MERRY ELECTRONICS CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2023 are outlined as follows:

Cut-off on sales revenue from distribution warehouse

<u>Description</u>

Refer to Note 4 (30) for accounting policy on revenue recognition.

The Company recognizes revenue upon delivery of goods or pick-up of goods (the transfer of control of ownership) by customers at warehouse. Warehouse sales revenue constitutes 41% of total operating revenue for the year ended December 31, 2023. The Company's revenue recognition is based on inventory movement records of warehouse based on the reports provided by warehouse custodians or bill of lading reports recorded on network platform. As the hubs are located in various locations and there are numerous custodians, the frequency and contents of statements provided by custodians vary, and customers are from different places, the process of revenue recognition contains numerous manual procedures, which would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the hubs and quantities per accounting records. Thus, we consider the cut-off on sales revenue from distribution warehouse a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in relation to the above key audit matter:

A. Understood, evaluated and verified the Company's procedures for warehouse sales revenue and internal control, including:

(a) Interviewing the staff of the sales revenue process from distribution warehouse, and confirming the consistency by comparing interview results with the process of warehouse sales revenue recognition obtained.

(b) Verifying the internal control of warehouse distribution (checked the terms of transaction / timing of ownership transfer and dates of supporting documents and verifying transactions recognized in the appropriate period by reconciling the quantities of supporting documents with invoices) to confirm the accuracy of the timing of revenue recognition.

B. Performed cut-off procedures on sales revenue from distribution warehouse recognized during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouse and ensuring the movements of inventories contained in the statements and cost of goods sold had been recognized in the appropriate period.

C. Performed physical inventory count observation or confirmed the inventory quantities with hub custodian and agreed the results to accounting records.

Investments accounted for using equity method - valuation of inventories

Description

The Company receives orders from customers and the subsidiaries are tasked to manufacture the products. The subsidiaries (shown as investments accounted for using equity method) have a high risk of incurring inventory valuation loss and obsolescence due to fluctuations in market demand and rapidly evolving technology. Further, the measurement of net realizable value of inventories involves subjective judgement resulting in a high degree of estimation uncertainty. Thus, we consider the allowance for inventory valuation loss of the subsidiaries (shown as investments accounted for using equity method) a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

A. Understood and assessed the reasonableness of the subsequent inventory valuation and the provision for loss on obsolete and slow-moving inventory.

B. Inspected the annual plan of the physical inventory count and observed the inventory count; evaluated the effectiveness of the procedures used to identify and control obsolete inventories.

C. Obtained inventory aging report and verified dates of movements with supporting documents, and ensured the accuracy of inventory aging classification and its consistency with the policies.

D. Obtained the net realizable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, tested the supporting documents related to the estimation basis for net realizable value of inventories including verifying the supporting documents of sales and purchase prices, as well as recalculating and assessing the reasonableness of allowance for inventory valuation losses.

Other matter - audits of the other auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements and disclosures in Note 13. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other auditors. The balance of these investments accounted for under equity method amounted to NT$480,811 thousand and NT$39,582 thousand, constituting 1.61% and 0.13% of total assets as of December 31, 2023 and 2022, respectively, and comprehensive income (loss) was (NT$5,001) thousand

and (NT$3,146) thousand, constituting (0.43%) and (0.2%) of total comprehensive income for the years then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Liu, Mei Lan	Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2024

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

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

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

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,510,496	8	$ 4,077,520	14
1110	Financial assets at fair value through profit or loss - current	6(2)	524,580	2	389,181	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	105,206	-	251,448	1
1136	Current financial assets at amortised cost		-	-	30,710	-
1170	Accounts receivable, net	6(4)(5)	6,909,818	23	6,135,004	20
1180	Accounts receivable - related parties	7(2)	5,624	-	6,650	-
1200	Other receivables		141,864	1	53,958	-
1210	Other receivables - related parties	7(2)	2,638,436	9	1,234,195	4
130X	Inventories, net	6(6)	1,236,568	4	2,642,209	9
1410	Prepayments		88,509	-	78,257	-
1479	Other current assets		10,791	-	6,487	-
11XX	**Total current assets**		14,171,892	47	14,905,619	49
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	45,828	-	27,284	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	270,021	1	430,786	2
1550	Investments accounted for under equity method	6(7)	13,690,685	46	13,416,962	44
1600	Property, plant and equipment, net	6(8)	1,360,514	5	1,305,747	4
1755	Right-of-use assets		3,360	-	4,990	-
1780	Intangible assets	6(9)	194,340	1	237,153	1
1840	Deferred income tax assets	6(27)	106,762	-	78,449	-
1990	Other non-current assets, others		5,626	-	20,086	-
15XX	**Total non-current assets**		15,677,136	53	15,521,457	51
1XXX	**Total assets**		$ 29,849,028	100	$ 30,427,076	100

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

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 790,000	3	$ 1,378,960	4
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,726	-	10,137	-
2130	Current contract liabilities	6(21)	282,209	1	364,860	1
2170	Accounts payable		1,358,309	5	1,212,916	4
2180	Accounts payable - related parties	7(2)	6,964,294	23	7,808,084	26
2200	Other payables	6(12)	724,126	2	475,300	2
2220	Other payables - related parties	7(2)	207,436	1	341,618	1
2230	Current income tax liabilities		303,215	1	173,123	1
2320	Long-term liabilities, current portion	6(13)(14)	3,341,619	11	291,346	1
2399	Other current liabilities, others		366,941	1	238,416	1
21XX	**Total current liabilities**		14,339,875	48	12,294,760	41
	Non-current liabilities					
2527	Non-current contract liabilities	6(21)	590,487	2	650,861	2
2530	Corporate bonds payable	6(13)	-	-	2,953,838	10
2540	Non-current portion of non-current borrowings	6(14)	755,105	3	714,463	2
2570	Deferred income tax liabilities	6(27)	1,505,933	5	1,501,291	5
2640	Accrued pension liabilities	6(15)	36,054	-	37,619	-
2670	Other non-current liabilities		327	-	1,807	-
25XX	**Total non-current liabilities**		2,887,906	10	5,859,879	19
2XXX	**Total liabilities**		17,227,781	58	18,154,639	60
	Equity					
	Share capital	6(17)				
3110	Share capital - common stock		2,193,163	7	2,177,827	7
	Capital surplus	6(18)				
3200	Capital surplus		4,872,974	16	4,720,866	15
	Retained earnings	6(19)				
3310	Legal reserve		2,412,390	8	2,265,932	8
3320	Special reserve		768,186	3	748,930	3
3350	Unappropriated retained earnings		3,583,885	12	3,355,328	11
	Other equity interest	6(20)				
3400	Other equity interest		(1,209,351)	(4)	(996,446)	(4)
3XXX	**Total equity**		12,621,247	42	12,272,437	40
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 29,849,028	100	$ 30,427,076	100

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

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

	Items	Notes	Year ended December 31 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Sales revenue	6(21) and 7	$ 26,701,755	100	$ 25,903,833	100
5000	Operating costs	6(6) and 7	(24,858,294)	(93)	(24,077,390)	(93)
5900	Net operating margin		1,843,461	7	1,826,443	7
	Operating expenses	6(25)(26)				
6100	Selling expenses		(229,217)	(1)	(204,985)	(1)
6200	General and administrative expenses		(567,116)	(2)	(512,616)	(2)
6300	Research and development expenses		(818,554)	(3)	(713,199)	(2)
6450	Expected credit impairment (loss) gain	12(2)	(1,123)	-	11,780	-
6000	Total operating expenses		(1,616,010)	(6)	(1,419,020)	(5)
6900	Operating profit		227,451	1	407,423	2
	Non-operating income and expenses					
7100	Interest income	6(22)	74,498	-	38,955	-
7010	Other income	6(23) and 7	99,942	-	53,580	-
7020	Other gains and losses	6(24)	(103,276)	-	434,987	2
7050	Finance costs		(60,738)	-	(51,772)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(7)	1,389,335	5	930,299	3
7000	Total non-operating income and expenses		1,399,761	5	1,406,049	5
7900	**Profit before income tax**		1,627,212	6	1,813,472	7
7950	Income tax expense	6(27)	(306,894)	(1)	(358,074)	(1)
8200	**Profit for the year**		$ 1,320,318	5	$ 1,455,398	6
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial losses on defined benefit plans	6(15)	($ 6,348)	-	$ 11,395	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	4,100	-	(349,843)	(1)
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		3,246	-	(10,728)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	1,269	-	(2,279)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		2,267	-	(351,455)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(20)	(98,016)	(1)	349,431	1
8367	Unrealized gains from investments in debt instruments measured at fair value through other comprehensive income	6(3)(20)	2,687	-	(5,628)	-
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(20)	(94,837)	-	83,321	-
8399	Income tax relating to the components of other comprehensive income	6(20)(27)	38,261	-	(85,747)	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(151,905)	(1)	341,377	1
8300	**Other comprehensive loss for the year**		($ 149,638)	(1)	($ 10,078)	-
8500	**Total comprehensive income for the year**		$ 1,170,680	4	$ 1,445,320	6
	Earnings per share	6(28)				
9750	Basic earnings per share		$	6.16	$	6.81
9850	Diluted earnings per share		$	5.49	$	6.07

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

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
Year 2022								
Balance at January 1, 2022		$ 2,165,100	$ 4,646,623	$2,152,834	$ 269,144	$ 3,349,676	($ 969,246)	$ 11,614,131
Profit for the year		-	-	-	-	1,455,398	-	1,455,398
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	9,178	(19,256)	(10,078)
Total comprehensive income (loss)		-	-	-	-	1,464,576	(19,256)	1,445,320
Appropriation and distribution of 2021 retained earnings	6(19)							
Legal reserve		-	-	113,098	-	(113,098)	-	-
Special reserve		-	-	-	479,786	(479,786)	-	-
Cash dividends		-	-	-	-	(866,040)	-	(866,040)
Share-based payment	6(16)	12,727	57,551	-	-	-	(7,944)	62,334
Recognition of change in equity of associates in proportion to the Company's ownership		-	16,692	-	-	-	-	16,692
Balance at December 31, 2022		$ 2,177,827	$ 4,720,866	$2,265,932	$ 748,930	$ 3,355,328	($ 996,446)	$ 12,272,437
Year 2023								
Balance at January 1, 2023		$ 2,177,827	$ 4,720,866	$2,265,932	$ 748,930	$ 3,355,328	($ 996,446)	$ 12,272,437
Profit for the year		-	-	-	-	1,320,318	-	1,320,318
Other comprehensive loss for the year	6(20)	-	-	-	-	(5,066)	(144,572)	(149,638)
Total comprehensive income (loss)	6(19)	-	-	-	-	1,315,252	(144,572)	1,170,680
Appropriation and distribution of 2022 retained earnings								
Legal reserve		-	-	146,458	-	(146,458)	-	-
Special reserve		-	-	-	19,256	(19,256)	-	-
Cash dividends		-	-	-	-	(981,235)	-	(981,235)
Convertible bonds converted into common shares	6(13)	10	90	-	-	-	-	100
Share-based payment	6(16)	15,326	125,063	-	-	-	(8,079)	132,310
Equity instruments at fair value through other comprehensive income reclassified to investments accounted for using equity method	6(3)	-	-	-	-	60,254	(60,254)	-
Recognition of change in equity of associates in proportion to the Company's ownership		-	26,955	-	-	-	-	26,955
Balance at December 31, 2023		$ 2,193,163	$ 4,872,974	$2,412,390	$ 768,186	$ 3,583,885	($ 1,209,351)	$ 12,621,247

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

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,627,212	$ 1,813,472
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(25)	35,464	23,356
Depreciation expense - right-of-use assets	6(25)	4,143	5,055
Amortization	6(9)(25)	58,894	49,219
Expected credit impairment (gain) loss	12(2)	1,123	(11,780)
Impairment loss - non-financial assets	6(7)(24)	65,510	161,766
Finance costs		60,394	23,289
Interest expense - lease liability		344	234
Loss (gain) on financial assets or liabilities at fair value through profit or loss		(13,435)	9,376
Proceeds from disposal of available-for-sale financial assets-non-current	6(24)	(16,500)	-
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(1,389,335)	(930,299)
Dividend income	6(3)(23)	(7,775)	(8,850)
Interest income	6(22)	(74,498)	(38,955)
Gain on disposal of property, plant and equipment	6(24)	-	(15)
Share-based payments	6(16)	132,310	62,334
Unrealized foreign exchange (gain) loss		114,538	(204,450)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets (liabilities) at fair value through profit or loss		(8,878)	(3,020)
Accounts receivable		(977,283)	939,673
Accounts receivable - related parties		1,026	3,061
Other receivables		53,053	(15,816)
Other receivables - related parties		(382,972)	(527,162)
Inventories		1,405,641	(780,941)
Prepayments		(10,252)	(64,806)
Other current assets		(5,689)	49,133
Changes in operating liabilities			
Accounts payable		185,814	274,098
Accounts payable - related parties		(736,670)	1,513,861
Contract liabilities		(143,026)	178,047
Other payables		120,170	120,180
Other payables - related parties		(134,182)	246,781
Other current liabilities		128,658	(17,404)
Other non-current liabilities		(7,912)	(31,108)
Cash inflow generated from operations		85,887	2,838,329
Interest paid		(37,002)	(17,471)
Income taxes paid		(160,945)	(65,663)
Interest received		75,884	40,714
Dividend income		7,775	8,850
Net cash flows (used in) from operating activities		(28,401)	2,804,759

