compensation income	(586)	-
Net changes in operating assets and liabilities		
Notes receivable	(2,759)	6,239
Trade receivables	271,253	(454,780)
Trade receivables - related parties	8,992	(7,917)
Other receivables	594	(1,394)
Inventories	(40,147)	9,769
Prepayments	(13,454)	3,974
Other current assets (including right to recover a product)	25,974	41,813
Financial liabilities at fair value through profit or loss	(3)	(65)
Notes payable	(10)	(601)
Trade payables	(332,439)	226,378
Other payables	(29,126)	(31,892)
Other current liabilities	(37,947)	(69,524)
Net defined benefit liabilities	(624)	(559)
Cash (used in) generated from operations	(74,093)	(198,815)
Interest received	1,918	627
Interest paid	(12,963)	(6,086)
Income tax refunds	(610)	4,926
Net cash used in operating activities	<u>(85,748)</u>	<u>(199,348)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(13,891)	(10,403)
Proceeds from disposal of property, plant and equipment	3,933	-
Increase in refundable deposits	(20,037)	(869)
Decrease in refundable deposits	10,590	140
Payments for intangible assets	(1,305)	(242)
Decrease (increase) in prepayments for equipment	<u>5,040</u>	<u>(5,040)</u>
Net cash used in investing activities	<u>(15,670)</u>	<u>(16,414)</u>

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XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 80,453	\$ 525,597
Repayment of the principal portion of lease liabilities	(17,506)	(14,831)
Dividends paid	<u>-</u>	<u>(27,267)</u>
Net cash generated from financing activities	<u>62,947</u>	<u>483,499</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(38,471)	267,737
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>363,277</u>	<u>95,540</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 324,806</u>	<u>\$ 363,277</u>

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

(Concluded)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

1. GENERAL INFORMATION

Xander International Corp (“Xander” or “the Group”) was established in November 1995 in accordance with the Company Law and relevant laws and regulations. Its main business is acting agency and distributing electronic components, integrated circuits, and computer equipment. In August 2001, Securities and Futures Commission, Ministry of Finance (now renamed the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, referred to as the Securities and Futures Bureau) approved the listing of Company’s shares on the Taipei Exchange, and the shares were officially listed for public trading in October of the same year.

In order to expand the business scale, reduce costs, and improve operational performance, Xander merged Tienhan Information Co., Ltd. on September 1, 2002, and merged Shuji Co., Ltd. and the video equipment buying and selling department of Jiashang Co., Ltd.’s on April 1, 2003.

Dinghan International Corp. (Dinghan) was established in November 2002. Its main business is wholesale of transactional machinery and equipment, information software, electronic materials, electronic components and services of information software. Dinghan is invested and established by Xander, holding 100% equity.

The functional currency of Company is New Taiwan dollars. The consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 7, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. 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
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, 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
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Business Consolidation

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

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

See Note 11 and Table 3 for detailed information on subsidiaries.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's 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 are recognized in profit or loss in the period they arise.

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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

Inventories

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

Property, Plant and Equipment

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

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

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

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

Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties, Intangible Assets Other Than Goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

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

a) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27 to the consolidated financial statements.

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals to 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 a financial asset, except for:

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

Cash equivalents include time deposits 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.

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Losses (ECLs) on accounts receivable. On 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 the 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 a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents 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.

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 asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest paid on the financial liabilities. Fair value is determined in the manner described in Note 27 to the consolidated financial statements.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

Revenue Recognition

The Group identifies the performance obligations in the contract with customers, allocates the transaction price to the performance obligations in the contracts and recognizes revenue when the Group satisfies a performance obligation.

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

Revenue from the sale of goods

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

Leasing

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

a. The Group as lessor

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

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

b. 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 remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service 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 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 liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. 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.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Taxation

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

a. Current tax

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

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

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

b. Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 120	\$ 110
Checking accounts and demand deposits	<u>324,686</u>	<u>363,167</u>
	<u>\$ 324,806</u>	<u>\$ 363,277</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial liabilities at FVTPL - current</u>		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	<u>\$ -</u>	<u>\$ 3</u>
Current	<u>\$ -</u>	<u>\$ 3</u>

The Group entered into derivative financial instruments contracts in the 2023 and 2022 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria of hedge accounting; therefore, the Group did not apply hedge accounting treatment.

The net losses arising from financial assets and liabilities for trading purposes of the Group in 2023 and 2022 were \$116 thousand and \$596 thousand, respectively, which were accounted for under the items of financial product appraisal gains and losses and net foreign currency exchange gains and losses, net.

At the date of balance sheet, the outstanding derivative foreign exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2023</u> : None.			
<u>December 31, 2022</u>			
Buy forward exchange contracts	USD to NTD	2023.01.19	USD200/NTD6,138

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments	\$ <u>3,417</u>	\$ <u>2,356</u>
<u>Investments in equity instruments</u>		
	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic unlisted and emerging stock		
Advanced System & Storage Corp.	\$ <u>3,417</u>	\$ <u>2,356</u>

The Group acquired the common stock of the Advanced System & Storage Corp. through the combination of Shuji Co., Ltd. on April 2003, which is designated as a medium- and long-term strategic investment and is designated to be measured at fair value through other comprehensive gains and losses.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 101,883	\$ 99,124
Less: Allowance for impairment loss	<u>(29)</u>	<u>(29)</u>
	\$ <u>101,854</u>	\$ <u>99,095</u>
		(Continued)

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Trade receivables	\$ 1,217,891	\$ 1,489,401
Trade receivables - related parties	847	9,839
Less: Allowance for impairment loss	<u>(15,282)</u>	<u>(3,238)</u>
	<u>\$ 1,203,456</u>	<u>\$ 1,496,002</u>
<u>Other receivables</u>		
Others	<u>\$ 993</u>	<u>\$ 1,587</u>
		(Concluded)

Trade Receivables

At amortized cost

The average credit period of sales of goods was 60 to 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that with good credit ratings, where appropriate, as a means of mitigating the risk of financial loss from defaults. Before accepting new clients, the Group evaluates the potential customer's credit quality and sets the customer's credit limit through external letter inquiries, inter-bank notes, and review of the customer's financial statements. The customer's credit limit is reviewed from time to time, and 80% of the accounts receivable that are neither overdue nor impaired are considered to be the best credit rating according to the credit system and rating results used by the Group. In addition, the credit risk is managed through the counterparty's credit line reviewed and approved by the credit account administrator of the finance department every year.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

When there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The Group will be reclassified to overdue receivables (reported under non-current assets), see Note 16.

