

GOOD WAY TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Good Way Technology Co., Ltd

PWCR 23000413

Opinion

We have audited the accompanying parent company only balance sheets of Good Way Technology Co., Ltd. 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 financial statements, including a summary of material 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 *Auditors' responsibilities for the audit of the consolidated 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. 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.

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

Evaluation of inventories

Description

Please refer to Note 4(12) for the description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(5) for details of inventory.

Because of the competition in consumer electronics, which shortens the life cycle of the Company's products, it results in frequent changes in the market prices. The Company applies judgments and estimates in determining the net realisable value of inventories on balance sheet date, adopts an item by-item approach in comparing cost and net realisable value and provisions loss on obsolete and slow-moving inventories when over a certain age.

As the valuation of inventories involve subjective judgments, and the valuation amounts are material, we identified the valuation of inventories as one of the key audit matters.

How our audit addressed the matter:

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

1. Understood the policies of allowance for valuation loss on inventories and confirmed the adoption of the policies on provision of allowance for inventory valuation losses during the reporting period.
2. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained net realisable value reports of each kind of inventory and checked whether the calculation formulas have been applied consistently. Tested relevant parameters to supporting sale and purchase documents and recalculated the allowance for valuation losses item by item. Also, we calculated the accuracy of valuation model calculation result.
4. Tested the movement of inventory and checked the date of the movement with related supporting documents to ascertain the accuracy of the inventory aging classification and recalculated the valuation allowance loss.

Existence of sales revenue

Description

Please refer to Note 4(27) for accounting policies on recognition of revenue, Note 6(17) for details of sales revenue.

The Company is primarily engaged in the research, development, manufacture and sale of consumer electronics. There were various types of products and innovations, resulting in a change of the major customers, and the sales revenue from the major customers represented a significant proportion, which would have a material effect on the financial statements. Thus, we consider the existence of sales revenue from the major customers a key audit matter.

How our audit addressed the matter:

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

1. Obtained an understanding of the internal controls over sales revenue and included sales transactions from major customers in samples for test of controls.

2. Understood and tested the credit approval process of the major customers. Confirmed that the credit terms have been adequately approved, including identified and verified related information of transaction counterparties.
3. We obtained and verified the sales details and relevant evidences.
4. Sample selected accounts receivable of major customers to obtain the confirmation letter.
5. We obtained and verified the subsequent collection details of accounts receivable and relevant evidences.
6. Obtained the details of sales returns after the balance sheet date and reviewed whether the major customers had significant abnormal sales returns.

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

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

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

Those charged with governance, including 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Yu, Chih-Fan

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 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.

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

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 95,390	2	\$ 325,840	5
1170	Accounts receivable, net	6(4)	477,543	11	1,671,995	24
1180	Accounts receivable - related parties	6(4) and 7(2)	602,902	13	865,614	13
1200	Other receivables		9,383	-	27,440	-
130X	Inventories	6(5)	472,201	10	1,329,531	19
1410	Prepayments		45,915	1	72,267	1
1470	Other current assets		2,097	-	2,369	-
11XX	Current Assets		1,705,431	37	4,295,056	62
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	21,639	-	3,635	-
1550	Investments accounted for under equity method	6(6)	1,987,684	43	1,624,496	24
1600	Property, plant and equipment	6(7)	834,456	18	872,299	13
1755	Right-of-use assets	6(8)	14,599	-	23,074	-
1780	Intangible assets		2,248	-	2,050	-
1840	Deferred income tax assets	6(24)	84,774	2	50,207	1
1900	Other non-current assets	6(7)	6,651	-	7,939	-
15XX	Non-current assets		2,952,051	63	2,583,700	38
1XXX	Total assets		\$ 4,657,482	100	\$ 6,878,756	100

(Continued)