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets mandatorily measured at fair value through profit or loss		($ 140,480)	($ 51,309)
Proceeds from disposal of financial assets at fair value through other comprehensive income		161,125	-
Decrease in financial assets at amortized cost - current		30,450	976,541
Decrease in financial assets at amortized cost - non - current		-	3,853
Acquisition of investments accounted for using equity method	6(7)	(483,584)	(57,800)
Proceeds from disposal of investments accounted for using equity method	6(7)	243,600	29,341
Acquisition of property, plant and equipment	6(29)	(86,572)	(121,842)
Proceeds from disposal of property, plant and equipment		-	15
Acquisition of intangible assets	6(29)	(11,890)	(21,913)
Decrease in guarantee deposits paid		376	1,242
Recognition of dividends received from investments accounted for using equity method	6(7)	213,003	-
Net cash flows (used in) from investing activities		(73,972)	758,128
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(587,600)	(459,080)
Increase in long-term borrowings		400,000	-
Decrease in long-term borrowings		(291,346)	(286,111)
Cash dividends paid	6(30)	(981,235)	(866,040)
Repayment of principal portion of lease liabilities		(4,470)	(5,184)
Net cash flows used in financing activities		(1,464,651)	(1,616,415)
Net (decrease) increase in cash and cash equivalents		(1,567,024)	1,946,472
Cash and cash equivalents at beginning of year		4,077,520	2,131,048
Cash and cash equivalents at end of year		$ 2,510,496	$ 4,077,520

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

MERRY ELECTRONICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Merry Electronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 24, 1975. The Company is primarily engaged in manufacturing, processing, repair, sales of electric appliances and audiovisual electric products, telecommunication equipment and apparatus, computers and computing peripheral equipments, restrained telecom radio frequency equipments, medical appliances, as well as electronic parts and components; planning, design as well as output of service items' equipments; production as well as marketing management consultant of service items' relevant business. The Company's shares were listed on the Taipei Exchange since August 1998 and transferred to the Taiwan Stock Exchange since September 2000 with approval. The Company merged with its subsidiary, Huges Hi-Tech Inc., on September 1, 2005. The Company was the surviving company while Huges Hi-Tech Inc. was the dissolved company.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities held mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortized cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

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

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leasing arrangements (lessor)－lease receivables/ operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

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

(14) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Company are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 60 years
Machinery and equipment	10 years
Transportation equipment	7 years
Office equipment	5 ~ 7 years
Others	4 ~ 10 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

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

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets are patents and are amortized using the straight-line method over 3 years.

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill should be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term and financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company’s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognized initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as ‘Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.

B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'Financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'Capital surplus - share options'.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Non-hedging and embedded derivatives

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

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

(26) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks, the Company recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in ’Capital Surplus - restricted stock’.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(28) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

Sales of goods

A. The Company manufactures and sells radio apparatus, communication devices, consumer electronics as well as electronic parts and components. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales of produce is recognized based on the price specified in the contract, net of the estimated sales discounts. Sales discounts and allowances provided to customers are calculated based on different contract terms, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 days to 120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) <u>Government grants</u>

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(32) <u>Business combinations</u>

A. The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Evaluation of inventories might be material changes to the evaluation.

As of December 31, 2023, the carrying amounts of inventories was $1,236,568 thousand.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 161	$ 178
Checking accounts and demand deposits	2,510,335	4,077,342
	$ 2,510,496	$ 4,077,520

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

B. As of December 31, 2023 and 2022, time deposits maturing in excess of three months were all classified as financial assets at amortized cost.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
- Funds	$ 200,000	$ 100,000
- Forward exchange contract	13,166	7,076
- Stocks	20,480	-
- Bonds	280,000	280,000
Valuation adjustment	10,934	2,105
	$ 524,580	$ 389,181
Non-current items:		
- Funds	$ 47,652	$ 29,350
Valuation adjustment	(1,824)	(2,066)
	$ 45,828	$ 27,284

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities held for trading		
- forward exchange contract	$ 1,726	$ 10,137

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

	Years ended December 31, 2023	Years ended December 31, 2022
Net gains (losses) on financial assets at fair value through profit or loss	$ 29,907	($ 9,929)

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

	December 31, 2023		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 15,000 thousand	2023/12/27 ~2024/01/30	NTD 30.555~30.846
Forward foreign exchange contract to buy	USD 25,000 thousand	2023/01/30 ~2024/05/10	NTD 29.036~30.600

Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
	December 31, 2022		
Forward foreign exchange contract to sell	USD 24,000 thousand	2022/12/05 ~ 2023/01/30	NTD 30.368~30.625
Forward foreign exchange contract to buy	USD 31,000 thousand	2022/11/07 ~ 2023/12/29	NTD 29.488~31.901

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

B. The amounts that have been transacted and yet to be paid on December 31, 2023 and 2022 are $140,019 thousand and $0 thousand respectively (shown as other payables).

C. The amounts that have been transacted and yet received on December 31, 2023 and 2022 are $140,459 thousand and $0 thousand respectively (shown as other receivables).

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

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

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

Items	December 31, 2023	December 31, 2022
Current items:		
Debt instruments		
Bonds	$ -	$ 144,625
Valuation adjustment		
- through profit or loss	-	8,925
- through other comprehensive income	-	(2,687)
Sub total	-	150,863
Equity instruments		
Stocks	106,080	106,080
Valuation adjustment		
- through other comprehensive income	(874)	(5,495)
Sub total	105,206	100,585
Total	$ 105,206	$ 251,448
Non-current items:		
Equity instruments		
Listed stocks	$ -	$ 99,990
Unlisted stocks	895,048	895,048
Sub total	895,048	995,038
Valuation adjustment		
- through other comprehensive income	(625,027)	(564,252)
Sub total	270,021	430,786
Total	$ 270,021	$ 430,786

A. The Company has elected to classify equity and debt investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $375,227 thousand and $682,234 thousand as at December 31, 2023 and 2022, respectively.

B. On November 7, 2023, the Company increased its investments in DONPON PRECISION INC., resulting to changes in ownership ratio and the Company obtained influence over changes in its business model. Accordingly, the Company reclassified the investment increase from financial assets at fair value through other comprehensive income to investments accounted for under equity method. Please refer to Note 6(7) for details.

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

	Years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 4,100	($ 349,843)
Cumulative gains reclassified to retained earnings due to derecognition	$ 60,254	$ -
Dividend income recognised in profit or loss	$ 7,775	$ 8,850
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in profit or loss	($ 8,925)	$ 15,150
Fair value change recognized in other comprehensive income	$ 2,687	($ 5,628)
Cumulative other comprehensive (loss) income reclassified to profit or loss		
Interest income recognized in profit or loss	$ 4,754	$ 5,831

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company were $375,227 thousand and $682,234 thousand, respectively.

E The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12 (2).

G. The counterparties of the Company's investments in debt instruments have good credit quality; those debt securities are all rated as investment grade.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 6,913,598	$ 6,137,661
Less: Allowance for uncollectible accounts	(3,780)	(2,657)
	$ 6,909,818	$ 6,135,004

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

	December 31, 2023	December 31, 2022
Not past due	$ 6,860,051	$ 6,121,046
Up to 30 days	52,318	12,802
31 to 90 days	816	2,258
91 to 180 days	413	1,527
Over 180 days	-	28
	$ 6,913,598	$ 6,137,661

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to $6,913,598 thousand, $6,137,661 thousand and $7,147,265 thousand, respectively.

C. The Company took out a credit insurance on the accounts receivable since December 2020. The insurance company audits the amount and pays 90% of the amount when the default occurred. As of December 31, 2023 and 2022, the insured accounts receivable amounted to $5,634,671 thousand and $6,770,740 thousand, respectively.

D. The Company does not hold any collateral as security.

E. The Company entered into a factoring agreement which has no right of recourse with ING BANK N.V., TAIPEI BRANCH on July 19, 2021. As of December 31, 2023, there were no accounts receivable that were outstanding and expected to be transferred (reclassified as financial assets at fair value through other comprehensive income). Please refer to Note 6 (5) for information on transfer of financial assets.

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

(5) Transfer of financial assets

A. Transferred financial assets that are derecognized in their entirety.

As of December 31, 2023 and 2022: None.

B. Transferred financial assets that are not derecognized in their entirety.

(a). On July 19, 2021, the Company entered into a factoring agreement with ING BANK N.V., TAIPEI BRANCH to sell its accounts receivable. In accordance with the agreement, the Company transferred first 90% of accounts receivable and has obligated to provide partial guarantees for the default risk of the transferred accounts receivable. Therefore, the Company has not derecognized the accounts receivable sold in their entirety and may not pledge these accounts receivable to a third party.

(b). As of December 31, 2023 and 2022, the related information of the transferred accounts receivable sold that the Group continuously recognized to the extent of continuing involvement were as follows:

	December 31, 2023	December 31, 2022
Total carrying amount of the original assets before transferring	$ -	$ 1,206,473
Carrying amount of the assets continuously recognized	-	120,647

(6) Inventories

	December 31, 2023		
	Cost	Allowance for slow-moving and valuation losses	Book value
Finished goods	$ 1,138,758	($ 42,498)	$ 1,096,260
Semi-finished goods	12	-	12
Raw materials	141,979	(1,683)	140,296
	$ 1,280,749	($ 44,181)	$ 1,236,568

	December 31, 2022		
	Cost	Allowance for slow-moving and valuation losses	Book value
Finished goods	$ 2,606,981	($ 114,212)	$ 2,492,769
Semi-finished goods	18	-	18
Raw materials	156,798	(7,376)	149,422
	$ 2,763,797	($ 121,588)	$ 2,642,209

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 57,935,701	$ 24,030,039
Loss on slow-moving inventories and decline in market value	(77,407)	47,351
	$ 57,858,294	$ 24,077,390

The Company reversed from a previous inventory write-down because inventories with decline in market value were partially sold by the Company on December 31, 2023.

(7) Investments accounted for using equity method

	2023	2022
At January 1	$ 13,416,962	$ 12,181,254
Addition of investments accounted for using equity method	483,584	57,800
Disposal of investments accounted for using equity method	(243,600)	(29,341)
Share of profit or loss of investments accounted for using equity method	1,389,335	930,299
Earnings distribution of investments accounted for using equity method	(1,287,678)	-
Impairment loss	(65,510)	(161,766)
Changes in capital surplus	26,955	16,692
Changes in other equity items	(189,585)	421,962
Changes in retain earnings	(22)	62
Transferred from financial assets at fair value through other comprehensive income	160,244	-
At December 31	$ 13,690,685	$ 13,416,962

	December 31, 2023	December 31, 2022
Subsidiaries：		
MERRY ELECTRONICS (HK) CO., LTD.	$ 4,803,954	$ 4,865,770
DANNY DYNAMICS LIMITED	3,279,912	3,252,126
MERRY ELECTRONICS (SINGAPORE) PTE., LTD.	1,871,860	2,235,934
MERRY ELECTRONICS (THAILAND) CO., LTD.	866,204	687,094
MERRY & LUXSHARE (VIETNAM) CO., LTD.	841,570	756,079
INDIGO ENTERPRISE INC.	535,120	558,203
MERRY HEALTHCARE CO., LTD.	284,579	386,087
ASIAN ELITE INTERNATIONAL LTD.	128,810	139,641
MERRY ELECTRONICS (U.S.A.) CO., LTD.	35,217	35,080
MUtek Electronics Co.,Ltd.	16,005	27,676
Merry Capital Inc.	9,886	8,239
Individually Immaterial Associates：		
DONPON PRECISION INC.	441,257	-
GUANGDONG LUXSHARE & MERRY ELECTRONICS CO., LTD.	422,596	407,293
CDIB-Mac Limited Partnership	114,161	18,158
LEOHAB ENTERPRISE CO., LTD.	39,554	39,582
	$ 13,690,685	$ 13,416,962

A. Subsidiaries:

(a) Details of the subsidiaries of the Company are provided in Note 4 (3) in the Company's consolidated financial statements as of and for the year ended December 31, 2023.

(b) The cancellation of the Company's second-tier subsidiary, XIAMEN LAIYATE MEDICAL DEVICES CO., LTD., was completed on November 29, 2023.

(c) On July 30, 2020, it was proposed that a new joint venture named MUtek Electronics Co., Ltd. would be set up by the Company and Universal Global Scientific Industrial Co., Ltd. as resolved by the Board of Directors. The Company will invest for an amount not exceeding NTD 198,900 thousand, and the paid-in capital of the newly established company was NTD 60,000 thousand. The Company and Universal Global Scientific Industrial Co., Ltd. invested NTD 30,600 thousand and NTD 29,400 thousand in exchange for 51% and 49% ownership, respectively. It is resolved that the record date of the establishment is dated May 12, 2022. The registration was completed.

(d) On July 28, 2022, the establishment of Merry Capital Inc. was resolved by the Board of Directors. The investment is amounting to NTD 8,000 thousand, with 100% ownership. The registration was completed.

(e) On July 28, 2022, the investment of CDIB-Mac Limited Partnership was resolved by the Board of Directors. The investment is amounting to NTD 19,200 thousand, with 42.67% ownership. In addition, the Company increased its capital in CDIB-Mac Limited Partnership in the amount of $104,533 thousand on May 25, 2023 and September 7, 2023, respectively.