The following table details the loss allowance of trade receivables (include related parties) based on the Group's provision matrix.

December 31, 2023

	Not Overdue	Overdue under 90 Days	Over 90 Days	Total
Expected credit loss rate	0.04%	0.54%-20.38%	100%	
Gross carrying amount	\$ 1,097,918	\$ 107,711	\$ 13,109	\$ 1,218,738
Loss allowance (lifetime ECLs)	<u>(464)</u>	<u>(1,709)</u>	<u>(13,109)</u>	<u>(15,282)</u>
Amortized cost	<u>\$ 1,097,454</u>	<u>\$ 106,002</u>	<u>\$ -</u>	<u>\$ 1,203,456</u>

December 31, 2022

	Not Overdue	Overdue under 90 Days	Over 90 Days	Total
Expected credit loss rate	0.05%	0.68%-48.21%	100%	
Gross carrying amount	\$ 1,417,734	\$ 81,506	\$ -	\$ 1,499,240
Loss allowance (lifetime ECLs)	<u>(709)</u>	<u>(2,529)</u>	<u>-</u>	<u>(3,238)</u>
Amortized cost	<u>\$ 1,417,025</u>	<u>\$ 78,977</u>	<u>\$ -</u>	<u>\$ 1,496,002</u>

The movements of loss allowance of accounts receivable were as follows:

	2023	2022
<u>Notes receivable</u>		
Balance at January 1	<u>\$ 29</u>	<u>\$ 29</u>
Balance at December 31	<u>\$ 29</u>	<u>\$ 29</u>
<u>Trade receivables</u>		
Balance at January 1	\$ 3,238	\$ 1,920
Add: Recognized impairment loss	12,894	1,318
Less: Write-off	<u>(850)</u>	<u>-</u>
Balance at December 31	<u>\$ 15,282</u>	<u>\$ 3,238</u>
<u>Overdue receivables</u>		
Balance at January 1	\$ 85,161	\$ 88,864
Less: Reversal of impairment loss	<u>(593)</u>	<u>(3,703)</u>
Balance at December 31	<u>\$ 84,568</u>	<u>\$ 85,161</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ <u>970,050</u>	\$ <u>935,378</u>

Cost of goods sold for the years ended December 31, 2023 and 2022 included scrap of inventories and inventory write-downs for \$6,422 thousand and \$10,635 thousand, respectively.

11. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2023	2022
Xander Corporation	Dinghan International Corp.	Buying and selling	100	100

The financial statements of above subsidiary have been audited by accountants. In addition, when the Group prepared the consolidated financial statements, the major inter-company transactions have been eliminated.

- b. Subsidiaries excluded in the consolidated financial statements: None

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Group	\$ 140,581	\$ 132,237
Assets leased under operating leases	<u>7,566</u>	<u>15,396</u>
	<u>\$ 148,147</u>	<u>\$ 147,633</u>

- a. Assets used by the Group

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 101,563	\$ 101,563
Buildings	24,360	22,641
Computer equipment	8,904	1,044
Transportation equipment	2,120	2,133
Facilities	2,508	3,762
Leasehold improvement	<u>1,126</u>	<u>1,094</u>
	<u>\$ 140,581</u>	<u>\$ 132,237</u>

	Land	Buildings	Computer Equipment	Transportation Equipment	Facilities	Leasehold Improvement	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 101,563	\$ 39,310	\$ 12,808	\$ 14,814	\$ 11,288	\$ 7,440	\$ 187,223
Additions	-	3,255	9,424	565	152	495	13,891
Disposals	-	-	(3,681)	(9,639)	(683)	-	(14,003)
Balance at December 31, 2023	<u>\$ 101,563</u>	<u>\$ 42,565</u>	<u>\$ 18,551</u>	<u>\$ 5,740</u>	<u>\$ 10,757</u>	<u>\$ 7,935</u>	<u>\$ 187,111</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ (16,669)	\$ (11,764)	\$ (12,681)	\$ (7,526)	\$ (6,346)	\$ (54,986)
Disposals	-	-	3,674	9,639	683	-	13,996
Depreciation expense	-	(1,536)	(1,557)	(578)	(1,406)	(463)	(5,540)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (18,205)</u>	<u>\$ (9,647)</u>	<u>\$ (3,620)</u>	<u>\$ (8,249)</u>	<u>\$ (6,809)</u>	<u>\$ (46,530)</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 101,563	\$ 39,310	\$ 12,548	\$ 13,774	\$ 8,476	\$ 6,840	\$ 182,511
Additions	-	-	609	1,040	3,160	714	5,523
Disposals	-	-	(349)	-	(348)	(114)	(811)
Balance at December 31, 2022	<u>\$ 101,563</u>	<u>\$ 39,310</u>	<u>\$ 12,808</u>	<u>\$ 14,814</u>	<u>\$ 11,288</u>	<u>\$ 7,440</u>	<u>\$ 187,223</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ (15,492)	\$ (11,675)	\$ (12,177)	\$ (6,736)	\$ (6,077)	\$ (52,157)
Disposals	-	-	331	-	348	44	723
Depreciation expense	-	(1,177)	(420)	(504)	(1,138)	(313)	(3,552)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (16,669)</u>	<u>\$ (11,764)</u>	<u>\$ (12,681)</u>	<u>\$ (7,526)</u>	<u>\$ (6,346)</u>	<u>\$ (54,986)</u>