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

Liabilities and Equity			December 31, 2023		December 31, 2022			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(9)	\$	422,583	9	\$	732,719	11
2130	Current contract liabilities	6(17)		10,123	-		28,025	-
2170	Accounts payable			290,977	6		1,015,169	15
2180	Accounts payable - related parties	7(2)		801,417	17		1,927,755	28
2200	Other payables	6(11)		163,054	4		221,623	3
2220	Other payables to related parties	7(2)		250	-		-	-
2230	Current income tax liabilities	6(24)		13,332	-		43,175	1
2280	Current lease liabilities			10,102	-		14,390	-
2320	Long-term liabilities, current portion	6(10)		120,511	3		73,742	1
2365	Current refund liabilities			83,401	2		140,233	2
21XX	Current Liabilities			1,915,750	41		4,196,831	61
Non-current liabilities								
2540	Long-term borrowings	6(10)		1,173,421	26		646,369	10
2570	Deferred income tax liabilities	6(24)		28	-		-	-
2580	Non-current lease liabilities			5,144	-		9,346	-
2600	Other non-current liabilities	6(12)		4,220	-		4,321	-
25XX	Non-current liabilities			1,182,813	26		660,036	10
2XXX	Total Liabilities			3,098,563	67		4,856,867	71
Equity								
	Share capital	6(14)						
3110	Share capital - common stock			611,680	13		546,143	8
	Capital surplus	6(15)						
3200	Capital surplus			718,446	15		704,023	10
	Retained earnings	6(16)						
3310	Legal reserve			178,504	4		155,937	2
3320	Special reserve			91,456	2		119,077	2
3350	Unappropriated retained earnings			101,297	2		627,285	9
	Other equity interest							
3400	Other equity interest		(	142,464)	(3)	(	91,456)	(1)
3500	Treasury stocks	6(14)		-	-	(	39,120)	(1)
3XXX	Total equity			1,558,919	33		2,021,889	29
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	4,657,482	100	\$	6,878,756	100

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

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(17) and 7(2)		\$ 2,880,383	100	\$ 6,678,272	100
5000 Operating costs	6(5)(22) and 7(2)		(2,880,685)	(100)	(6,090,710)	(91)
5900 Gross operating (loss) profit, net			(302)	-	587,562	9
5910 Unrealized profit from sales	6(6)		(4,920)	-	(10,556)	-
5920 Realized profit (loss) from sales			10,556	-	20,421	(1)
5950 Net operating margin			5,334	-	556,585	8
Operating expenses	6(22)					
6100 Selling expenses			(79,790)	(3)	(87,236)	(1)
6200 General and administrative expenses			(138,177)	(5)	(155,682)	(3)
6300 Research and development expenses			(140,854)	(5)	(151,610)	(2)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)		7,322	1	(7,839)	-
6000 Total operating expenses			(351,499)	(12)	(402,367)	(6)
6900 Operating (loss) profit			(346,165)	(12)	154,218	2
Non-operating income and expenses						
7100 Interest income	6(18)		3,866	-	889	-
7010 Other income	6(19)		21,216	1	11,513	-
7020 Other gains and losses	6(20)		7,722	1	(41,486)	(1)
7050 Finance costs	6(21)		(49,758)	(2)	(32,909)	-
7070 Share of (loss) profit of associates and joint ventures accounted for using equity method, net	6(6)		(51,000)	(2)	143,835	2
7000 Total non-operating income and expenses			(67,954)	(2)	81,842	1
7900 (Loss) profit before income tax			(414,119)	(14)	236,060	3
7950 Income tax (expense) benefit	6(24)		41,235	1	(10,858)	-
8200 (Loss) profit for the year			(\$ 372,884)	(13)	\$ 225,202	3
Other comprehensive (loss) income						
Components of other comprehensive (loss) income that will not be reclassified to profit or loss						
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(12)		\$ 279	-	\$ 583	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)		8,464	-	(6,290)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)		(56)	-	(117)	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss			8,687	-	(5,824)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361 Other comprehensive (loss) income, before tax, exchange differences on translation			(59,472)	(2)	33,911	1
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss			(59,472)	(2)	33,911	1
8300 Other comprehensive (loss) income for the year			(\$ 50,785)	(2)	\$ 28,087	1
8500 Total comprehensive (loss) income for the year			(\$ 423,669)	(15)	\$ 253,289	4
Basic (loss) earnings per share						
9750 Total basic (loss) earnings per share	6(25)		(\$ 6.13)		\$ 3.73	
Diluted (loss) earnings per share						
9850 Total diluted (loss) earnings per share	6(25)		(\$ 6.13)		\$ 3.69	