(f) On April 27, 2023, the Company's Board of Directors resolved to participate in the cash capital increase of subsidiary, Indigo Enterprises Inc. and the subsidiary reinvested in the second-tier subsidiary, Merry Electronics North America Inc. in the amount of $93,031 thousand.

(g) On October 26, 2023, the Board of Directors resolved to increase its investments in the private placement common shares of DONPON PRECISION INC. amounting to $286,020 thousand, and the Company accumulatively acquired 16.22% equity interests in the company, and further had significant influence over the company. The Company had reclassified the investment which was initially recognised in financial assets at fair value through other comprehensive income amounting to $160,244 thousand, including realised valuation gains in the amount of $60,254 thousand. Please refer to Note 6(3) for details.

(h) On June 5, 2023, the Board of Directors of the Company's subsidiary, MERRY ELECTRONICS (HK) CO., LTD., resolved to reduce its capital and refund shares in the amount of HKD 60,000 thousand (approximately NTD 243,600 thousand), and resolved to repatriate earnings amounting to and RMB 49,000 thousand (approximately NTD 213,003 thousand), respectively.

(i) On December 29, 2023, the Company's subsidiary, MERRY ELECTRONICS (Singapore) CO., LTD., repatriated earnings in the amount of USD 35,000 thousand (approximately NTD 1,074,675 thousand) as resolved by the Board of Directors. As of February 22, 2024, the proceeds have not yet been received.

(j) The goodwill arose from acquiring Asian Elite International Ltd. and Indigo Enterprise Inc. amounting to $581,644 thousand due to the benefits from production technology and market channel such as smart speakers of the companies that are expected to be merged. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

As of December 31, 2023 and 2022, the recoverable amount of all cash-generating units calculated using the value-in-use did not exceed their carrying amount, so an impairment loss to investments accounted for using equity method was recognized amounting to $65,510 thousand and $161,766 thousand, respectively. The investments accounted for using equity method after the recognition of impairment loss amounted to $535,120 thousand and $558,203 thousand, respectively. The key assumptions used for value-in-use calculations are provided in Note 6 (11) in the Company's consolidated financial statements.

B. The recognized share of (loss) profit of subsidiaries and associates accounted for using equity is as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Subsidiaries：		
MERRY ELECTRONICS (HK) CO., LTD.	$ 468,780	$ 259,773
DANNY DYNAMICS LIMITED	64,066	7,574
MERRY ELECTRONICS (SINGAPORE) PTE. LTD.	721,374	609,394
MERRY ELECTRONICS (THAILAND) CO., LTD.	172,949	98,928
MERRY & LUXSHARE (VIETNAM) CO., LTD.	109,675	181,509
INDIGO ENTERPRISE INC.	(45,083)	(76,667)
MERRY HEALTHCARE CO., LTD.	(97,627)	(173,317)
ASIAN ELITE INTERNATIONAL LTD.	(6,015)	9,080
MERRY ELECTRONICS (U.S.A.) CO., LTD.	145	221
MUtek Electronics Co.,Ltd.	(11,671)	(2,924)
Merry Capital Inc.	1,647	239
Individually Immaterial Associates：		
DONPON PRECISION INC.	(4,172)	-
GUANGDONG LUXSHARE & MERRY ELECTRONICS CO., LTD.	23,081	24,753
CDIB-Mac Limited Partnership	(8,529)	(1,042)
LEOHAB ENTERPRISE CO., LTD.	715	(7,222)
	$ 1,389,335	$ 930,299

As of December 31, 2023 and 2022, other comprehensive income of the Company's individually immaterial associates amounted to ($7,767) thousand and $8,471 thousand, respectively.

(8) Property, plant and equipment

	Year ended December 31, 2023				
Cost	Opening balance	Additions	Reductions	Transfers	Ending balance
Land	$ 759,583	$ -	$ -	$ -	$ 759,583
Buildings and structures	353,222	6,074	(157)	157,271	516,410
Machinery	138,856	8,566	(11,767)	-	135,655
Transportation equipment	4,082	-	-	-	4,082
Office equipment	83,387	9,835	(935)	22,009	114,296
Others	19,572	336	(3,774)	999	17,133
Unfinished construction	117,839	62,482	-	(177,341)	2,980
	1,476,541	87,293	(16,633)	2,938	1,550,139
Accumulated depreciation					
Buildings and structures	($ 33,481)	($ 9,944)	$ 157	$ -	($ 43,268)
Machinery	(80,264)	(9,008)	11,767	-	(77,505)
Transportation equipment	(3,015)	(583)	-	-	(3,598)
Office equipment	(43,908)	(12,327)	935	-	(55,300)
Others	(10,126)	(3,602)	3,774	-	(9,954)
	(170,794)	(35,464)	16,633	-	(189,625)
	$ 1,305,747				$ 1,360,514

	Year ended December 31, 2022				
Cost	Opening balance	Additions	Reductions	Transfers	Ending balance
Land	$ 759,583	$ -	$ -	$ -	$ 759,583
Buildings and structures	201,601	-	(12,763)	164,384	353,222
Machinery	108,628	20,249	(2,155)	12,134	138,856
Transportation equipment	4,082	-	-	-	4,082
Office equipment	70,466	8,777	(17,289)	21,433	83,387
Others	18,411	655	(1,354)	1,860	19,572
Unfinished construction	194,292	87,931	-	(164,384)	117,839
	1,357,063	117,612	(33,561)	35,427	1,476,541
Accumulated depreciation					
Buildings and structures	($ 41,004)	($ 5,240)	$ 12,763	$ -	($ 33,481)
Machinery	(75,835)	(6,584)	2,155	-	(80,264)
Transportation equipment	(2,432)	(583)	-	-	(3,015)
Office equipment	(53,385)	(7,812)	17,289	-	(43,908)
Others	(8,343)	(3,137)	1,354	-	(10,126)
	(180,999)	(23,356)	33,561	-	(170,794)
	$ 1,176,064				$ 1,305,747

A. The Company had no borrowing costs capitalized as part of property, plant and equipment.

B. The Company had no property, plant and equipment pledged to others as collateral.

(9) Intangible assets

	Year ended December 31, 2023				
Cost	Opening balance	Additions	Reductions	Transfers	Ending balance
Goodwill	$ 139,735	$ -	$ -	$ -	$ 139,735
Patents	41,155	4,878	-	-	46,033
Computer software	511,624	11,203	(2,857)	-	519,970
	692,514	$ 16,081	($ 2,857)	$ -	705,738
Accumulated amortization					
Patents	($ 32,000)	($ 5,377)	$ -	$ -	($ 37,377)
Computer software	(423,361)	(53,517)	2,857	-	(474,021)
	(455,361)	($ 58,894)	$ 2,857	$ -	(511,398)
	$ 237,153				$ 194,340

	Year ended December 31, 2022				
Cost	Opening balance	Additions	Reductions	Transfers	Ending balance
Goodwill	$ 139,735	$ -	$ -	$ -	$ 139,735
Patents	35,141	6,014	-	-	41,155
Computer software	487,703	23,921	-	-	511,624
	662,579	$ 29,935	$ -	$ -	692,514
Accumulated amortization					
Patents	($ 27,321)	($ 4,679)	$ -	$ -	($ 32,000)
Computer software	(378,821)	(44,540)	-	-	(423,361)
	(406,142)	($ 49,219)	$ -	$ -	(455,361)
	$ 256,437				$ 237,153

A. The Company does not hold any intangible asset as security.

B. Details of amortization in intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	$ 13,489	$ 8,290
Selling expenses	3,886	4,264
Administrative expenses	25,540	22,724
Research and development expenses	15,979	13,941
	$ 58,894	$ 49,219

(10) Impairment of non-financial assets

A. Impairment assessment of goodwill

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

The cash flow projections are based on financial budgets approved by the management covering a five-year period. Because the Company put effort into the development of bluetooth orders, and the Company will launch new products and improve its technology on a year-on-year basis, the Company estimates a 10% growth in sales than the prior year.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. In addition, value in use adopts pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31,	
	2023	2022
Discount rate	6.58%	1.49%
Growth rate	10%	10%

B. Impairment assessment of investments accounted for using equity method

The Company recognized impairment loss for the years ended December 31, 2023 and 2022. Details of such loss are as follows:

	Years ended December 31,	
	2023	2022
	Recognised in profit or loss	
Investments accounted for using equity method	$ 65,510	$ 161,766

C. Please refer to Note 6 (7) for the impairment to investments accounted for using equity method.

(11) Short-term borrowings

Type of Borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 790,000	1.66%～1. 84%	None

Type of Borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 1,378,960	1.60%～5.25%	None

Interest expense recognized in profit or loss amounted to $8,757 thousand and $7,471 thousand for the years ended December 31, 2023 and 2022, respectively.

(12) Other payables

	December 31, 2023	December 31, 2022
Employees' compensation payable	$ 232,408	$ 142,133
Salary and bonus payable	191,454	163,655
Remuneration due to directors and supervisors	36,982	40,299
Machinery and equipment payable	1,766	8,000
Others	261,516	121,213
	$ 724,126	$ 475,300

(13) Bonds payable

	December 31, 2023	December 31, 2022
Bonds payable	$ 2,999,900	$ 3,000,000
Less: Discount on bonds payable	(17,639)	(46,162)
	2,982,261	2,953,838
Less: Current portion	(2,982,261)	-
	$ -	$ 2,953,838

A. The details of the second domestic unsecured convertible bonds issued by the Company on August 11, 2021 are as follows:

(a) The terms of the second domestic unsecured convertible bonds issued by the Company are as follows:

i. The competent authority has approved the Company's third issuance of domestic unsecured corporate bonds for a total issuance amount of $3,015,000 thousand at a coupon rate of 0%, covering a 3-year period of issuance and a circulation period from August 11, 2021 to August 11, 2024. The bonds will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 11, 2021.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds' issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period from the commencement date of the cessation of conversion of the share certificate and the prior day before the commencement date of trading of the new share certificate. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of December 31, 2023, the conversion price of convertible bonds was $104.9 per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value, based on the Company's redemption rights to the bonds under Article 18 of the terms of issuance and conversion, after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of issuance and conversion, all bonds redeemed (including bonds repurchased from the securities trading markets), matured and converted are retired and not to be sold or re-issued; the conversion rights attached to the bonds are also extinguished.

(b) As of December 31, 2023, the bonds totaling $100 thousand (face value) had been converted into 953 shares of common stock. After the issuance, the applicable conversion price was adjusted to $104.9 (in dollars) per share based on the formula stipulated in the issuance terms when the Company's outstanding common shares increased.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $96,854 thousand were separated from the liability component and were recognized in 'capital surplus - share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

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(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Credit loan	Borrowing period is from 2020/02/20 to 2025/02/20; interest is repayable monthly. Principal is repaid in installments since 2022 (Notes 1、2)	0.80%～1.16%	None	$ 143,889
Credit loan	Borrowing period is from 2020/02/20 to 2027/02/19; interest is repayable monthly. Principal is repaid in installments since 2022	1.10%～1.85%	None	970,574
				1,114,463
Less: Expiring within one year or one operating cycle				(359,358)
				$ 755,105

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Credit loan	Borrowing period is from 2020/02/20 to 2025/02/20; interest is repayable monthly. Principal is repaid in installments since 2022 (Notes 1、2)	0.68%～1.03%	None	$ 258,889
Credit loan	Borrowing period is from 2020/02/20 to 2027/02/19; interest is repayable monthly. Principal is repaid in installments since 2022	0.98%～1.64%	None	746,920
				1,005,809
Less: Expiring within one year or one operating cycle				(291,346)
				$ 714,463

Interest expense recognized in profit or loss amounted to $13,191 thousand and $8,136 thousand for the years ended December 31, 2023 and 2022, respectively.

Note 1: In November 2019, the Company entered into a long-term loan contract with Taipei Fubon Bank. As of December 31, 2023, all available borrowing facilities was used.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited/reviewed consolidated financial statements shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio (total liabilities/total equity) shall not be higher than 200%;

(c) Interest coverage ratio shall not be lower than 10.

(d) Net tangible assets shall not be less than $8 billion.

Note 2: In February 2020, the Company entered into a long-term loan contract with JIHSUN BANK. As of December 31, 2023, all available borrowing facilities was used.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited/reviewed consolidated financial statements shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio (total liabilities/tangible assets) shall not be higher than 250%;

(c) Tangible assets shall be maintained at least $8 billion.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5.1% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee, and contributes 8% of the manager's salaries and wages to the retirement fund deposited. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 86,576	$ 80,364
Fair value of plan assets	(50,522)	(42,745)
Net defined benefit liability	$ 36,054	$ 37,619

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

2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 80,364	($ 42,745)	$ 37,619
Current service cost	230	-	230
Interest expense (income)	992	(518)	474
	81,586	(43,263)	38,323
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(327)	(327)
Change in financial assumptions	773	-	773
Experience adjustments	5,902	-	5,902
	6,675	(327)	6,348
Pension fund contribution	-	(8,617)	(8,617)
Paid pension	(1,685)	1,685	-
Balance at December 31	$ 86,576	($ 50,522)	$ 36,054

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 122,613	($ 42,491)	$ 80,122
Current service cost	428	-	428
Interest expense (income)	832	(281)	551
Past service cost	(1,470)	840	(630)
	122,403	(41,932)	80,471
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,819)	(2,819)
Change in financial assumptions	(4,990)	-	(4,990)
Experience adjustments	(3,586)	-	(3,586)
	(8,576)	(2,819)	(11,395)
Pension fund contribution	-	(14,023)	(14,023)
Paid past pension	(17,434)	-	(17,434)
Paid pension	(16,029)	16,029	-
Balance at December 31	$ 80,364	($ 42,745)	$ 37,619

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor

Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,913)	$ 1,983	$ 1,942	($ 1,884)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,897)	$ 1,970	$ 1,933	($ 1,870)

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

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

(f) The Company expects to pay contribution for pension plan amounting to $2,311 thousand in 2024.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	6,034
1-2 year(s)		14,783
2-5 years		8,775
Over 5 years		66,671
	$	96,263

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

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $34,129 thousand and $33,507 thousand, respectively.