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

Buildings	29-33 years
Computer equipment	3-5 years
Transportation equipment	5 years
Facilities	3-5 years
Lease improvement	3 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 29.

b. Assets leased under operating leases

	Office Equipment
<u>Cost</u>	
Balance at January 1, 2023	<u>\$ 30,214</u>
Balance at December 31, 2023	<u>\$ 30,214</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (14,818)
Depreciation expense	<u>(7,830)</u>
Balance at December 31, 2023	<u>\$ (22,648)</u>

(Continued)

**Office
Equipment**

Cost

Balance at January 1, 2022	\$ 25,334
Additions	<u>4,880</u>

Balance at December 31, 2022	<u>\$ 30,214</u>
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Accumulated depreciation and impairment

Balance at January 1, 2022	\$ (6,610)
Depreciation expense	<u>(8,208)</u>

Balance at December 31, 2022	<u>\$ (14,818)</u> (Concluded)
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The Group leases office equipment under operating leases for 3 to 5 years. The lease contract includes the clause that the lessee will adjust the rent according to the market rent when exercising the right to renew the lease. At the end of the lease term, the lessee does not have the option to acquire the equipment.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 6,524	\$ 10,017
Year 2	4,185	6,675
Year 3	853	4,471
Year 4	<u>-</u>	<u>854</u>
	<u>\$ 11,562</u>	<u>\$ 22,017</u>

The Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Office equipment	3-5 years
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13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Buildings	\$ 20,452	\$ 23,016
Transportation Equipment	<u>8,412</u>	<u>-</u>
	<u>\$ 28,864</u>	<u>\$ 23,016</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	\$ <u>23,212</u>	\$ <u>1,413</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 15,858	\$ 14,908
Transportation equipment	<u>1,506</u>	<u>-</u>
	\$ <u>17,364</u>	\$ <u>14,908</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ <u>16,227</u>	\$ <u>14,091</u>
Non-current	\$ <u>13,621</u>	\$ <u>10,051</u>

Range of discount rate for lease liabilities are as follows:

	December 31	
	2023	2022
Buildings	1.01%-2.00%	1.01%-1.23%
Transportation equipment	1.08%-5.69%	1.08%

c. Material lease-in activities and terms

The Group leases certain buildings for use as offices and warehouses for a period of 1 to 6 years. At the termination of the lease period, the Group does not have options to acquire the leasehold buildings, and it is agreed that without the consent of the lessor, the merging company shall not sublease or transfer all or part of the leased object.

The Group leases certain transportation equipment for business use, and the lease period is 5 years. At the expiration of the lease period, the Group may choose to purchase the transportation equipment at the agreed amount.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>-</u>	\$ <u>-</u>
Expenses relating to low-value asset leases	\$ <u>432</u>	\$ <u>443</u>
Total cash outflow for leases	\$ <u>(18,320)</u>	\$ <u>(15,630)</u>

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

14. INVESTMENT PROPERTY

	Land
<u>Cost</u>	
Balance at January 1, 2023	\$ -
Additions	<u>586</u>
Balance at December 31, 2023	<u>\$ 586</u>

The investment property that the group received as compensation from a lawsuit settlement in January 2023 is located in Wuqi District, Taichung City. The area is still in the development stage and there is no active market transaction price. The book amount is estimated based on the announced land price, and so did the evaluation.

15. INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software	<u>\$ 1,172</u>	<u>\$ 342</u>
<u>Cost</u>		Amount
Balance at January 1, 2023		\$ 1,210
Additions		1,305
Disposals		<u>(589)</u>
Balance at December 31, 2023		<u>\$ 1,926</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1, 2023		\$ (868)
Amortization		(475)
Disposals		<u>589</u>
Balance at December 31, 2023		<u>\$ (754)</u>
<u>Cost</u>		
Balance at January 1, 2022		\$ 3,219
Additions		242
Disposals		<u>(2,251)</u>
Balance at December 31, 2022		<u>\$ 1,210</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1, 2022		\$ (2,788)
Amortization		(331)
Disposals		<u>2,251</u>
Balance at December 31, 2022		<u>\$ (868)</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 1-5 years

16. OTHER ASSETS

	December 31	
	2023	2022
Overpaid sales tax	\$ 123,518	\$ 135,885
Right to recover a product (Note 22)	70,390	88,307
Refundable deposits	27,151	17,704
Prepayment	15,557	2,103
Temporary payments	5,065	755
Prepayment of equipment	-	5,040
Overdue receivables (Note 9)	84,568	85,161
Less: Loss allowance	<u>(84,568)</u>	<u>(85,161)</u>
	<u>\$ 241,681</u>	<u>\$ 249,794</u>
Current	\$ 214,530	\$ 227,050
Non-current	<u>27,151</u>	<u>22,744</u>
	<u>\$ 241,681</u>	<u>\$ 249,794</u>

The amount of the refundable deposits for false sequestration and sales contract guarantee were \$16,600 thousand and \$1,500 thousand in 2023 and 2022. Please refer to Note 29.