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

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

		Capital surplus				Retained earnings			Other equity interest			
									Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total equity
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Capital surplus, treasury share transactions	Stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings				
Year 2022												
		\$ 546,143	\$ 634,056	\$ 47,575	\$ 22,392	\$ 152,659	\$ 108,762	\$ 469,548	(\$ 107,002)	(\$ 12,075)	(\$ 9,475)	\$ 1,852,583
		-	-	-	-	-	-	225,202	-	-	-	225,202
		-	-	-	-	-	-	466	33,911	(6,290)	-	28,087
		-	-	-	-	-	-	225,668	33,911	(6,290)	-	253,289
Appropriation and distribution of 2021 retained earnings	6(16)											
		-	-	-	-	3,278	-	(3,278)	-	-	-	-
		-	-	-	-	-	10,315	(10,315)	-	-	-	-
		-	-	-	-	-	-	(54,338)	-	-	-	(54,338)
Purchase of treasury shares	6(14)	-	-	-	-	-	-	-	-	-	(29,645)	(29,645)
Balance at December 31, 2022		\$ 546,143	\$ 634,056	\$ 47,575	\$ 22,392	\$ 155,937	\$ 119,077	\$ 627,285	(\$ 73,091)	(\$ 18,365)	(\$ 39,120)	\$ 2,021,889
Year 2023												
		\$ 546,143	\$ 634,056	\$ 47,575	\$ 22,392	\$ 155,937	\$ 119,077	\$ 627,285	(\$ 73,091)	(\$ 18,365)	(\$ 39,120)	\$ 2,021,889
		-	-	-	-	-	-	(372,884)	-	-	-	(372,884)
		-	-	-	-	-	-	223	(59,472)	8,464	-	(50,785)
		-	-	-	-	-	-	(372,661)	(59,472)	8,464	-	(423,669)
Appropriation and distribution of 2022 retained earnings	6(16)											
		-	-	-	-	22,567	-	(22,567)	-	-	-	-
		-	-	-	-	-	(27,621)	27,621	-	-	-	-
		-	-	-	-	-	-	(92,844)	-	-	-	(92,844)
		65,537	-	-	-	-	-	(65,537)	-	-	-	-
Compensation cost of treasury stock transferred to employees	6(13)	-	-	-	14,545	-	-	-	-	-	-	14,545
Proceeds from treasury stock transferred to employees	6(13)	-	-	14,423	(14,545)	-	-	-	-	-	39,120	38,998
Balance at December 31, 2023		\$ 611,680	\$ 634,056	\$ 61,998	\$ 22,392	\$ 178,504	\$ 91,456	\$ 101,297	(\$ 132,563)	(\$ 9,901)	\$ -	\$ 1,558,919