(16) Share-based payments

A. For the years ended December 31, 2023 and 2022, the fair value of the Company's stocks granted on the grant date in accordance with the Company's share-based payment agreement is measured using the closing price. Related information is as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Stock price	Exercise price	Fair value per unit	Vesting conditions
The first restricted stocks to employees in 2019	2019.11.02	813 units	3 years	150.0	0	150.0	Note
The second restricted stocks to employees in 2019	2020.08.05	387 units	3 years	169.0	0	169.0	Note
The first restricted stocks to employees in 2020	2021.05.31	416 units	3 years	107.5	0	107.5	Note
The second restricted stocks to employees in 2020	2021.07.30	1,504 units	3 years	111.0	0	111.0	Note
The first restricted stocks to employees in 2021	2022.07.29	1,800 units	3 years	80.7	0	80.7	Note
The first restricted stocks to employees in 2022	2023.07.28	1,645 units	3 years	91.9	0	91.9	Note

Note: Depending on the employees' tenure in the Company (1 to 3 years), the employees can vest stocks at the ratio of 30%, 30% and 40% in three years based on the number of stocks written on the notification. The conditions for vesting restricted stocks are as follows:

(a) For the employees who are currently working in the Company, whose services have reached 1 year and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of vested share ratio is 30%.

(b) For the employees who are currently working in the Company, whose services have reached

2 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 60%.

(c) For the employees who are currently working in the Company, whose services have reached 3 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 100%.

(d) The Company will repurchase and retire the stocks that did not meet the conditions of vesting for the employees who resign during the vesting period or not meet the condition of vesting by the issuance price.

The aforementioned restricted stocks issued by the Company cannot be transferred during the vesting period and the commissioned trust custodians execute the shareholders' rights on behalf of the employees.

B. Details of the share-based payment arrangements are as follows:

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
At January 1	3,348	$ -	2,417	$ -
Restricted Stocks granted	1,645	-	1,800	-
Restricted Stocks vested	(809)	-	(342)	-
Restricted stocks retired	(113)	-	(527)	-
At December 31	4,071	-	3,348	-

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Equity-settled	$ 132,310	$ 62,334

(17) Share capital

A. As of December 31, 2023, the Company's authorized capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 5,000 thousnad shares reserved for employee stock options), and the paid-in capital was $2,193,434 thousand with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands):

	2023	2022
At January 1	217,783	216,510
Employee restricted shares retired	(113)	(527)
Employee restricted shares granted	1,645	1,800
Conversion of convertible bonds	1	-
At December 31	219,316	217,783

(a) The Company retired 28 thousand employee restricted shares as resolved at the meeting of the Board of Directors on February 22, 2024. The retirement of employee restricted shares was not yet completed as of February 22, 2024.

(b) The Company retired 44 thousand, 8 thousand and 33 thousand employee restricted shares separately as resolved at the meeting of the Board of Directors on October 26, 2023, July 27, 2023 and April 27, 2023 with the capital reduction effective date set on November 6, 2023, July 27, 2023 and May 3, 2023, respectively. The capital reduction through retirement of employee restricted shares was completed, except for the retirement of employee restricted shares resolved by the Board of Directors on October 26, 2023.

(c) On April 28, 2022, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on September 21, 2022. The Company issued 1,645 thousand common shares with the effective date set on July 28, 2023. The subscription price is $0 per share and the registration for the issuance of employee restricted shares was completed. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(d) The Company retired 147 thousand, 71 thousand and 40 thousand employee restricted shares as resolved at the meeting of the Board of Directors on October 27, 2022, July 28, 2022 and April 28, 2022 with the capital reduction effective date set on October 27, 2022, July 28, 2022 and March 6, 2022, respectively. The capital reduction through retirement of employee restricted shares was completed.

(e) On April 29, 2021, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on October 22, 2021. The Company issued 1,800 thousand common shares with the effective date set on July 29, 2022. The subscription price is $0 per share and the registration for the issuance of employee restricted shares was completed on August 19, 2022. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(f) The Company issued the third unsecured convertible bonds on August 11, 2021. As of December 31, 2023, the face value of the convertible bonds of $100 thousand had been converted into common shares amounting to 953 shares. Please refer to Note 6(13) for details.

(18) Capital surplus

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

	2023				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 4,070,017	$ 96,857	$ 290,864	$ 263,128	$ 4,720,866
Ordinary shares converted from convertible bonds	93	(3)	-	-	90
Issuance of restricted shares to employees	-	-	134,725	-	134,725
Restricted stocks vested	77,432	-	(77,432)	-	-
Employee restricted stocks retired	-	-	(9,662)	-	(9,662)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	26,955	26,955
At December 31	$ 4,147,542	$ 96,854	$ 338,495	$ 290,083	$ 4,872,974

	2022				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 4,035,505	$ 96,857	$ 267,825	$ 246,436	$ 4,646,623
Issuance of restricted shares to employees	-	-	127,260	-	127,260
Restricted stocks vested	34,512	-	(34,512)	-	-
Employee restricted stocks retired	-	-	(69,709)	-	(69,709)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	16,692	16,692
At December 31	$ 4,070,017	$ 96,857	$ 290,864	$ 263,128	$ 4,720,866

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, after deduction of mandatory income tax, shall first be used to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior year shall be proposed by the Board of Directors and approved by the shareholders. The Board of Directors may, based on financial, business and operating perspectives, propose a distribution of earnings within an amount at least 30% of the new distributable earnings and not more than 80% of the accumulated distributable earnings for the current period. The dividends shall be preferably distributed in the form of cash, and can be appropriated in the shares. The ratio of cash dividends shall account for at least 30% of the total dividends distributed. All or partial of dividend and bonus that are distributed in the form of cash will be resolved and reported to the shareholders if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present at the meeting have agreed.

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. In order to encourage employees and operations team, if the Company has any profit for the current year, the Company shall set aside 5% to 10% as employees' compensation and no more than 2% as directors' and supervisors' remuneration. The employees' compensation shall be distributed in the form of stock and cash by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and report it in the shareholders' meeting. Employees entitled to receive stock or cash as compensation include employees of subsidiaries of the company meeting certain specific requirements.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. In Accordance with Ruling No.1010051600 issued by Securities and Futures Bureau of the FSC on November 21, 2012, "unearned employee compensation" under employee restricted stock is not an unrealized item, and therefore is not required to set aside the special reserve. As of December 31, 2023, the special reserve set aside based on the above regulation amounted to $499,042 thousand.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land and reversed over the use period if the assets are investment property other than land. As of December 31, 2023, the balance of capital surplus was $269,144 thousand.

(c) As of December 31, 2023 and 2022, the balance of special reserve was $768,186 thousand and $748,930 thousand, respectively.

E. The Company distributed earnings for the years ended December 31, 2022 and 2021 as resolved at the shareholders' meeting on June 14, 2023 and June 15, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share	Amount	Dividends per share
Legal reserve	$ 146,458		$ 113,098	
Special reserve	19,256		479,786	
Cash dividends	981,235	$ 4.5	866,040	$ 4.0
	$ 1,146,949		$ 1,458,924	

The abovementioned distribution of earnings for the years ended December 31, 2022 and 2021 was in agreement with those amounts proposed by the Board of Directors on February 23, 2023 and February 24, 2022, respectively.

F. The Company distributed earnings for the year ended December 31, 2023 as resolved at the Board of Directors on February 22, 2024 is as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share
Legal reserve	$ 137,551	
Special reserve	204,826	
Cash dividends	1,030,914	$ 4.7
	$ 1,373,291	

(20) Other equity items

2023	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 258,567)	($ 2,687)	($ 506,932)	($ 228,260)	($ 996,446)
Issuance of restricted shares to employees	-	-	-	(151,176)	(151,176)
Amortisation of employee restricted stocks	-	-	-	132,310	132,310
Employee restricted shares retired	-	-	-	10,787	10,787
Revaluation	-	2,687	4,100	-	6,787
Revaluation – subsidiary	-	-	3,268	-	3,268
Revaluation – associates	-	-	(35)	-	(35)
Currency translation differences:	-	-	(60,254)	-	(60,254)
- Group	(98,016)	-	-	-	(98,016)
- Tax on Group	19,648	-	-	-	19,648
- Associates	(94,837)	-	-	-	(94,837)
- Tax on associates	18,613	-	-	-	18,613
At December 31	($ 413,159)	$ -	($ 559,853)	($ 236,339)	($ 1,209,351)

2022	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 605,572)	$ 2,941	($ 146,299)	($ 220,316)	($ 969,246)
Issuance of restricted shares to employees	-	-	-	(145,260)	(145,260)
Amortisation of employee restricted stocks	-	-	-	62,334	62,334
Employee restricted shares retired	-	-	-	74,982	74,982
Revaluation	-	(5,628)	(349,843)	-	(355,471)
Revaluation – subsidiary	-	-	(10,790)	-	(10,790)
Currency translation differences:					
- Group	349,431	-	-	-	349,431
- Tax on Group	(69,886)	-	-	-	(69,886)
- Associates	83,321	-	-	-	83,321
- Tax on associates	(15,861)	-	-	-	(15,861)
At December 31	($ 258,567)	($ 2,687)	($ 506,932)	($ 228,260)	($ 996,446)

(21) Operating revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Revenue from contracts with customers	$ 26,701,755	$ 25,903,833

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

	Year ended December 31, 2023					
	Electronic devices					
	Taiwan	Europe	US	Mainland China	Others	Total
Timing of revenue recognition						
At a point in time	$ 613,940	$ 11,241,138	$ 14,452,774	$ 131,134	$ 262,769	$ 26,701,755

	Year ended December 31, 2022					
	Electronic devices					
	Taiwan	Europe	US	Mainland China	Others	Total
Timing of revenue recognition						
At a point in time	$ 1,443,467	$ 11,598,015	$ 12,400,282	$ 245,985	$ 216,084	$ 25,903,833

B. Contract assets and liabilities:

(a) The Company has recognized the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 872,696	$ 1,015,721	$ 837,674

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Years ended December 31,	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 374,972	$ 229,447

(22) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 69,744	$ 33,124
Interest income from financial assets not at fair value through profit or loss	4,754	5,831
	$ 74,498	$ 38,955

(23) Other income

	Years ended December 31,	
	2023	2022
Sample income	$ 79,179	$ 35,414
Dividend income	7,775	8,850
Grants revenue (Note)	8,135	6,683
Rent income	46	37
Other income	4,807	2,596
	$ 99,942	$ 53,580

Notes: This refers to the government subsidies for Industrial Technology Foresight Research Program on AI Health Monitoring from Industrial Development Administration, Ministry of Economic Affairs and Subsidy Project of Advocating for Work Life Balance and Multi-beneficiary Vocational Training Program from Ministry of Labor, applied for by the Company during 2023 and 2022.

(24) Other gains and losses

	Years ended December 31,	
	2023	2022
Foreign exchange (losses) gain	($ 84,182)	$ 606,682
Impairment loss recognized in profit or loss		
Impairment loss recognized in profit or loss, others	(65,510)	(161,766)
Net gains (losses) on financial assets at fair value through profit or loss	29,907	(9,929)
Gains on disposal of property, plant and equipment	71	15
Losses on disposals of investment	16,500	-
Other losses	(62)	(15)
	($ 103,276)	$ 434,987

(25) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	$ 1,212,058	$ 1,067,649
Depreciation charge - property, plant and equipment	35,464	23,356
Depreciation charge - right-of-use assets	4,143	5,055
Amortization charge	58,894	49,219
	$ 1,310,559	$ 1,145,279

As of December 31, 2023 and 2022, the Company had 770 and 781 employees, respectively. For the years ended December 31, 2023 and 2022, there are 5 non-employee directors.

(26) Employee benefit expense

	Years ended December 31,			
	2023		2022	
Wages and salaries	$	894,083	$	820,236
Share-based payments		132,310		62,334
Labor and health insurance fees		68,444		66,139
Pension costs		34,833		33,856
Director’s remuneration		37,942		41,439
Other employee benefit expense		44,446		43,645
	$	1,212,058	$	1,067,649

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall be from 5% to 10% for employees’ compensation and shall not be higher than 2% for directors’ remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders at the shareholders' meeting. Employees’ compensation can be distributed in cash or shares and shall be distributed to the employees of subsidiaries of the Company who meet certain specific requirements.