17. BORROWINGS

Short-term borrowings

	December 31			
	2023		2022	
	Interest Rate	Amount	Interest Rate	Amount
<u>Unsecured borrowings</u>				
Line of credit borrowings	1.84%-2.07%	\$ 456,050	1.69%-1.97%	\$ 482,000
Loan for purchase of materials	1.90%	<u>150,000</u>	1.78%-6.08%	<u>43,597</u>
		<u>\$ 606,050</u>		<u>\$ 525,597</u>

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable	\$ 6	\$ 16
Trade payables	<u>812,861</u>	<u>1,145,300</u>
	<u>\$ 812,867</u>	<u>\$ 1,145,316</u>

The average credit period of trade payables is about 30 days to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Other payables</u>		
Payables for rebate or reward	\$ 151,654	\$ 172,085
Payables for salaries or bonuses	35,033	39,302
Payables for freight	2,760	2,349
Payables for service	2,732	2,547
Payables for pension	2,099	1,971
Receipts under custody	1,668	1,614
Payables for employee compensation	1,072	2,219
Payables for import and export	824	1,177
Payables for equipment	500	-
Remuneration payable to directors and supervisors	214	444
Others	<u>19,288</u>	<u>23,333</u>
	<u>\$ 217,844</u>	<u>\$ 247,041</u>
<u>Other liabilities</u>		
Temporary receipts	\$ 211,207	\$ 237,822
Refund liabilities (Note 22)	72,986	92,075
Unearned receipts	11,013	3,256
Deposits received	<u>42</u>	<u>42</u>
	<u>\$ 295,248</u>	<u>\$ 333,195</u>
<u>Current</u>		
Other payables	<u>\$ 217,844</u>	<u>\$ 247,041</u>
Other liabilities	<u>\$ 295,206</u>	<u>\$ 333,153</u>
<u>Non-current</u>		
Other liabilities	<u>\$ 42</u>	<u>\$ 42</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plans adopted by the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. The Group contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Group. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amount included in the consolidated balance sheet in respect of the Group's obligation to its defined benefit plan was as follows:

	December 31	
	2023	2022
Present value of the defined benefit obligation	\$ (24,290)	\$ (24,035)
Fair value of the plan assets	<u>20,513</u>	<u>19,710</u>
Contributions fall short	<u>(3,777)</u>	<u>(4,325)</u>
Net defined benefit liabilities	<u>\$ (3,777)</u>	<u>\$ (4,325)</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ (26,589)</u>	<u>\$ 21,337</u>	<u>\$ (5,252)</u>
Service cost			
Current service cost	(43)	-	(43)
Net interest expense (income)	<u>(166)</u>	<u>135</u>	<u>(31)</u>
Recognized in profit or loss	<u>(209)</u>	<u>135</u>	<u>(74)</u>
Remeasurement			
Actuarial (gain) loss			
Plan asset compensation (except amount included in net interest)	-	1,663	1,663
Changes in demographic assumptions	(78)	-	(78)
Changes in financial assumptions	2,194	-	2,194
Experience adjustments	<u>(3,411)</u>	<u>-</u>	<u>(3,411)</u>
Recognized in other comprehensive income	<u>(1,295)</u>	<u>1,663</u>	<u>368</u>
Contributions from the employer	-	633	633
Benefits paid	<u>4,058</u>	<u>(4,058)</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ (24,035)</u>	<u>\$ 19,710</u>	<u>\$ (4,325)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ (24,035)</u>	<u>\$ 19,710</u>	<u>\$ (4,325)</u>
Service cost			
Net interest expense (income)	<u>(330)</u>	<u>275</u>	<u>(55)</u>
Recognized in profit or loss	<u>(330)</u>	<u>275</u>	<u>(55)</u>
Remeasurement			
Actuarial (gain) loss			
Plan asset compensation (except amount included in net interest)	-	165	165
Changes in demographic assumptions	(325)	-	(325)
Experience adjustments	<u>84</u>	<u>-</u>	<u>84</u>
Recognized in other comprehensive income	<u>(241)</u>	<u>165</u>	<u>(76)</u>
Contributions from the employer	-	679	679
Benefits paid	<u>316</u>	<u>(316)</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ (24,290)</u>	<u>\$ 20,513</u>	<u>\$ (3,777)</u> (Concluded)

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2023	2022
Operating cost	\$ -	\$ -
Operating expenses	<u>55</u>	<u>74</u>
	<u>\$ 55</u>	<u>\$ 74</u>

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

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 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 plan's debt investments.
- 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 actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rates	1.250%	1.375%
Expected rates of salary increase	2.000%	2.000%

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

	December 31	
	2023	2022
Discount rates		
0.25% increase	\$ (644)	\$ (679)
0.25% decrease	\$ 667	\$ 704
Expected rates of salary		
0.25% increase	\$ 650	\$ 687
0.25% decrease	\$ (630)	\$ (665)

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

	December 31	
	2023	2022
The expected contribution to the plan for the next year	\$ 678	\$ 638
The average duration of defined benefit obligation	10.75 years	11.47 years

21. EQUITY

	December 31	
	2023	2022
Common stock	\$ 908,896	\$ 908,896
Capital surplus	67,418	67,418
Retained earnings	92,108	71,191
Other equity	(1,928)	(2,989)
	<u>\$ 1,066,494</u>	<u>\$ 1,044,516</u>

a. Share capital

Common stock

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>170,000</u>	<u>170,000</u>
Shares authorized	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>
Number of shares issued and fully paid (in thousands)	<u>90,890</u>	<u>90,890</u>
Shares issued	<u>\$ 908,896</u>	<u>\$ 908,896</u>

The issued common stock have a par value of 10 per share, and each share has one voting right and the right to receive dividends. The share capital reserved for the issuance of employee stock options is 8,000 thousand shares

b. Capital surplus

	December 31	
	2023	2022
Arising from issuance of share capital	\$ 34,164	\$ 34,164
Arising from treasury share transactions	8,600	8,600
Disposal asset gain	46	46
Others	<u>24,608</u>	<u>24,608</u>
	<u>\$ 67,418</u>	<u>\$ 67,418</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, convertible bonds and arising from treasury share transactions) may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Group's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit. however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

According to the Group's Articles, if there is a surplus in the annual final accounts, except to make up for the accumulated losses of the past years, it will be distributed in the following order:

- 1) Pay tax.
- 2) Make up for losses from previous years.
- 3) The Group shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Group.
- 4) Special reserves are accrued or reversed in accordance with applicable laws and regulation.
- 5) After allocating in the order of items 1. to 4. above. If there is any balance, the board of directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonuses and dividends to shareholders.