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

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

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 414,119)	\$ 236,060
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6(22)	50,045	45,342
Depreciation charges on right-of-use assets	6(22)	15,246	15,109
Amortisations	6(22)	3,314	1,398
Expected credit impairment (profit) loss	12(2)	(7,322)	7,839
Interest income	6(18)	(3,866)	(889)
Interest expense	6(21)	49,758	32,909
Compensation cost of treasury stock transferred to employees	6(13)	14,545	-
Investment income	6(6)	51,000	(143,835)
Realised (profits) loss on transactions with associates	6(6)	(10,556)	20,421
Unrealised profits on transactions with associates	6(6)	4,920	10,556
Loss on disposal of property, plant and equipment	6(20)	16	9,065
Gain on lease revision	6(20)	-	(4,148)
Other income	6(19)	(20,207)	(10,014)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		1,201,774	(768,933)
Accounts receivable - related parties		262,712	99,489
Other receivables		18,065	(1,900)
Inventories		857,330	(275,827)
Prepayments		26,352	24,428
Changes in operating liabilities			
Current contract liabilities		(17,902)	10,087
Notes payable		-	(23)
Accounts payable		(724,192)	55,523
Accounts payable - related parties		(1,126,338)	943,930
Other payables		(36,928)	62,843
Other payables to related parties		250	-
Current refund liabilities		(56,832)	43,941
Other non-current liabilities		178	(4,106)
Cash inflow generated from operations		137,243	409,265
Interest received		3,858	889
Income taxes paid		(23,203)	(65)
Net cash flows from operating activities		117,898	410,089

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GOOD WAY TECHNOLOGY 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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of non-current financial assets at fair value through other comprehensive income	12(3)	(\$ 9,540)	\$ -
Acquisition of investments accounted for using equity method		(468,024)	-
Proceeds from capital reduction of investments accounted for using equity method	7(2)	-	17,952
Acquisition of property, plant and equipment	6(26)	(12,654)	(106,677)
Acquisition of intangible assets		(2,418)	(832)
Increase in refundable deposits		(824)	(1,396)
Decrease in refundable deposits		1,096	211
Increase in other non-current assets		(892)	(2,023)
Net cash flows used in investing activities		(493,256)	(92,765)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Interest paid		(48,987)	(31,499)
Proceeds from short-term debt	6(27)	-	75,279
Repayments of short-term debt	6(27)	(310,136)	-
Proceeds from long-term debt	6(27)	1,154,880	-
Repayments of long-term debt	6(27)	(581,742)	(51,836)
Decrease in refundable deposits	6(27)	-	(3,213)
Payments of lease liabilities	6(27)	(15,261)	(13,976)
Cash dividends paid	6(27)	(92,844)	(54,338)
Payments to acquire treasury shares		-	(29,645)
Proceeds from treasury stock transferred to employees		38,998	-
Net cash flows from (used in) financing activities		144,908	(109,228)
Net (decrease) increase in cash and cash equivalents		(230,450)	208,096
Cash and cash equivalents at beginning of year		325,840	117,744
Cash and cash equivalents at end of year		\$ 95,390	\$ 325,840

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

GOOD WAY TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE
INDICATED)

1. HISTORY AND ORGANISATION

Good Way Technology Co., Ltd (referred herein as the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) in February 4, 1993. The Company was primarily engaged in the manufacture of computers and USB peripherals products, multifunctional docking stations, video and audio converters, wireless peripherals products, Internet of Things application products, design, research and development of software and import and export business of related materials of products.

The Company’ shares are traded in the Taipei Exchange starting from August 26, 2014.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 21, 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 Company

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 Material 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 (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in 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 judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

- (a) Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to 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 arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least 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 amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (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 amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. 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 receivable

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

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net 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.

(13) Investment accounted for using equity method/ Subsidiaries

- 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 unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. 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 non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or capitalised 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 capitalised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method 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	11-50 years
Machinery and equipment	2-10 years
Office equipment	2-5 years
Leasehold improvements	3-11 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset measured at cost shall comprise the amount of the initial measurement of lease liability and any initial direct costs incurred.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for 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 amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

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

(19) 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.

(20) Derecognition of financial liabilities

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

(21) Non-hedging and embedded derivatives

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

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated

annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
 - iii. Past service costs are recognised immediately in profit or loss.
- C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised 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.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employees 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-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 recognised is based on the number of equity instruments that eventually vest.

(24) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) 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 shares that have 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.