B. The details of employees’ compensation and directors’ and supervisors’ remuneration of the Company are as follows:

	Years ended December 31,			
	2023		2022	
Employees’ compensation	$	184,910	$	161,197
Directors’ and supervisors’ remuneration		36,982		40,299
	$	221,892	$	201,496

The abovementioned amounts were recognized in wages and salaries, and were accrued at 10% and 8% for employees’ compensation and 2% and 2% for directors’ remuneration for the years ended December 31, 2023 and 2022, respectively, based on the distributable profit of the year.

Employees’ compensation and directors’ and supervisors’ remuneration of 2022 as resolved at the Board of Directors’ meeting were in agreement with those amounts recognized in the profit or loss of 2022.

Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 286,375	$ 166,527
Tax on undistributed surplus earnings	10,810	-
Prior year income tax overestimation	(6,150)	-
Total current tax	291,035	166,527
Deferred tax:		
Origination and reversal of temporary differences	15,859	191,547
Income tax expense	$ 306,894	$ 358,074

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2023	2022
Exchange differences changes on translation of foreign financial statements	$ 19,648	($ 69,886)
Exchange differences changes on translation of foreign financial statements - associates	18,613	(15,861)
Remeasurement of defined benefit obligations	1,269	(2,279)
	$ 39,530	($ 88,026)

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B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Tax calculated based on profit before tax and statutory tax rate	$ 325,442	$ 362,694
Expenses disallowed by tax regulation	4,051	2,245
Tax exempt income by tax regulation	(1,555)	(2,336)
Temporary differences not recognised as deferred tax assets	13,102	32,353
Effect from investment tax credits	(44,303)	(35,741)
Controlled Foreign Corporation Income Tax	4,243	-
Tax on undistributed surplus earnings	10,810	-
Prior year income tax overestimation	(6,149)	-
Others	1,253	(1,141)
Income tax expense	$ 306,894	$ 358,074

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	Janurary 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Remeasurement of defined benefit obligations	$ 15,162	$ -	$ 1,269	$ 16,431
Allowance for bad debts	6,118	(2,356)	-	3,762
Unrealized impairment loss	1,041	(75)	-	966
Accumulated unused compensated absences	5,303	294	-	5,597
Allowance for inventory valuation losses and loss on obsolete and slow-moving inventories	24,318	(15,126)	-	9,192
Amortisation of discounts on corporate bonds	25,723	5,417	-	31,140
Unrealized exchange loss	-	12,227	-	12,227
Unrealized loss on valuation of financial instruments	784	(784)	-	-
Cumulative translation adjustment of long-term equity investments	-	-	27,447	27,447
	$ 78,449	($ 403)	$ 28,716	$ 106,762

	2023			
	Janurary 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities				
Temporary differences:				
Gain on overseas long-term investment	($ 1,476,469)	($ 24,734)	$ -	($ 1,501,203)
Cumulative translation adjustment of long-term equity investments	(10,814)	-	10,814	-
Unrealized exchange gain	(13,208)	13,208	-	-
Unrealized gain on valuation of financial instruments	-	(3,930)	-	(3,930)
Others	(800)	-	-	(800)
	($ 1,501,291)	($ 15,456)	$ 10,814	($ 1,505,933)

	2022			
	Janurary 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Remeasurement of defined benefit obligations	$ 17,441	$ -	($ 2,279)	$ 15,162
Allowance for bad debts	6,118	-	-	6,118
Unrealized impairment loss	1,128	(87)	-	1,041
Accumulated unused compensated absences	5,457	(154)	-	5,303
Allowance for inventory valuation losses and loss on obsolete and slow-moving inventories	15,559	8,759	-	24,318
Amortisation of discounts on corporate bonds	20,522	5,201	-	25,723
Unrealized exchange loss	4,562	(4,562)	-	-
Unrealized loss on valuation of financial instruments	355	429	-	784
Cumulative translation adjustment of long-term equity investments	74,933	-	(74,933)	-
	$ 146,075	$ 9,586	($ 77,212)	$ 78,449

	2022			
	Janurary 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities				
Temporary differences:				
Gain on overseas long-term investment	($ 1,288,219)	($ 188,250)	$ -	($ 1,476,469)
Cumulative translation adjustment of long-term equity investments	-	-	(10,814)	(10,814)
Unrealized exchange gain	-	(13,208)	-	(13,208)
Unrealized gain on valuation of financial instruments	(325)	325	-	-
Others	(800)	-	-	(800)
	($ 1,289,344)	($ 201,133)	($ 10,814)	($ 1,501,291)

D. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 227,277	$ 161,766

E. The investment in Merry Electronics (HK) Co., Ltd. and Merry Electronics (U.S.A.) Co., Ltd., of which the undistributed earnings of the investee company were used as permanent investment and were not distributed, and the losses were not compensated before 2020. Therefore, no deferred income tax arising from the difference between the carrying amount of the long-term equity investments and its tax bases had been recognized. However, for the profit from the above-mentioned reinvested companies, based on the overall operation planning, the earnings arising from these companies after 2001 are intended to be distributed and repatriated. Accordingly, deferred income tax liabilities and assets arising from this portion of earnings or losses are recognized since 2001.

F. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2023				
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
Basic earnings per share					
Profit attributable to ordinary shareholders of the parent	$	1,320,318	214,371	$	6.16
Diluted earnings per share					
Profit attributable to ordinary shareholders of the parent	$	1,320,318	214,371		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation		-	1,967		
Convertible bonds		22,818	27,125		
Employee restricted shares		-	1,364		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$	1,343,136	244,827	$	5.49

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,455,398	213,834	$ 6.81
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,455,398	213,834	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,188	
Convertible bonds	23,079	27,125	
Employee restricted shares	-	432	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,478,477	243,579	$ 6.07

The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will be all distributed in the form of shares.

(29) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 90,231	$ 153,039
Add:		
Opening balance of payable on equipment	7,875	9,338
Ending balance of prepayments for equipment	1,604	12,894
Less:		
Ending balance of payable on equipment	(244)	(7,875)
Opening balance of prepayments for equipment	(12,894)	(45,554)
Cash paid during the year	$ 86,572	$ 121,842

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of intangible assets	$ 16,081	$ 29,935
Add:		
Opening balance of payable	125	771
Ending balance of prepayments	2,962	5,756
Less:		
Opening balance of prepayments	(5,756)	(14,424)
Ending balance of payable	(1,522)	(125)
Cash paid during the year	$ 11,890	$ 21,913

(30) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Convertible bonds	Long-term borrowings (including those matured within one year)	Dividends payable	Total liabilities from financing activities
At January 1, 2023	$ 1,378,960	$ 5,146	$ 2,953,838	$ 1,005,809	$ -	$ 5,343,753
Changes in cash flow from financing activities	(587,600)	(4,470)	-	108,654	(981,235)	(1,464,651)
Additions	-	-	-	-	981,235	981,235
Impact of changes in foreign exchange rate	(1,360)	-	-	-	-	(1,360)
Amortisation of discounts on corporate bonds	-	-	28,523	-	-	28,523
Changes in other non-cash items	-	2,856	(100)	-	-	2,756
At December 31, 2023	$ 790,000	$ 3,532	$ 2,982,261	$ 1,114,463	$ -	$ 4,890,256

	Short-term borrowings	Lease liability	Convertible bonds	Long-term borrowings (including those matured within one year)	Dividends payable	Total liabilities from financing activities
At January 1, 2022	$ 1,836,155	$ 7,027	$ 2,925,589	$ 1,291,920	$ -	$ 6,060,691
Changes in cash flow from financing activities	(459,080)	(5,184)	-	(286,111)	(866,040)	(1,616,415)
Additions	-	-	-	-	866,040	866,040
Impact of changes in foreign exchange rate	1,885	-	-	-	-	1,885
Amortisation of discounts on corporate bonds	-	-	28,249	-	-	28,249
Changes in other non-cash items	-	3,303	-	-	-	3,303
At December 31, 2022	$ 1,378,960	$ 5,146	$ 2,953,838	$ 1,005,809	$ -	$ 5,343,753

7. RELATED PARTY TRANSACTIONS

(1) Relationship of related parties

Names of related parties	Relationship with the Company
MERRY ELECTRONICS (SHENZHEN) CO., LTD. (“MECL”)	Subsidiary of the Company
MERRY ELECTRONICS (HK) CO., LTD. (“MEST”)	Subsidiary of the Company
Merry Electronics （Suzhou）Co., Ltd. (“MECE”)	Affiliated company
Merry Electronics (Thailand) Co., Ltd. ("METC')	Subsidiary of the Company
MERRY ELECTRONICS (U.S.A) CO., LTD. (“MECA”)	Subsidiary of the Company
LEOHAB ENTERPRISE CO.,LTD. (“LEOHAB”)	Affiliated company
MERRYTECH (HK) CO., LTD. ("MTHK")	Subsidiary of the Company
MERRY ELECTRONICS (HUIZHOU) CO., LTD. (“MECH”)	Affiliated company
MERRY ELECTRONICS (SINGAPORE) PTE. LTD. (“MESG”)	Subsidiary of the Company
MERRY HEALTHCARE CO., LTD. ("MHTT")	Branch of the Company's subsidiary
GUANGDONG LUXSHARE & MERRY ELECTRONICS CO., LTD. (“MEDG”)	Affiliated company
FuliCare (Xiamen) Co., Ltd. (“FUXM”)	Subsidiary of the Company
ASIAN ELITE INTERNATIONAL LIMITED (“MSCS”)	Subsidiary of the Company
MERRY & LUXSHARE (VIETNAM) CO., LTD. (MEVN)	Subsidiary of the Company
Seas Fabrikker ("SENM")	Subsidiary of the Company
MUtek Electronics Co.,Ltd. ("MUTT")	Subsidiary of the Company
Merry Fuling Co., Ltd. Taiwan Branch ("MHNCTW")	Other related party
Luxshare Precision Industry Co., Ltd. (Luxshare Precision Industry)	Other related party (Note 1)

Note 1: A corporate director of the Company’s subsidiary, MEVN, and the entity both belong to Luxshare group.

(2) Significant related party transactions

A. Operating revenue

(a) Technical service revenue

	Years ended December 31, 2023	Years ended December 31, 2022
MESG	$ 14,710	$ 8,018
MUTT	23,359	7,128
	$ 38,069	$ 15,146

i. The Company collects service revenue from related parties based on the current expenses related to providing services, such as manufacture and technology consultant of electroacoustic products as well as design and development of audio module products.

ii. The credit term of aforementioned transactions was 60 to 65 days after the end of the month.

B. Purchases

(a) Purchases of goods

	Years ended December 31, 2023	Years ended December 31, 2022
MECE	$ 9,439,736	$ 8,346,731
MECL	8,942,206	10,033,449
MECH	2,707,870	2,931,295
MEVN	2,510,464	3,648,253
Subsidiary of the Company	121,284	20,278
	$ 23,721,560	$ 24,980,006

The prices of goods for the aforementioned purchase transactions charged by the companies are based on the different product's profitability and adjusted annually. The credit terms to the Company was 60 to 65 days after the end of the month and 30 to 120 days after the end of the month to third parties.

(b) Administrative service fee

	Years ended December 31, 2023	Years ended December 31, 2022
MECA	$ 55,998	$ 37,851
MESG	9,641	9,024
Subsidiary of the Company	3,102	2,930
	$ 68,741	$ 49,805

The above administrative service fees were charged for marketing management services provided by the subisidiaries during the period with an additional 1% of service fees less government grants from the local governments for the years ended December 31, 2023 and 2022. The credit term was 60 to 65 days after the end of the month.

C. Receivables from related parties

(a) Accounts receivable

	December 31, 2023	December 31, 2022
Subsidiary of the Company	$ 5,604	$ 6,589
Other related party	20	61
	$ 5,624	$ 6,650

The receivables arise mainly from sale transactions and services provided for granting licenses of manufacturing, technology and intellectual property of electroacoustic products and revenue charged from technology development and provided design and development of audio module products.

(b) Other receivables

	December 31, 2023	December 31, 2022
METC	$ 1,415,361	$ 1,135,717
MESG	1,074,675	-
Affiliated company	92,149	96,322
Subsidiary of the Company	56,251	2,156
	$ 2,638,436	$ 1,234,195

Other receivables mainly consisted of the receivables of sale of property, plant and equipment, miscellaneous payments paid on behalf of associates, raw materials purchased on behalf of related parties and dividends receivable.

D. Payables to related parties

(a) Accounts payable

	December 31, 2023	December 31, 2022
MECL	$ 3,353,058	$ 3,372,620
MECE	2,000,045	3,172,072
MEVN	1,040,713	724,931
Subsidiary of the Company	75,011	10,434
Affiliated company	495,467	528,027
	$ 6,964,294	$ 7,808,084

(b) Other payables

	December 31, 2023	December 31, 2022
MECL	$ 176,694	$ 255,184
MECE	15,050	82,201
Subsidiary of the Company	8,278	4,233
Affiliated company	7,414	-
	$ 207,436	$ 341,618

The other payables arise mainly from accounts receivable collected and miscellaneous payment made on behalf of the related parties.

E. Prepayment for equipment

	December 31, 2023	December 31, 2022
Subsidiary of the Company	$ -	$ 37

F. Rent income

	Years ended December 31,	
	2023	2022
MHTT	$ -	$ 14

The rent income arose from renting the office to MHTT. The term of the lease contract was one year, and the rent was paid monthly.