The Group's dividend distribution policy is made in accordance with the Group Act and the Articles of Incorporation in consideration of factors including distributable surplus for the year and funding needs, and distributed to shareholders in accordance with the regulations of the competent authority, the distribution of cash dividend shall not be less than 20% of total dividends.

For information about the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 23-(8).

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

In accordance with Order No. 1090150022 issued by the FSC, Order No. 10901500221 issued by the FSC, and "Q&A the Adoption of International Financial Reporting Standards (IFRS)", the Group has appropriated and reversed special reserve. The Group has appropriated and reversed the special reserve in accordance with the "IFRS Adoption". If there is a reversal of the remaining balance of the reduction in other shareholders' equity, the reversed portion of earnings may be distributed.

The appropriations of earnings and the dividends per share for 2022 and 2021 were approved in the shareholders' meeting on June 16, 2023 and June 17, 2022, respectively, as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Legal reserve	\$ 3,364	\$ 5,528	\$ -	\$ -
Special reserve	124	2,865	-	-
Cash dividends	-	27,267	-	0.3

The appropriations of earnings and the dividends per share for 2023 were approved in the shareholders' meeting on March 7, 2024, as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 2,092	\$ -
Special reserve	(1,061)	-

The 2023 appropriations of earnings is yet to be resolved at the shareholders' meeting expected to be held in June 2024.

Proposal for the appropriations of earnings in relation to the proposal passed by the board of directors of the Group and the resolution of the general meeting of shareholders, please refer to Taiwan Stock Exchange - Market Observation Post System

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,865	\$ -
Appropriations in respect of Debits to other equity items	<u>124</u>	<u>2,865</u>
Balance at December 31	<u>\$ 2,989</u>	<u>\$ 2,865</u>

e. Other equity items

Unrealized losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (2,989)	\$ (2,865)
Unrealized gains and losses in the current period equity instruments	<u>1,061</u>	<u>(124)</u>
Balance at December 31	<u>\$ (1,928)</u>	<u>\$ (2,989)</u>

22. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 8,421,792	\$ 9,693,907
Other operating income	<u>8,076</u>	<u>7,897</u>
	<u>\$ 8,429,868</u>	<u>\$ 9,701,804</u>

Description of Customer Contract

Revenue from sales of merchandise

In accordance with business practice, the Group accepts returns of electronic equipment and peripheral products. Considering the experience accumulated in the past, the Group estimates the return rate based on the most probable amount and recognizes the refund liability (recorded as other current liabilities) and the related rights to return products. Please refer to Notes 16 and 19.

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Account receivable	<u>\$ 1,203,456</u>	<u>\$ 1,496,002</u>	<u>\$ 1,030,920</u>

23. NET (LOSS) GAIN FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Other operating leases	\$ 5,144	\$ 5,195
Compensation income	17,086	-
Others	<u>-</u>	<u>240</u>
	<u>\$ 22,230</u>	<u>\$ 5,435</u>

Other income - compensation income is the settlement compensation received from the lawsuit with the former manager in 2023.

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Net gain on valuation of financial instruments at fair value through profit or loss	\$ -	\$ (3)
Net gain (loss) on disposal of property, plant and equipment	3,926	(88)
Other expenses	(1,071)	(10)
Net foreign exchange gain	<u>2,432</u>	<u>(3,894)</u>
	<u>\$ 5,287</u>	<u>\$ (3,995)</u>

c. Finance costs

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest on bank loans	\$ 12,391	\$ 6,056
Interest on lease liabilities	382	356
Others	<u>119</u>	<u>71</u>
	<u>\$ 12,892</u>	<u>\$ 6,483</u>

d. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest income		
Bank deposits	<u>\$ 1,918</u>	<u>\$ 627</u>

e. Impairment loss recognized on non-financial assets

	<u>For the Year Ended December 31</u>	
	2023	2022
Scrap of inventories and write-downs	<u>\$ 6,422</u>	<u>\$ 10,635</u>

f. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2023	2022
Property, plant and equipment	\$ 13,370	\$ 11,760
Right-of-use assets	17,364	14,908
Intangible assets	<u>475</u>	<u>331</u>
	<u>\$ 31,209</u>	<u>\$ 26,999</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation - by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>30,734</u>	<u>26,668</u>
	<u>\$ 30,734</u>	<u>\$ 26,668</u>
An analysis of amortization - by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>475</u>	<u>331</u>
	<u>\$ 475</u>	<u>\$ 331</u>
		(Concluded)

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 191,390	\$ 196,351
Post-employment benefits		
Defined contribution plans	8,079	7,800
Defined benefit plans (Note 20)	<u>55</u>	<u>74</u>
	<u>8,134</u>	<u>7,874</u>
Total employee benefits expense	<u>\$ 199,524</u>	<u>\$ 204,225</u>
An analysis of employee benefits expense - by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>199,524</u>	<u>204,225</u>
	<u>\$ 199,524</u>	<u>\$ 204,225</u>

h. Employees' compensation and remuneration of directors and supervisors

The Group accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 5% and of no more than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors.

However, if the Group has accumulated losses, the Group shall first set aside an amount for making up losses and then allocate compensation of employees and remuneration of directors according to the percentage set forth in the preceding paragraph.

The compensation of employees and remuneration of directors and supervisors for 2023 and 2022 were approved in the shareholders' meeting on March 7, 2024 and March 15, 2023, respectively, as follows:

Accrual rate

	2023	2022
Compensation of employees	5%	5%
Remuneration of directors and supervisors	1%	1%

Amount

	2023	2022
Compensation of employees	\$ 1,072	\$ 2,219
Remuneration of directors and supervisors	214	444

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 in the following year.