(26) Dividends

Cash dividends from 2021 earnings appropriation are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends from after 2022 earnings appropriation are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors during their special meeting in accordance with the Articles of Incorporation of the Company. Additionally, stock dividends are recorded as stock dividends to be distributed in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales revenue

- (a) The Company manufactures and sells computer peripheral equipment and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler. Either the buyer 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) Sales revenue was recognised based on the contract price net of sales discount. Sales discounts and allowances from these sales is recognised based on the content specified in the contract. Sales volume is used to estimate and provide for the sales discounts and allowances and revenue is only recognised 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 recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

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.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENT, 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:

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

Based on the Company's assessment, there is no significant uncertainty in the adoption of the accounting policies.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,309	\$ 1,497
Checking accounts and demand deposits	94,081	81,734
Time deposits	-	242,609
	<u>\$ 95,390</u>	<u>\$ 325,840</u>

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

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

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 1,108	\$ 1,108
Valuation adjustment	(1,108)	(1,108)
	<u>\$ -</u>	<u>\$ -</u>

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

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 31,540	\$ 22,000
Valuation adjustment	(9,901)	(18,365)
	<u>\$ 21,639</u>	<u>\$ 3,635</u>

- A. The Company has elected to classify equity instruments of investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.
- B. The amounts which the Company recognised in other comprehensive income (loss) for fair value change for the years ended December 31, 2023 and 2022 were provided in the parent company only statements of comprehensive income.
- C. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- D. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 480,815	\$ 1,682,589
Accounts receivable - related parties	602,902	865,614
	<u>1,083,717</u>	<u>2,548,203</u>
Less: Loss allowance	(3,272)	(10,594)
	<u>\$ 1,080,445</u>	<u>\$ 2,537,609</u>

- A. The Company's aging analysis of accounts receivable and information relating to credit risk is provided in Note 12(2).
- B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,878,759.
- C. The Company does not hold any collateral as security for accounts receivable.

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 217,858	(\$ 109,332)	\$ 108,526
Work in progress	4,850	-	4,850
Finished goods	300,180	(34,297)	265,883
Subsidiaries' inventories for sale	92,942	-	92,942
	<u>\$ 615,830</u>	<u>(\$ 143,629)</u>	<u>\$ 472,201</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 550,204	(\$ 70,789)	\$ 479,415
Work in progress	122,579	-	122,579
Finished goods	578,289	(12,141)	566,148
Subsidiaries' inventories for sale	161,389	-	161,389
	<u>\$ 1,412,461</u>	<u>(\$ 82,930)</u>	<u>\$ 1,329,531</u>

A. Aforementioned inventories were not pledged to others as collaterals.

B. The cost of inventories recognised as expense for the year were as follows:

Year ended December 31		
	2023	2022
Cost of goods sold	\$ 2,810,323	\$ 6,034,065
Loss on decline in market value	60,699	54,727
Loss on scrapping inventory and income or loss from inventory count	9,663	1,918
	<u>\$ 2,880,685</u>	<u>\$ 6,090,710</u>

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries:		
Good Way Overseas Co. Ltd.	\$ 1,357,317	\$ 1,457,700
Gentle Enterprises Co. Ltd.	24	24
GWC Technology Inc.	185,340	166,772
GOOD WAY CAYMAN CO., LTD.	445,003	-
	<u>\$ 1,987,684</u>	<u>\$ 1,624,496</u>

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

- B. The Company recognised gain on investments accounted for using equity method amounting to (\$51,000) and \$143,835, respectively, which was based on the investees' financial statements audited by the Company's auditors.
- C. For the years ended December 31, 2023 and 2022, unrealised (loss) gross profit arising from downstream transactions between the Company and its investees amounted to \$4,920 and \$10,556, respectively.