G. Endorsements and guarantees provided to related parties

Please refer to table 13 (1) B.

H. Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 93,017	$ 80,679
Post-employment benefits	199	343
Share-based payments	31,997	30,234
	$ 125,213	$ 111,256

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 225	$ 14,858
Intangible assets	3,056	-
	$ 3,281	$ 14,858

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6 (19) F. for details of the appropriation of 2023 retained earnings.

12. OTHERS

(1) Capital management

In view of the industrial characteristics and future development status and considering the external environment changes, the Company's capital management objective is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, research and development expense, obligation repayment and dividend distribution within the following year.

The Company monitored capital by reassessing debt ratios periodically. The debt ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total debt	$ 17,227,781	$ 18,154,639
Total assets	29,849,028	30,427,076
Debt ratio	58%	60%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 570,408	$ 416,465
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 375,227	$ 531,371
Qualifying equity instrument	-	150,863
	$ 375,227	$ 682,234
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	$ 2,510,496	$ 4,077,520
Financial assets at amortized cost	-	30,710
Accounts receivable (including accounts receivable due from related parties)	6,915,442	6,141,654
Other receivables (including other receivables due from related parties)	2,780,300	1,288,153
Guarantee deposits paid	1,059	1,434
	$ 12,207,297	$ 11,539,471

		December 31, 2023		December 31, 2022
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$	1,726	$	10,137
Short-term borrowings		790,000		1,378,960
Accounts payable (including accounts payable to related parties)		8,322,603		9,021,000
Other payables (including other payables to related parties)		931,562		816,918
Lease liabilities		3,532		5,146
Corporate bonds payable		2,982,261		2,953,838
Long-term borrowings (including current portion)		1,114,463		1,005,809
	$	14,146,147	$	15,191,808

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) The Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6 (2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, RMB, HKD, THB and VND. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Company treasury is responsible for hedging the entire foreign exchange risk exposure. Exchange rate risk is measured through a forecast of highly probable USD and RMB income and expenditures. The Company treasury uses natural hedge to decrease the risk exposure in the foreign currency.

iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6 (2).

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

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	December 31, 2023			December 31, 2022		
	Book value			Book value		
	Foreign currency amount (In thousands)	Exchange rate	(NTD)	Foreign currency amount (In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 42,943	30.7050	$ 1,318,572	$ 106,321	30.7100	$ 3,265,131
RMB : NTD	93,713	4.3270	405,495	54,504	4.4080	240,254
Receivables						
USD : NTD	$ 341,093	30.7050	$ 10,473,261	$ 265,881	30.7100	$ 8,165,206
RMB : NTD	13,011	4.3270	56,299	218	4.0000	961
Non-monetary items						
Current financial investments at fair value through other comprehensive income						
USD : NTD	$ -	-	$ -	$ 5,000	30.7100	$ 153,550
Investments Accounted for Using Equity Method						
USD : NTD	$ 195,626	30.7050	$ 6,006,688	$ 210,597	30.7100	$ 6,467,430
HKD : NTD	1,222,691	3.9290	4,803,954	1,235,594	3.9380	4,865,770
THB : NTD	960,634	0.9017	866,204	768,562	0.8940	687,094
RMB : NTD	127,434	4.3270	551,406	124,078	4.4080	546,934
VND : NTD	663,698,738	0.0013	841,570	579,815,184	0.0013	756,079
Financial Liabilities						
Monetary items						
Bank loan						
USD : NTD	$ -	-	$ -	$ 16,000	30.7100	$ 491,360
Payable						
USD : NTD	$ 245,106	30.7050	$ 7,525,980	$ 272,060	30.7100	$ 8,354,963
RMB : NTD	255,054	4.3270	1,103,619	235,688	4.4080	1,038,913

	December 31, 2023			December 31, 2022		
	Sensitivity analysis			Sensitivity analysis		
	Degree of variation	Effects on profit or loss	Effect on other comprehensive income	Degree of variation	Effects on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	3%	$ 39,557	$ -	3%	$ 97,954	$ -
RMB : NTD	3%	12,165	-	3%	7,208	-
Receivables						
USD : NTD	3%	$ 314,198	$ -	3%	$ 244,956	$ -
RMB : NTD	3%	1,689	-	3%	29	-
Non-monetary items						
Current financial investments at fair value through other comprehensive income						
USD : NTD	3%	$ -	$ -	3%	$ -	$ 4,607
Investments Accounted for Using Equity Method						
USD : NTD	3%	$ -	$ 180,201	3%	$ -	$ 194,023
HKD : NTD	3%	-	144,119	3%	-	145,973
THB : NTD	3%	-	25,986	3%	-	20,613
RMB : NTD	3%	-	16,542	3%	-	16,408
VND : NTD	3%	-	25,247	3%	-	22,682
Financial Liabilities						
Monetary items						
Bank loan						
USD : NTD	3%	$ -	$ -	3%	$ 14,741	$ -
Payable						
USD : NTD	3%	$ 225,779	$ -	3%	$ 250,649	$ -
RMB : NTD	3%	33,109	-	3%	31,167	-

Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to a loss of $84,182 thousand and a gain of $606,682 thousand, respectively.

Price risk

i. The Company's borrowings and investment in debt instruments are measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased by $1,375 thousand and $819 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $11,257 thousand and $15,941 thousand, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. If the borrowing interest rate had increased/decreased by 0.25% and with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $3,809 thousand and $4,770 thousand, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

iii. If the debt instrument had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the years ended December 31, 2023 and 2022 would have decreased /increased by $787 thousand and $1,066 thousand, respectively. The main factor is that changes in interest expense result in floating-rate debt instrument.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. In accordance with the internal and explicit credit policy, each operating entities within the Group shall conduct management and credit risk analysis for each new customer before setting the terms and conditions for payment and delivery. The internal risk control system assesses the credit quality of the customer by taking into account its financial position, past experience and other factors. The limits of individual risks are set by the Board of Directors according to internal or external ratings, and the use of credit limits is regularly monitored. The main credit risk comes from cash and cash equivalents and deposits with banks and financial institutions. It also comes from customers' credit risks and includes outstanding receivables. For banks and financial institutions, only good credit rating agencies will be accepted as trading counterparts.

iii. For banks and financial institutions, the Company transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimize credit risk. The Company can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorized management according to the Company's delegation of authorization policy. To prevent legal risks, all the Company signs with banks and financial institutions after all documents are examined by counsel or legal advisor profession. The Company periodically checks the credit rating, conditions and quality of service as well as transactions. According to the Company's operating condition, the credit limits and utilization of credit limits are monitored on a regular basis and maintained within a reasonable range to ensure it meets the needs of the operation.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

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

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv)Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Company classifies customers' accounts receivable and contract assets in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

viii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

ix. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.02%	$ 6,860,051	$ 1,482
Up to 30 days	3.02%	52,318	1,579
31 to 90 days	37.56%	816	306
91 to 180 days	100.00%	413	413
		$ 6,913,598	$ 3,780

December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	$ 6,121,046	$ 771
Up to 30 days	1.08%	12,802	139
31 to 90 days	8.46%	2,258	192
91 to 180 days	100.00%	1,527	1,527
Over 180 days	100.00%	28	28
		$ 6,137,661	$ 2,657

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

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 2,657	$ 14,437
Reversal of impairment loss	1,123	(11,780)
At December 31	$ 3,780	$ 2,657

xi. There was no loss allowance on investments in debt instruments measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022.

xii. For investments in debt instruments at fair value through other comprehensive income, the credit rating levels are presented below:

	December 31, 2023	December 31, 2022
	Life Time	Life Time
	12 months	12 months
Financial assets at fair value through other comprehensive income		
Group 1	$ -	$ 150,863

Group 1: Debt instruments designated as investment grade.

(c) Liquidity risk

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

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

iv. As of December 31, 2023 and 2022, the Company has $11,305,220 thousand and $11,817,290 thousand undrawn borrowing facilities, respectively.

Non-derivative financial liabilities:

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 792,935	$ -	$ -	$ -	$ -	$ 792,935
Accounts payable	1,089,056	269,253	-	-	-	1,358,309
Accounts payable to related parties	6,964,294	-	-	-	-	6,964,294
Other payables	720,377	3,749	-	-	-	724,126
Other payables to related parties	207,436	-	-	-	-	207,436
Lease liabilities	1,024	2,374	196	163	-	3,757
Long-term borrowings	74,482	299,674	301,050	472,314	-	1,147,520
Corporate bonds payable	-	2,999,900	-	-	-	2,999,900
Derivative financial liabilities						
Forward exchange contracts	1,726	-	-	-	-	1,726

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 1,389,694	$ -	$ -	$ -	$ -	$ 1,389,694
Accounts payable	977,173	235,743	-	-	-	1,212,916
Accounts payable to related parties	7,808,084	-	-	-	-	7,808,084
Other payables	461,634	13,666	-	-	-	475,300
Other payables to related parties	341,618	-	-	-	-	341,618
Lease liabilities	1,120	2,398	1,887	-	-	5,405
Long-term borrowings	44,116	257,783	366,301	360,177	-	1,028,377
Bonds payable	-	-	3,000,000	-	-	3,000,000
Derivative financial liabilities						
Forward exchange contracts	10,137	-	-	-	-	10,137

(3) Fair value

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company’s investment in certain derivative instruments and equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

Financial instruments not measured at fair value include the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables.

	December 31, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 2,982,261	$ -	$ 2,972,536	$ -

	December 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 2,953,838	$ -	$ 2,879,204	$ -

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 45,828	$ 45,828
-Debt securities	-	-	280,000	280,000
-Forward exchange contracts	-	13,166	-	13,166
-Funds	213,574	-	-	213,574
-Stock	17,840	-	-	17,840
Financial assets at fair value through other comprehensive income				
-Equity securities	105,206	-	270,021	375,227
	$ 336,620	$ 13,166	$ 595,849	$ 945,635
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 1,726	$ -	$ 1,726

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 27,284	$ 27,284
-Debt securities	-	-	280,000	280,000
-Forward exchange contracts	-	7,076	-	7,076
-Funds	102,105	-	-	102,105
Financial assets at fair value through other comprehensive income				
-Equity securities	230,211	-	301,160	531,371
-Debt securities	-	150,863	-	150,863
	$ 332,316	$ 157,939	$ 608,444	$ 1,098,699
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 10,137	$ -	$ 10,137

D. The methods and assumptions the Company used to measure fair value are as follows:

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

	Listed shares	Open-end fund
Market quoted price	Closing price at evaluation date	Net asset value at evaluation date

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

(c) Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
At January 1	$ 608,444	$ 928,002
Added in the year	20,000	1,487
Losses recognised in profit or loss	(1,456)	1,289
Losses recognised in other comprehensive income	(31,139)	(322,334)
At December 31	$ 595,849	$ 608,444

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Nonderivative equity instrument:					
Equity securities	$ 37,385	Market comparable companies	Price to book ration multiple	$ 1	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	45,828	Net asset value	N/A	N/A	N/A
Private placement shares (listed companies)	232,636	Market price method	Discount for lack of marketability	15.6%~41.45%	The higher the discount for marketability, the lower the fair value
Nonderivative debt instrument:					
Convertible bonds	$ 280,000	Discounted cash flow method	Discount rate	-	The higher the discount rate, the lower the fair value

	Fair value at December 31, 2022		Valuation technique	Significant unobservable input	Range (weighted average)		Relationship of inputs to fair value
Nonderivative equity instrument:							
Equity securities	$	31,969	Market comparable companies	Price to book ration multiple	$	1	The higher the multiplier, the higher the fair value
Private equity funds in venture capital		27,284	Net asset value	N/A	N/A		N/A
Private placement shares (listed companies)		269,191	Market price method	Discount for lack of marketability		20.5%~26.6%	The higher the discount for marketability, the lower the fair value
Nonderivative debt instrument:							
Convertible bonds	$	280,000	Discounted cash flow method	Discount rate		-	The higher the discount rate, the lower the fair value

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

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity securities	Price to book ratio multiple	±10%	$ -	$ -	$ 3,739	($ 3,739)

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity securities	Price to book ratio multiple	±10%	$ -	$ -	$ 3,197	($ 3,197)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6 (2).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

Not applicable.

MERRY ELECTRONICS CO., LTD.

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance for the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
0	MEHO	FUXM	Other receivables	Y	$ 60,000	$ 60,000	$ 56,251	1.83	2	$ -	Purchasing plant	$ -	-	$ -	$ 5,048,499	$ 12,621,247	
1	MESG	MENA	Other receivables	Y	122,820	122,820	39,917	1.13	2	-	Business operation	-	-	-	1,871,860	1,871,860	
1	MESG	MENA	Other receivables	Y	61,410	$ 61,410	$ 61,410	4.31	2	-	Business operation	-	-	-	1,871,860	1,871,860	
1	MESG	SENM	Other receivables	Y	46,058	$ 46,058	$ 15,353	3.52	2	-	Business operation	-	-	-	1,871,860	1,871,860	
2	MECL	ASCX	Other receivables	Y	34,616	34,616	28,126	3.45	2	-	Business operation	-	-	-	1,344,718	3,361,795	

Note 1: (1) The ceiling on MESG total loans to others is MESG’s net assets; for short-term financing, the limit to a single party is 40% of MESG’s net assets.
(2) The ceiling on MECL total loans to others is MECL’s net assets; for short-term financing, the limit to a single party is 40% of MECL’s net assets.
(3) For short-term financing between the Company’s wholly-owned subsidiaries, limit on loans is not restricted. Limit on total loans granted to a single party is the net value of MESG.
(4) For MESG’s and MECL’s business transactions, limit on loans granted for a single party is the amount of the transactions.
(5) Limit on loans to FuliCare (Xiamen) Co., Ltd (“FUXM”) is 40% of the Company’s net value for the needs of short-term financing.