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

For any further information on the compensation of employees and remuneration of directors and supervisors approved in the meeting of the board of directors, see disclosures in the Market Observation Post System from Taiwan Stock Exchange Corporation.

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax benefit recognized in profit or loss

Major components of income tax revenue (expense) are as follow:

	<u>For the Year Ended December 31</u>	
	2023	2022
Current tax		
In respect of the current year	\$ (7,680)	\$ (5,416)
Income tax on unappropriated earnings	(1,508)	(981)
Adjustments for prior years	5,788	429
Deferred tax		
In respect of the current year	<u>4,222</u>	<u>(2,398)</u>
Income tax revenue (expense) recognized in profit or loss	<u>\$ 822</u>	<u>\$ (8,366)</u>

A reconciliation of accounting profit and income tax expense and the applicable tax rate were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit before income tax	<u>\$ 20,156</u>	<u>\$ 41,716</u>
Income tax benefit calculated at the statutory rate	\$ (4,031)	\$ (8,343)
Effect of expenses that were not deductible in determining taxable profit	-	(124)
Income tax on unappropriated earning	(1,508)	(981)
Tax-exempt income	(2)	6
Unrecognized deductible temporary differences	575	647
Current tax adjustments for prior years	<u>5,788</u>	<u>429</u>
Income tax revenue (expense) recognized in profit or loss	<u>\$ 822</u>	<u>\$ (8,366)</u>

- b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	\$ <u>15</u>	\$ <u>(74)</u>

- c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	\$ <u>9,187</u>	\$ <u>6,397</u>

- d. Deferred tax balances

The Group offset certain deferred tax assets and deferred tax liabilities which met the offset criteria. The movements of deferred tax assets and deferred tax liabilities were as follows:

	2023			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-downs	\$ 7,474	\$ 1,095	\$ -	\$ 8,569
Allowance for uncollectible accounts	3,032	3,420	-	6,452
Others	<u>1,546</u>	<u>(293)</u>	<u>15</u>	<u>1,268</u>
	<u>\$ 12,052</u>	<u>\$ 4,222</u>	<u>\$ 15</u>	<u>\$ 16,289</u>
	2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-downs	\$ 5,980	\$ 1,494	\$ -	\$ 7,474
Allowance for uncollectible accounts	3,095	(63)	-	3,032
Others	2,120	(500)	(74)	1,546
Effect of loss carryforward	<u>3,329</u>	<u>(3,329)</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,524</u>	<u>\$ (2,398)</u>	<u>\$ (74)</u>	<u>\$ 12,052</u>

- e. Amounts of deductible temporary differences for which deferred tax assets have not been recognized

	December 31	
	2023	2022
Deductible temporary differences		
Allowance over tax limit	<u>\$ 32,265</u>	<u>\$ 47,787</u>

- f. Income tax assessments

The income tax returns of Xander International Corp and Dinghan International Co., Ltd for the years through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 0.23</u>	<u>\$ 0.37</u>
Diluted earnings per share	<u>\$ 0.23</u>	<u>\$ 0.37</u>

Net Profit for the Period

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 20,978</u>	<u>\$ 33,350</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 20,978</u>	<u>\$ 33,350</u>

Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	90,890	90,890
Effect of potentially dilutive ordinary shares: Compensation of employees	<u>50</u>	<u>90</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>90,940</u>	<u>90,980</u>

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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, reserves, retained earnings and other equity).

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

27. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments Not Measured at Fair Value

Management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

Fair Value of Financial Instruments Measured at Fair Value on A Recurring Basis

a. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 3,417	\$ 3,417

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 3	\$ -	\$ 3
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 2,356	\$ 2,356

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

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 2,356
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	1,061
Balance at December 31, 2023	\$ 3,417

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 2,480
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	<u>(124)</u>
Balance at December 31, 2022	<u>\$ 2,356</u>

- c. Valuation techniques and inputs applied to Level 2 financial instruments at fair value

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

- d. Valuation techniques and inputs applied to Level 3 financial instruments at fair value

Financial Instruments	Valuation Techniques and Inputs
Domestic unlisted shares	Market approach: <ol style="list-style-type: none"> 1) The fair value is measured by the share price and liquidity of similar listed company. 2) The fair value is measured based on transaction price of similar listed company with an appropriate multiplier.

Investments in equity instruments are categorized within Level 3 of the fair value measurement hierarchy due to the lack of quoted prices in an active market; the fair values of financial assets categorized into Level 3 are based on valuations provided by market participants or quoted prices of the counterparty. Quantitative information is not disclosed since the relationship between significant unobservable inputs and the fair value cannot be fully controlled.

- e. Valuation process for Level 3 fair value measurement

The Group evaluates and confirms the reliability, independence and correspondence of the information sources of the estimated value. Appropriate adjustments are made to ensure the rationality of the valuation presented.

- f. Sensitivity analysis of the fair value regarding reasonable and possible alternative assumption within Level 3

No sensitivity analysis using alternatives assumptions is done since the valuation of the financial instruments did not adopt self-estimation model.

Categories of Financial Instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Amortized cost (Note 1)	\$ 1,658,260	\$ 1,977,665
Financial assets at FVTOCI		
Equity instruments	3,417	2,356
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	-	3
Amortized cost (Note 2)	1,848,010	2,155,818

Note 1: These balances include financial assets measured at amortized cost which comprise of cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables and refundable deposits.

Note 2: These balances include financial liabilities measured at amortized cost, which comprise of short-term borrowings, notes payable and trade payables, other payables, guarantee deposits, and temporary receipts.

Financial Risk Management Objectives and Policies

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

a. Market risk

The activities of the Group exposed it to the financial risks of fluctuations in foreign currency exchange rates and interest risk.