(7) Property, plant and equipment

2023						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	
At January 1						
Cost	\$ 324,831	\$ 452,666	\$ 200,609	\$ 40,164	\$ 24,001	\$ 1,042,271
Accumulated depreciation and impairment	-	(31,655)	(93,899)	(27,616)	(16,802)	(169,972)
	<u>\$ 324,831</u>	<u>\$ 421,011</u>	<u>\$ 106,710</u>	<u>\$ 12,548</u>	<u>\$ 7,199</u>	<u>\$ 872,299</u>
At January 1	\$ 324,831	\$ 421,011	\$ 106,710	\$ 12,548	\$ 7,199	\$ 872,299
Additions	-	-	5,840	5,121	171	11,132
Disposals	-	-	-	(16)	-	(16)
Transfer	-	-	800	286	-	1,086
Depreciation expense	-	(14,723)	(22,335)	(9,156)	(3,831)	(50,045)
At December 31	<u>\$ 324,831</u>	<u>\$ 406,288</u>	<u>\$ 91,015</u>	<u>\$ 8,783</u>	<u>\$ 3,539</u>	<u>\$ 834,456</u>
At December 31						
Cost	\$ 324,831	\$ 452,666	\$ 207,204	\$ 45,475	\$ 24,172	\$ 1,054,348
Accumulated depreciation and impairment	-	(46,378)	(116,189)	(36,692)	(20,633)	(219,892)
	<u>\$ 324,831</u>	<u>\$ 406,288</u>	<u>\$ 91,015</u>	<u>\$ 8,783</u>	<u>\$ 3,539</u>	<u>\$ 834,456</u>

2022						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	
At January 1						
Cost	\$ 324,831	\$ 371,641	\$ 129,644	\$ 26,972	\$ 39,702	\$ 892,790
Accumulated depreciation and impairment	-	(21,673)	(70,749)	(20,013)	(19,667)	(132,102)
	<u>\$ 324,831</u>	<u>\$ 349,968</u>	<u>\$ 58,895</u>	<u>\$ 6,959</u>	<u>\$ 20,035</u>	<u>\$ 760,688</u>
At January 1	\$ 324,831	\$ 349,968	\$ 58,895	\$ 6,959	\$ 20,035	\$ 760,688
Additions	-	43,387	39,921	13,361	667	97,336
Disposals	-	-	-	(18)	(9,047)	(9,065)
Transfer	-	37,638	31,044	-	-	68,682
Depreciation expense	-	(9,982)	(23,150)	(7,754)	(4,456)	(45,342)
At December 31	<u>\$ 324,831</u>	<u>\$ 421,011</u>	<u>\$ 106,710</u>	<u>\$ 12,548</u>	<u>\$ 7,199</u>	<u>\$ 872,299</u>
At December 31						
Cost	\$ 324,831	\$ 452,666	\$ 200,609	\$ 40,164	\$ 24,001	\$ 1,042,271
Accumulated depreciation and impairment	-	(31,655)	(93,899)	(27,616)	(16,802)	(169,972)
	<u>\$ 324,831</u>	<u>\$ 421,011</u>	<u>\$ 106,710</u>	<u>\$ 12,548</u>	<u>\$ 7,199</u>	<u>\$ 872,299</u>

A. The Company has no interest expense capitalised on aforementioned property, plant and equipment. Details of the assets pledged to others as collateral are provided in Note 8.

B. As of December 31, 2023 and 2022, the Company's prepayment for equipment that were not transferred (shown as "other non-current assets") amounted to \$892 and \$2,180, respectively.

(8) Lease transactions-lessee

- A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of some offices. Low-value assets comprise of printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	2023		
	Buildings and structures	Transportation equipment	Total
At January 1	\$ 20,227	\$ 2,847	\$ 23,074
Additions	5,490	1,281	6,771
Depreciation expense	(13,811)	(1,435)	(15,246)
At December 31	<u>\$ 11,906</u>	<u>\$ 2,693</u>	<u>\$ 14,599</u>

	2022		
	Buildings and structures	Transportation equipment	Total
At January 1	\$ 60,535	\$ 704	\$ 61,239
Additions	7,653	3,524	11,177
Lease terminated in advance	(34,233)	-	(34,233)
Depreciation expense	(13,728)	(1,381)	(15,109)
At December 31	<u>\$ 20,227</u>	<u>\$ 2,847</u>	<u>\$ 23,074</u>