Note 2: (1) For MESG’s business transactions.
(2) For short-term financing.

MERRY ELECTRONICS CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the year ended December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	MEHO	MENA	2	$ 10,096,998	$ 187,301	$ 79,833	$ -	$ -	0.63%	$ 12,621,247	Y	N	N	

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

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following four categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The Company holds over 50% of the voting rights directly or indirectly.

(3)This company holds over 50% of the voting rights of the Company directly or indirectly.

(4)The Company holds over 90% of the voting rights directly or indirectly.

Note 3: The guarantees and endorsements for a single party should not exceed 80% of the Company’s net assets.

Note 4: The ceiling on total amount of endorsements/guarantees provided to others by the Company is 100% of the Company's net assets.

MERRY ELECTRONICS CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value (in thousands)	Ownership (%)	Fair value (in thousands)	Note
The Company	Fund - 76324296A KGI Taiwan Multi-Asset Income Fund A TWD	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,015	$ 50,000	-	$ 58,325	
The Company	Fund - UPAMC Wealthy Fund	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,000	50,000	-	55,249	
The Company	Fund-Hua Nan Phoenix Money Market	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,981	100,000	-	100,000	
The Company	Bond - The Company Bond - SYNergy Private Placement (YDB8AA)	-	Financial assets mandatorily measured at fair value through profit or loss - current	-	280,000	-	280,000	
The Company	Stock-Foxtron Vehicle Technologies	-	Financial assets mandatorily measured at fair value through profit or loss - current	400	20,480	-	17,840	
					500,480		$ 511,414	
			Valuation adjustment		10,934			
					$ 511,414			
The Company	Fund - JAFCO	-	Financial assets at fair value through profit or loss - non-current	919	$ 27,652	0.71%	$ 25,869	
The Company	Fund-WK Technology	-	Financial assets at fair value through profit or loss - non-current	2,000	20,000	1.78%	19,959	
					47,652		$ 45,828	
			Valuation adjustment		(1,824)			
					$ 45,828			
The Company	Stock - 2881B.TW	-	Equity instruments measured at fair value through other comprehensive income - current	683	$ 40,980	-	$ 40,912	
The Company	Stock - 2882B.TW	-	Equity instruments measured at fair value through other comprehensive income - current	585	35,100	-	34,924	
The Company	Stock - 5871A	-	Equity instruments measured at fair value through other comprehensive income - current	300	30,000		29,370	
					106,080		$ 105,206	
			Valuation adjustment		(874)			
					$ 105,206			
The Company	Stock - 4943.TW	-	Equity instruments measured at fair value through other comprehensive income - non-current	7,712	$ 648,164	7.61%	$ 65,919	
The Company	Stock - FUJITER Semiconductor CO.,LTD.	-	Equity instruments measured at fair value through other comprehensive income - non-current	2,126	27,811	9.79%	18,749	
The Company	Stock - NETVOX TECHNOLOGY CO., LTD	-	Equity instruments measured at fair value through other comprehensive income - non-current	324	2,976	1.32%	-	
The Company	Stock - EVER THAI AGRI-PRODUCT CO.,LTD.	-	Equity instruments measured at fair value through other comprehensive income - non-current	683	6,425	4.64%	2,392	
The Company	Stock - SUNSINO SME Development Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income - non-current	169	2,123	0.36%	2,418	
The Company	Stock - LINSATION Intelligent Technology Limited	-	Equity instruments measured at fair value through other comprehensive income - non-current	75	8,772	6.19%	2,826	
The Company	Stock - MERRY FULING CO., LTD., TAIWAN BRANCH (SAMOA)	-	Equity instruments measured at fair value through other comprehensive income - non-current	356	10,437	19.00%	11,000	
The Company	Stock - 6558.TW	-	Equity instruments measured at fair value through other comprehensive income - non-current	7,300	188,340	7.79%	166,717	
					895,048		$ 270,021	
			Valuation adjustment		(625,027)			
					$ 270,021			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9.

MERRY ELECTRONICS CO., LTD.

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (Note 2)	Percentage of total notes/accounts receivable (payable)	Note
The Company	MECL	A subsidiary of the Company	Purchases	$ 8,942,206	24%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	($ 3,353,058)	39%	(Note 3)
The Company	MEVN	A subsidiary of the Company	Purchases	2,510,464	7%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,040,713)	12%	(Note 3)
The Company	MECH	Investment accounted for using the equity method	Purchases	2,707,870	7%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(495,467)	6%	
The Company	MECE	Investment accounted for using the equity method	Purchases	9,439,736	26%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(2,000,045)	23%	
METC	The Company	Parent Company	Purchases	3,210,332	9%	60~120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,428,565)	17%	(Note 3)
MESG	MECL	A subsidiary of the Company	Purchases	840,924	2%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(354,596)	4%	(Note 3)
MESG	METC	A subsidiary of the Company	Purchases	4,737,777	13%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(903,012)	11%	(Note 3)
MESG	MECH	Investment accounted for using the equity method	Purchases	1,767,080	5%	60~65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(55,346)	1%	

Note 1: For purchase transactions with related parties, the price is based on the profitability of the product and will be adjusted annually.
Note 2: The balance is the net amount after offsetting accounts receivable and payable due from/ to related parties.
Note 3: Inter-company transactions between companies within the Group are eliminated.

MERRY ELECTRONICS CO., LTD.

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance of accounts receivable due from related party		Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts	Note
			Amount	Turnover rate	Amount	Action taken			
The Company	METC	A subsidiary of the Company	$ 1,428,565	2.49	$ -	-	$ 320,044	$ -	(Note 1)
MECL	The Company	Parent Company	3,353,058	2.66	-	-	1,659,305	-	(Note 1)
MECL	MESG	A subsidiary of the Company	354,596	2.60	-	-	172,553	-	(Note 1)
METC	MESG	A subsidiary of the Company	903,012	6.09	-	-	903,012	-	(Note 1)
MEVN	The Company	Parent Company	1,040,713	2.84	-	-	190,853	-	(Note 1)
MECE	The Company	Parent Company	2,000,045	3.65	-	-	1,071,534	-	
MECH	The Company	Parent Company	495,467	5.29	-	-	224,278	-	
MESG	MENA	A subsidiary of the Company	101,327	-	-	-	-	-	(Note 3)

Note 1: Inter-company transactions between companies within the Group are eliminated.
Note 2: The balance was as at February 22, 2024.
Note 3: The amount comprises other receivables and thus, the turnover rate is not calculated

MERRY ELECTRONICS CO., LTD.

Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Transaction: Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	MEHO	MECL	1	Purchases	$ 8,942,206	The price is based on the profitability of the product	24%
0	MEHO	MECL	1	Accounts payable	3,353,058	30~120 days end of month after offsetting with accounts receivable	10%
0	MEHO	MEVN	1	Purchases	2,510,464	The price is based on the profitability of the product	7%
0	MEHO	MEVN	1	Accounts payable	1,040,713	60~65 days end of month after offsetting with accounts receivable	3%
1	METC	MEHO	2	Purchases	3,210,332	The price is based on the profitability of the product	9%
1	METC	MEHO	2	Accounts payable	1,428,565	60~120 days end of month after offsetting with accounts receivable	4%
2	MESG	MECL	3	Purchases	840,924	The price is based on the profitability of the product	2%
2	MESG	MECL	3	Accounts payable	354,596	60~65 days end of month after offsetting with accounts receivable	1%
2	MESG	METC	3	Purchases	4,737,777	The price is based on the profitability of the product	13%
2	MESG	METC	3	Accounts payable	903,012	60~65 days end of month after offsetting with accounts receivable	3%

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

1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

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

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

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

MERRY ELECTRONICS CO., LTD.
Information on investees
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	MEST	HONG KONG	Sales of microphone, receiver and speaker	$ 733,733	$ 981,113	19,658	100.00%	$ 4,803,954	$ 392,361	$ 468,780	(Note 1)
The Company	DDBV	British Virgin IS.	General investment business	1,479,925	1,479,925	48,005	100.00%	3,279,912	9,155	64,066	(Note 1)
The Company	LEOHAB ENTERPRISE CO.,LTD.	Taichung City	Plastic injection molding and metal stamping	96,666	96,666	4,986	21.00%	39,554	3,410	715	
The Company	DONPON PRECISION INC.	Taoyuan City	Various plastic products, mold manufacturing and processing and trading business	386,010	99,990	19,723	16.09%	441,257	121,355	(4,172)	(Note 1)
The Company	MECA	U.S.A	Technique, marketing and after service	28,887	28,887	999	99.90%	35,217	145	145	
The Company	MESG	SINGAPORE	Sales of microphone, receiver and speaker	92,132	92,132	800	100.00%	1,871,860	721,374	721,374	(Note 1)
The Company	METC	THAILAND	Microphone, components and product and sale of other electric products	484,358	484,358	5,060	99.99%	866,204	175,545	172,949	(Note 1)
The Company	MHKY	CAYMAN	Sales of medical device	857,946	857,946	27,992	100.00%	284,579	(97,627)	(97,627)	
The Company	INSA	SAMOA	General investment business	1,293,008	1,199,977	302	100.00%	535,120	(45,083)	(45,083)	(Note 3)
The Company	MEVN	VIETNAM	Manufacture of microphone and speaker	366,710	366,710	-	51.00%	841,570	229,564	109,675	(Note 1)
The Company	MUTT	New Taipei City	Electrical appliances and audiovisual electronic products	30,600	30,600	3,060	51.00%	16,005	(22,885)	(11,671)	
The Company	MCTT	Taichung City	General investment business	8,000	8,000	800	100.00%	9,886	1,647	1,647	
The Company	MAC FUND	Taipei City	General investment business	123,733	19,200	-	42.67%	114,161	(19,990)	(8,529)	
MESG	MEMP	Malaysia	Research and development of microphone, receiver and speaker	15,969	15,969	2,400	100.00%	8,344	(7,630)	-	(Note 2)
MCTT	MAC FUND	Taipei City	General investment business	2,900	450	-	1.00%	2,676	(19,990)	(200)	
DDBV	UCMU	MAURITIUS	General investment business	-	151	-	0.00%	-	-	-	(Note 2)
DDBV	MTHK	HONG KONG	General investment business	1,392,956	1,392,956	48,000	100.00%	3,279,717	9,155	-	(Note 2)
MHKY	FUSA	SAMOA	General investment business	795,943	795,943	27,160	96.01%	285,674	(97,443)	-	(Note 2)
INSA	MENA	CANADA	Sale and development of speaker and power amplifier	92,445	30	59,954	100.00%	50,448	(64,335)	-	(Note 2)
MENA	SENM	NORWAY	Manufacture and sales of speaker monomer	23	23	-	100.00%	56,653	(1,128)	-	(Note 2)

Note 1: The investment income included unrealised gains or losses and realised gains arising from upstream transactions.
Note 2: The investee is second subsidiary and investment income (loss) is not shown.
Note 3: The book value for the shares held as of December 31, 2023 is the investment amount for INSA amounted to $762,396 thousand less the accumulated impairment amounted to $227,276 thousand.

MERRY ELECTRONICS CO., LTD.

Information on investees in Mainland China

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
MEDG	Research and development of sound equipment, earphones, mobile power supply, charging box, cable, connector, electronic components, plastic hardware,	$ 865,400	(Note 1)	$ 452,564	$ -	$ -	$ 452,564	$ 47,105	49.00%	$ 23,081	$ 422,596	$ -	(Note 3)
MSCS	Manufacture of speaker and amplifier	149,595	(Note 1)	110,497	-	-	110,497	(6,015)	100.00%	(6,015)	128,810	-	(Note 3)
MECL	Microphone, receiver, speaker, security system, induction cooker and other electronic component	412,553	(Note 2)	453,191	-	-	453,191	174,688	100.00%	174,688	3,361,795	2,282,120	(Note 3)
MECE	Manufacture and sales of microphone, receiver and speaker	2,707,573	(Note 2)	1,369,285	-	-	1,369,285	18,679	49.00%	64,066	3,279,717	295,185	(Note 3)
MECS	International trade, transit trade and trading consulting; trading amongst companies in bonded area and trading agency in the area	7,181	(Note 2)	6,055	-	-	6,055	-	49.00%	-	(1,095)	40,321	(Note 3)
MECH	Manufacture and sales of microphone, receiver, speaker and mobile phone	432,700	(Note 2)	420,687	-	-	420,687	400,938	49.00%	210,554	1,286,560	213,003	(Note 3)
FUSZ	Manufacture of medical device	277,721	(Note 2)	310,763	-	-	310,763	(2,447)	96.01%	(2,350)	236,750	-	(Note 3)
ETCX	Retail sales of hearing products	19,472	(Note 2)	19,009	-	-	19,009	(7,144)	96.01%	(6,859)	(30,512)	-	(Note 3)
ASCX	Manufacture and sales of hearing aid, hearing device and acoustics equipment	74,688	(Note 2)	293,281	-	-	293,281	(4,965)	95.53%	(4,743)	20,884	-	(Note 3)
LACX	Research and development and technical sales of software for hearing aid use	21,635	(Note 2)	22,180	-	-	22,180	(859)	95.53%	(821)	(810)	-	(Note 3)

MERRY ELECTRONICS CO., LTD.