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

1) Foreign currency risk

The Group undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. Approximately 0% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 9% of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year were as follows:

	December 31	
	2023	2022
<u>Assets</u>		
USD	\$ 59,731	\$ 16,804
<u>Liabilities</u>		
USD	21,124	59,765
HKD	111	111

The carrying amounts of the Group's derivatives which are exposed to foreign currency risk at the end of the reporting period were as follows:

	December 31	
	2023	2022
<u>Liabilities</u>		
USD	\$ -	\$ 3

Sensitivity analysis

The Group was mainly exposed to currency fluctuations of the United States dollar (USD).

The following table shows the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

	Currency USD Impact	
	2023	2022
Post-tax profit or loss	\$ 309	\$ (295)

2) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial liabilities	\$ 29,848	\$ 24,142
Cash flow interest rate risk		
Financial liabilities	606,050	525,597

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the period was outstanding for the whole year. A sensitivity rate of 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's net income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$485 thousand and \$420 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its cash flow interest rate risk.

b. Credit risk

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

The Group basically adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group's accounts receivable cover a wide range of customers and are not specifically focused on a single counterparty. The Group also continuously evaluates the financial position of its accounts receivable customers and therefore has no significant credit risk on accounts receivable as of the balance sheet date.

The clients of the Group are widely spread and the Group analyzes its numerous trade receivable clients' financial status continuously.

c. Liquidity risk

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

1) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>						
Non-interest bearing	-	\$ 1,013,893	\$ 132,623	\$ 95,402	\$ 42	\$ 1,241,960
Variable interest rate liabilities	1.84-2.07	606,050	-	-	-	606,050
Fixed interest rate liabilities	1.01-5.69	1,749	4,983	9,891	13,871	30,494
		<u>\$ 1,621,692</u>	<u>\$ 137,606</u>	<u>\$ 105,293</u>	<u>\$ 13,913</u>	<u>\$ 1,878,504</u>

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>						
Non-interest bearing	-	\$ 1,357,243	\$ 166,811	\$ 106,125	\$ 42	\$ 1,630,221
Variable interest rate liabilities	1.69-6.08	525,597	-	-	-	525,597
Fixed interest rate liabilities	1.01-1.23	1,251	3,731	9,307	10,114	24,403
		<u>\$ 1,884,091</u>	<u>\$ 170,542</u>	<u>\$ 115,432</u>	<u>\$ 10,156</u>	<u>\$ 2,180,221</u>

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As of December 31, 2023 and 2022, the aggregate undiscounted principal amounts of these bank loans amounted to \$606,050 thousand and \$525,597 thousand, respectively. Taking into account the Group’s financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

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

December 31, 2023: None.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 6,135	\$ -	\$ -	\$ -	\$ -
Outflows	<u>(6,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2) Financing facilities

	<u>December 31</u>	
	2023	2022
Financing facilities		
Amount used	\$ 618,050	\$ 533,597
Amount unused	<u>281,950</u>	<u>266,403</u>
	<u>\$ 900,000</u>	<u>\$ 800,000</u>

As of December 31, 2023 and 2022, the amount of banking facilities and lines of credit utilized was \$12,000 and \$8,000 thousand of guarantee line for import goods before and after taxation, respectively.

28. RELATED-PARTY TRANSACTIONS

Transactions, account balances and revenue and expense between Xander and its subsidiaries, had been eliminated on consolidation and were not disclosed in this note. Details of transactions between the Group and other related parties were as follows:

a. Related party name and category

<u>Related Party</u>	<u>Related-party Category</u>
VIA Technologies, Inc.	The chairman of the Group and the chairman of the affiliated company are the same person.
VIA Next Technologies, Inc.	The chairman of the Group and the chairman of the affiliated company are the same person.
VIA Labs, Inc.	The chairman of the Group and the chairman of the affiliated company are the same person.
TVBS Media Inc.	The chairman of the Group and the chairman of the affiliated company are the same person.
Chander Electronics Corp.	Other related party
HTC Corporation	The chairman of the Group and the chairman of a related company are spouses
Viveport Digital Corporation	The chairman of the Group and the chairman of a related company are spouses

b. Operating revenues

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Sales</u>		
The chairman of the Group and the chairman of the affiliated company are the same person	\$ 8,642	\$ 21,969
The chairman of the Group and the chairman of a related company are spouses	<u>2,684</u>	<u>628</u>
	<u>\$ 11,326</u>	<u>\$ 22,597</u>
<u>Other revenue</u>		
The chairman of the Group company and the chairman of the affiliated company are the same person	\$ 1,431	\$ 1,400
The chairman of the Group and the chairman of a related company are spouses	<u>898</u>	<u>1,235</u>
	<u>\$ 2,329</u>	<u>\$ 2,635</u>

Selling prices and terms of credit of the Group from related parties were the same with external customers.

c. Receivables from related parties (excluding loans to related parties)

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

	<u>For the Year Ended December 31</u>	
	2023	2022
The chairman of the Group and the chairman of the affiliated company are the same person	\$ 847	\$ 9,549
The chairman of the Group and the chairman of a related company are spouses	<u>-</u>	<u>290</u>
	<u>\$ 847</u>	<u>\$ 9,839</u>

d. Compensation of key management personnel

For the years ended December 31, 2023 and 2022, the amounts of compensation of directors and key management personnel were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Short-term benefits	\$ 10,192	\$ 10,580
Post-employment benefits	<u>216</u>	<u>216</u>
	<u>\$ 10,408</u>	<u>\$ 10,796</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. PLEDGED ASSETS

The following assets of the Group have been provided as collateral for financing loans, court-executed provisional charges (call loans to other banks) and sales contracts.

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 89,031	\$ 89,896
Refundable deposits	<u>16,600</u>	<u>1,500</u>
	<u>\$ 105,631</u>	<u>\$ 91,396</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023, the amount of customs duties confirmed by banks for importing goods was \$12,000 thousand.