- D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,164	\$ 1,281
Expense on short-term lease contracts	6,312	6,341
Expense on leases of low-value assets	183	145
Gains arising from lease modifications	-	(4,148)
	<u>\$ 7,659</u>	<u>\$ 3,619</u>

- E. For the years ended December 31, 2023 and 2022, the Company's rent outflow related lease expense is shown in Note 6(8)D. Additionally, for the amounts of cash outflows which were generated from repayment of lease liabilities, please refer to Note 6(27).

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 422,583</u>	2.01% ~ 6.8%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 732,719</u>	1.45% ~ 6.2%	None

The Company recognised interest expenses in profit or loss. Please refer to Note 6(21) for details.

(10) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Shanghai Commercial & Savings Bank, Ltd. Unsecured borrowings	Starting from July 28, 2020 to July 28, 2025, the principal and interest were paid monthly.	1.450%	None.	\$ 38,000
Chang Hwa Commercial Bank, Ltd. Unsecured borrowings	Starting from August 17, 2020 to August 15, 2025, the principal and interest were paid monthly.	1.350%	None.	34,617
Hua Nan Commercial Bank, Ltd. Unsecured borrowings	Starting from October 6, 2020 to October 6, 2025, the interest was paid monthly, and principal was repayable since monthly the second year.	1.450%	None.	49,461
E.SUN Commercial Bank, Ltd. Unsecured borrowings	Starting from November 16, 2020 to November 15, 2025, the interest was paid monthly, and principal was repayable monthly since the third year.	1.350%	None.	16,292
Hua Nan Commercial Bank, Ltd. Syndicated Loan Secured borrowings -Item A	Starting from June 20, 2023 to June 20, 2028, the interest was paid monthly, the loan will be active for a period of 5 years from drawdown date (June 20, 2023), and principal was repayable per half year since the second year.	2.319%	Note8	495,562
Hua Nan Commercial Bank, Ltd. Syndicated Loan Secured borrowings -Item B	Starting from June 20, 2023 to June 20, 2028, the interest was paid monthly, the principal is due for repayment and can be revolvingly utilized.	2.478%	None.	660,000
				1,293,932
Less: Current portion				(120,511)
				<u>\$ 1,173,421</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Shanghai Commercial & Savings Bank, Ltd. Unsecured borrowings	Starting from July 28, 2020 to July 28, 2025, the principal and interest were paid monthly.	1.325%	None.	\$ 62,000
Chang Hwa Commercial Bank, Ltd. Unsecured borrowings	Starting from August 17, 2020 to August 15, 2025, the principal and interest were paid monthly.	1.100%	None.	55,387
Hua Nan Commercial Bank, Ltd. Unsecured borrowings	Starting from October 6, 2020 to October 6, 2025, the interest was paid monthly, and principal was repayable since monthly the second year.	1.325%	None.	77,724
E.SUN Commercial Bank, Ltd. Unsecured borrowings	Starting from November 16, 2020 to November 15, 2025, the interest was paid monthly, and principal was repayable monthly since the third year.	1.225%	None.	17,000
Hua Nan Commercial Bank, Ltd. Secured borrowings	Starting from April 19, 2021 to April 19, 2041, the interest was paid monthly, and principal was repayable monthly since the third year.	1.580%	Note8	508,000
				720,111
Less: Current portion				(73,742)
				\$ 646,369

A. The Company signed a five-year syndicated credit agreement with six banks, including Hua Nan Commercial Bank, Ltd., acting as the lead and managing bank, in April 2023. The agreement stipulates the following:

(a) Credit Items and Limits: The total credit limit is NT\$1.6 billion.

i. Item A:

Mid-term (secured) loans with a limit of NT\$500 million, which cannot be drawn down on a revolving basis.

ii. Item B:

Mid-term loans with a limit of NT\$1.1 billion or the equivalent in US dollars, which can be drawn down on a revolving basis.