Information on investees in Mainland China

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
FUXM	Sales of medical device	301,302	(Note 2)	302,995	-	-	302,995	(57,456)	96.01%	(55,163)	23,748	-	(Note 3)
DONG GUAN GET PINK	Manufacture and sales of earphones and speaker	68,150	(Note 2)	-	-	-	-	(2,163)	33.00%	(714)	15,989	-	(Note 3)

Note 1: Reinvesting in the investee in Mainland China through the parent company.
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 3: The financial statements that are audited and attested by R.O.C. parent company’s CPA.
Note 4: The amount in the table is translated into New Taiwan dollars at the closing exchange rates prevailing at the balance sheet date.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Merry Electronics Co., Ltd.	$ 3,760,507	$ 4,178,588	$ 7,572,748

Note 1: (2001) Tai-Cai-Zheng (1) Letter No. 006130 of Securities and Futures Commission, Ministry of Finance, R.O.C

MERRY ELECTRONICS CO., LTD.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

		Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Counterparty	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
MECL	MEHO	($ 8,942,206)	24%	$ -	-	($ 3,353,058)	39%	$ -	-	$ -	$ -	-	$ -	-
MECL	MESG	(840,924)	2%	-	-	(354,596)	4%	-	-	-	-	-	-	-
MECE	MEHO	(9,439,736)	26%	-	-	2,000,045	23%	-	-	-	-	-	-	-
MECH	MEHO	(2,707,870)	7%	-	-	(495,467)	6%	-	-	-	-	-	-	-
MECH	MESG	(1,767,080)	5%	-	-	(55,346)	1%	-	-	-	-	-	-	-

MERRY ELECTRONICS CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description		Amount
Cash on hand			$ 161
Cash in banks			
Checking accounts			302,280
Demand deposits			473,729
Foreign exchange deposits	USD	42,943 thousand ; exchange rate: 30.705	1,318,572
	EUR	5 thousand ; exchange rate: 33.98	161
	RMB	93,713 thousand ; exchange rate: 4,327	405,495
	HKD	203 thousand ; exchange rate: 3.929	800
	SGD	399 thousand ; exchange rate: 23.29	9,290
	JPY	37 thousand ; exchange rate: 0.2172	8
			$ 2,510,496

MERRY ELECTRONICS CO., LTD.
STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Description	Amount	Note
A		$ 3,363,402	
B		1,531,693	
C		1,129,755	
Others		884,968	The balance of each customer has not exceeded 5% of the accounts receivable
		$ 6,909,818	

MERRY ELECTRONICS CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Description	Amount: Cost	Amount: Net Realizable Value	Note
Finished goods		$ 1,138,758	$ 1,159,641	Net realizable value
Raw materials		141,979	140,296	Value replacement
Semi-finished goods		12	12	Net realizable value
		1,280,749	$ 1,299,949	
Less: Allowance for slow moving inventories and valuation loss		(44,181)		
		$ 1,236,568		

MERRY ELECTRONICS CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
Name	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Amount	Number of shares (in thousand)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Pledged as collateral	Note
MERRY ELECTRONICS (HK) CO., LTD	25,658	$ 4,865,770	-	$ 181,784	(6,000)	($ 243,600)	19,658	100%	$ 4,803,954	244.38	$ 4,803,954	None	
DANNY DYNAMICS LIMITED	48,005	3,252,126	-	27,786	-	-	48,005	100%	3,279,912	68.32	3,279,912	None	
LEOHAB ENTERPRISE CO., LTD.	4,986	39,582	-	-	-	(28)	4,986	21%	39,554	7.93	39,554	None	
MERRY ELECTRONICS (U.S.A.) CO., LTD.	999	35,080	-	137	-	-	999	99.9%	35,217	35.25	35,217	None	
MERRY ELECTRONICS (SINGAPORE) PTE., LTD.	800	2,235,934	-	710,601	-	(1,074,675)	800	100%	1,871,860	2,339.83	1,871,860	None	
MERRY ELECTRONICS (THAILAND) CO., LTD.	5,060	687,094	-	179,110	-	-	5,060	99.99%	866,204	171.19	866,204	None	
MERRY HEALTHCARE CO., LTD.	27,992	386,087	-	-	-	(101,508)	27,992	100%	284,579	10.17	284,579	None	
GUANDONG LUXSHARE & MERRY ELECTRONICS CO., LTD.	-	407,293	-	15,303	-	-	-	49%	422,596	-	422,596	None	Note
ASIAN ELITE INETERNATIONAL LTD.	-	139,641	-	-	-	(10,831)	-	100%	128,810	-	128,810	None	Note
INDIGO ENTERPRISE INC.	-	719,969	-	42,427	-	-	-	100%	762,396	-	762,396	None	Note
MERRY & LUXSHARE (VIETNAM) CO., LTD.	-	756,079	-	85,491	-	-	-	51%	841,570	-	841,570	None	Note
MUtek Electronics Co.,Ltd.	3,060	27,676	-	-	-	(11,671)	3,060	51%	16,005	5.23	16,005	None	
Merry Capital Inc.	800	8,239	-	1,647	-	-	800	100%	9,886	12.36	9,886	None	
CDIB-Mac Limited Partnership	-	18,158	-	96,003	-	-	-	43%	114,161	-	114,161	None	Note
DONPON PRECISION INC.	-	-	19,723	441,257		-	19,723	16.09%	441,257	22.37	441,257		
Accumulated impairment	-	(161,766)	-	-	-	(65,510)	-	-	(227,276)	-	(227,276)	None	
		$ 13,416,962		$ 1,781,546		($ 1,507,823)			$ 13,690,685		$ 13,690,685		

Note: It is a limited company without shares.

MERRY ELECTRONICS CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

	Beginning Balance					Ending Balance		
ITEM	Initial Cost	Revaluation Increment	Addition	Decrease	Transfer	Initial Cost	Revaluation Increment	Collateral

Note: "Property, Plant and Equipment": Please refer to Note 6 (8)

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MERRY ELECTRONICS CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Beginning Balance	Addition	Decrease	Ending Balance	Note

Note:"Property, Plant and Equipment": Please refer to Note 6 (8)

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MERRY ELECTRONICS CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Collateral	Note
Unsecured borrowings	Mizuho Bank, Ltd.	$ 200,000	2023.11.30-2024.02.27	1.73%~1.77%	None	
Unsecured borrowings	HSBC Bank (Taiwan)	200,000	2023.11.30-2024.02.27	1.69%	None	
Unsecured borrowings	Mega Bank	190,000	2023.11.30-2024.02.27	1.75%	None	
Unsecured borrowings	Chang Hwa Bank	100,000	2023.11.30-2024.02.27	1.75%	None	
Unsecured borrowings	Taishin International Bank	60,000	2023.12.27-2024.02.27	1.66%	None	
Unsecured borrowings	OCBC	40,000	2023.11.30-2024.02.29	1.84%	None	
		$ 790,000				

MERRY ELECTRONICS CO., LTD.
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

					Amount							
Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Total Issuance Amount	Repayment Paid	Ending Balance	Unamortized Premiums (Discounts)	Carrying Amount	Repayment Term	Collateral	Note
Merry Electronics Co., Ltd. The Third Domestic unsecured convertible	Taipei Fubon Commercial Bank Co., Ltd.	2021.08.11	2024.08.11	0.00%	$ 3,000,000	$ 100	$ 2,999,900	($ 17,639)	$ 2,982,261	Amortized with cash by bond's face value at maturity	None	
Less: Current portion of corporate bonds payable									(2,982,261)			
									$ -			

MERRY ELECTRONICS CO., LTD.
STATEMENT OF DEFERRED TAX LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Description	Amount	Note

Note: "Deferred Tax Liabilities": Please refer to Note 6 (28)

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MERRY ELECTRONICS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Quantity	Amount	Note
Telephone receivables / speakers	213,651	$ 10,568,990	
Headset speakers	8,285	8,142,360	
Wireless electronic products	2,267	5,668,825	
Others	1,168,072	2,371,029	
		26,751,204	
Less: Sales returns		(49,221)	
Sales discounts and allowances		(38,297)	
Net sales revenue		26,663,686	
Technical service revenue		38,069	
Net operating revenue		$ 26,701,755	

MERRY ELECTRONICS CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Amount
Raw material at beginning of year	$ 156,798
Add: Raw material purchased during the year	3,909,394
Less: Raw material at end of year	(141,979)
Used raw materials transferred to expenses	(3,043)
Raw material sold	(3,921,170)
Consumption of raw materials for the year	-
Semi-finished goods at beginning for the year	$ -
Add: Semi-finished goods cost purchased during the year	650
Less: Supplies sold	(650)
Consumption of raw materials for the year	-
Semi-finished goods at beginning for the year	18
Add: Finished goods cost purchased during the year	424
Less: Finished goods at end of year	(12)
Semi-finished goods transferred to expenses	(260)
Semi-finished goods sold	(170)
Finished goods cost	-
Finished goods at beginning of year	2,606,981
Add: Finished goods cost purchased during the year	19,546,463
Less: Finished goods at end of year	(1,138,758)
Finished goods transferred to expenses	(975)
Cost of sales	21,013,711
Cost of raw materials sales	3,921,170
Cost of supplies sales	650
Cost of semi-finished goods sold	170
Loss on slow-moving inventories and valuation loss	(77,407)
Operating costs	$ 24,858,294

MERRY ELECTRONICS CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Selling expenses	Administrative expenses	Research and development expense	Total	Note
Wages and salaries	$ 120,427	$ 383,285	$ 623,246	$ 1,126,958	
Administrative service fee	55,998	12,743	-	68,741	
Insurance expense	10,050	21,842	40,718	72,610	The balance of each expense account has not exceeded 5% of the total expense
Other expenses	42,742	149,246	154,590	346,578	
	$ 229,217	$ 567,116	$ 818,554	$ 1,614,887	

MERRY ELECTRONICS CO., LTD.
STATEMENT OF FINANCE COOST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note
Amortisation of discounts on bonds		$ 28,523	
Bank borrowings		31,871	
Lease liability		344	
		$ 60,738	

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MERRY ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 7,585	$ 886,498	$ 894,083	$ 8,305	$ 811,931	$ 820,236
Shared-based payment	3,315	128,995	132,310	1,333	61,001	62,334
Labor and health insurance fees	470	67,974	68,444	521	65,618	66,139
Pension costs	231	34,602	34,833	239	33,617	33,856
Directors' remuneration	-	37,942	37,942	-	41,439	41,439
Other personnel expenses	345	44,101	44,446	357	43,288	43,645
Depreciation Expense	494	39,113	39,607	616	27,795	28,411
Amortization Expense	13,489	45,405	58,894	8,290	40,929	49,219

Note:

1. As at December 31, 2023 and 2022, the Company had 770 and 781 employees, there are both 5 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
   (1) Average employee benefit expense in current year was $1,535 thousand ((Total employee benefit expense of current year- Total directors' remuneration of current year)/ (Number of employees of current year - Number of non-employee directors of current year)).
   Average employee benefit expense in previous year was $1,322 thousand ((Total employee benefit expense of previous year - Total directors' remuneration of previous year)/ (Number of employees of previous year - Number of non-employee directors of previous year)).

MERRY ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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(2) Average employee salaries in cureent year were $1,169 thousand (Total wages and salaries of current year/ (Number of employees of current year - Number of non-employee directors of current year)).
Average employee salaries in previous year were $1,057 thousand (Total wages and salaries of previous year/ (Number of employees of previous year - Number of non-employee directors of previous year).

(3) Adjustments of average employee salaries were 10.6% ((Average wages and salaries of current year - Average wages and salaries of previous year)/ (Average wages and salaries of previous year).

(4) The Company set up an audit committee and therefore, it has no supervisors.

(5) The Company's Compensation Policy is as follows:

A. The directors' and managers' emoluments are distributed in accordance with 'Director and Manager Remuneration Management Regulation', except for the regulations stipulated in the laws or the Company's Articles of Incorporation.

B. The directors' and managers' performance assessment and salary compensation, which is determined based on the general pay levels in the same industry, also take into consideration the correlation between the individual's performance and the Company operational performance and future risk exposure.

C. The Remuneration Committee regularly assesses the degree to which performance goals for the directors and managers have been achieved, and sets the types and amount of their individual salary compensation based on the results of the reviews conducted in accordance with the performance assessment results, and reports it at a shareholders' meeting.

D. The managers' compensation is conducted in accordance with the Company's revelant management system such as ' Employee Compensation Distribution Regulations'.

E. Directors' emoluments include remuneration and transportation allowance.

F. Managers' and employees' emoluments include salaries, bonuses, employee compensation, restricted stocks and employee stock ownership trust, etc.

G. Managers' and employees' emoluments are calculated based on the general pay levels in the same industry, and by taking into account the individual work experience and performance, previous salaries and individual performance assessed in accordance with the 'Employee Performance Assessment Management Regulations'.

H. Directors' and managers' emoluments will be reviewed by the Remuneration Committee and resolved by the Board of Directors.