31. SIGNIFICANT CONTRACTS

The Group specializes in the electronic components, integrated circuits, and computer equipment.

To enhance the quality of its products and manufacturing technologies, the Group has patent agreements, as follows:

Contractor	Term	Description
Lenovo Technology B.V. Taiwan Branch (Netherlands)	October 1, 2022 - September 30, 2024	Rental services of Lenovo product line.
HEWLETT-PACKARD Taiwan Ltd.	December 17, 2010 The contract is automatically renewed unless either party issues a notice of discontinuance within 30 days before contract expiry.	Rental services of HP product line.
Dell B.V. Taiwan Branch	July 29, 2022 - July 28, 2023 July 29, 2023 - July 28, 2024	1. Rental services of Dell product line. 2. The lease term is one year, and the contract is renewed every year.
Seagate Singapore International Headquarters Pte. Ltd.	May 27, 2015 The contract is automatically renewed unless either party issues a notice of discontinuance within 30 days before contract expiry.	Rental services of SEAGATE product line
ViewSonic Corporation	January 1, 2024 - December 31, 2024	1. Rental services of projectors, smart touch display and liquid-crystal display. 2. Renew a contract for a period of one year following the end of a signed contract.

(Continued)

Contractor	Term	Description
Samsung Electronics Taiwan Co., Ltd.	January 1, 2024 - December 31, 2024	1. Rental services of computer monitors, printers, home appliances and accessories supplies. 2. The lease term is one year, and the contract is renewed every year.
Brother International Taiwan Ltd.	July 1, 2022 - June 30, 2023 July 1, 2023 - June 30, 2024	1. Rental services of printers and printer supplies. 2. The lease term is one year, and the contract is renewed every year.
Canon Marketing Taiwan Co., Ltd.	January 1, 2024 - December 31, 2024	1. Rental services of printers. 2. The lease term is one year, and the contract is renewed every year.
MiTAC International Corp.	July 4, 2022 - July 3, 2023 July 4, 2023 - July 3, 2024	1. Rental services of Global Positioning System (GPS). 2. The lease term is one year, and the contract is renewed every year.
Advanced Micro Devices, Inc.	February 22, 2022 The contract is automatically renewed unless either party issues a notice of discontinuance within 30 days before contract expiry.	Rental services of CPU, APU and AMD product line.

(Concluded)

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information includes foreign currencies other than functional currencies of the group entities. Exchange rates between foreign currencies and respective functional currencies are disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item			
USD	\$ 1,945	30.71	\$ 59,731
<u>Financial liabilities</u>			
Monetary item			
USD	688	30.71	21,124
HKD	28	3.93	111

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item			
USD	\$ 547	30.72	\$ 16,804
<u>Financial liabilities</u>			
Monetary item			
USD	1,945	30.72	59,765
HKD	28	3.94	111
Non-monetary items			
USD (forward exchange contracts)	-	30.72	3

The significant realized and unrealized foreign exchange gains and losses were as follows:

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	31.17 (USD:NTD)	\$ 2,424	29.84 (USD:NTD)	\$ (3,901)
HKD	3.98 (HKD:NTD)	<u>8</u>	3.81 (HKD:NTD)	<u>7</u>
		<u>\$ 2,432</u>		<u>\$ (3,894)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to 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) Trading in derivative instruments (Notes 7 and 27)
- 10) Intercompany relationships and significant intercompany transactions (Table 2)
- 11) Information on investees (Table 3)
- b. Information on investments in mainland China (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Under IFRS 8 “Operating Segments”, the Group is organized and managed as a single reportable business segment. The Group’s operations are mainly in the electronic components, integrated circuits, and computer equipment.

Geographical Information

The Group’s revenue from continuing operations from external customers by location of operations are detailed below:

	For the Year Ended December 31	
	2023	2022
Taiwan	\$ 8,424,851	\$ 9,701,804
Hong Kong and China	<u>5,017</u>	<u>-</u>
	<u>\$ 8,429,868</u>	<u>\$ 9,701,804</u>

Information on Major Customers

Single customers contributing 10% or more to the Group’s revenue were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	Percentage of Operating of Net Sales	Amount	Percentage of Operating of Net Sales
Customer A	<u>\$ 1,151,330</u>	<u>14</u>	<u>\$ 1,233,115</u>	<u>13</u>
Customer B	<u>\$ 955,924</u>	<u>11</u>	<u>\$ 1,377,920</u>	<u>14</u>

TABLE 1

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

MARKETABLE SECURITIES HELD
(In Thousands of New Taiwan Dollars, In Thousands of Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Xander International Corp.	Unlisted stocks Advanced System & Storage Corp.	None	Financial assets at FVTOCI - non-current	608	\$ 3,417	5	\$ 3,417	

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Xander International Corp.	Dinghan International Corp.	a	Revenue	\$ 134	Regular settlement or offset by debts, the collection period is the same as the general object	-
		"	a	Receivable to related parties	32	"	-

Note 1: Business relationships between parent company and subsidiaries are identified and numbered (in the first column) as follows:

- a. “0” for parent company.
- b. Subsidiaries are numbered from “1”.

Note 2: Flows of transactions are categorized as follows:

- a. From a parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of December 31, 2023. The percentage to consolidated total revenue is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenue for the year ended December 31, 2023.

TABLE 3

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

INFORMATION ON INVESTEES
(In Thousands of New Taiwan Dollars, In Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income of the Investee	Share of Profit of Investee	Remark
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount			
Xander International Corp.	Dinghan International Corp.	5F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City	Wholesale of transactional machinery equipment	\$ 12,000	\$ 12,000	3,200	100	\$ 11,161	\$ (8)	\$ (8)	

TABLE 4**XANDER INTERNATIONAL CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hung Mao Investment Co., Ltd.	22,989,868	25.29
Wen-Chi Chen	4,834,147	5.31
VIA Technologies, Inc.	4,558,870	5.01

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

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