(b) Credit Period:

The credit period for both Item A and Item B starts from the initial drawdown date and lasts for 5 years.

(c) Utilization Period:

- i. Item A Credit: The borrower can only draw down the credit limit of Item A once, starting from 3 months after the signing date of this agreement.
- ii. Item B Credit: The borrower can draw down the credit limit of Item B on a revolving basis within the last 3 months before the final expiration date of this agreement.

(d) Financial Commitments:

The borrower must maintain the following financial ratios, based on the audited or reviewed consolidated financial statements of the borrower's accountant, reviewed every six months:

- i. Current ratio [Current Assets / Current Liabilities]: Not less than 100%.
- ii. Financial debt ratio [Short-term borrowings + Long-term borrowings + Long-term borrowings due within one year / Tangible Net Worth]: Not more than 150%.
- iii. Interest coverage ratio: [Profit before tax + Depreciation + Amortization + Interest expense] / Interest expense: Not less than 3 times.

According to the provisions of the joint credit agreement, the above ratios and standards are reviewed every six months, based on the borrower's second quarter and annual consolidated financial statements. If the borrower's financial condition does not meet any of the ratios or standards specified herein at any review, the borrower shall improve it by the next review date. However, from the date of submission of the financial report for the current period until the date of submission of the financial report for the period after the borrower submits the improvement, an additional annual interest rate of 0.1% shall be added to the loan interest rate applicable to the unpaid principal balance. If the borrower fails to complete the improvement, it shall be deemed a default event, and the managing bank shall notify the borrower in writing, declaring that all outstanding principal balances, interest, and other amounts payable by the borrower to each joint credit bank and managing bank under this agreement shall become immediately due and payable. The borrower shall immediately repay all such amounts.

The Company has obtained an exemption letter from the joint credit bank consortium agreeing to exempt the Company from reviewing the current ratio and interest coverage ratio for the year 2023 and the interest coverage ratio for the first half of the year 2024, effective December 29, 2023.

B. The Company recognised interest expenses in profit or loss. Please refer to Note 6(21) for details.

(11) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 62,372	\$ 65,045
Collection of payments on behalf of others	33,031	52,431
Employees' compensation and directors' and supervisors' remuneration payable	29,684	51,108
Others	37,967	53,039
	<u>\$ 163,054</u>	<u>\$ 221,623</u>

(12) Pensions

A. Defined benefit pension plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 2% 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations contributed	(\$ 14,419)	(\$ 14,275)
Fair value of plan assets	<u>10,199</u>	<u>9,954</u>
Net amounts of liabilities presented in the balance sheet (shown as other non-current assets)	<u>(\$ 4,220)</u>	<u>(\$ 4,321)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
At January 1	(\$ 14,275)	\$ 9,954	(\$ 4,321)
Current service cost	(171)	-	(171)
Interest (expense) income	(124)	76	(48)
	<u>(14,570)</u>	<u>10,030</u>	<u>(4,540)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	128	128
Experience adjustments	<u>151</u>	<u>-</u>	<u>151</u>
	<u>151</u>	<u>128</u>	<u>279</u>
Pension fund contribution	-	41	41
Paid pension	-	-	-
At December 31	<u>(\$ 14,419)</u>	<u>\$ 10,199</u>	<u>(\$ 4,220)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	(\$ 14,771)	\$ 5,763	(\$ 9,008)
Current service cost	(168)	-	(168)
Interest (expense) income	(102)	40	(62)
Past service cost	649	-	649
	<u>(14,392)</u>	<u>5,803</u>	<u>(8,589)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	466	466
Change in financial assumptions	365	-	365
Experience adjustments	<u>(248)</u>	<u>-</u>	<u>(248)</u>
	<u>117</u>	<u>466</u>	<u>583</u>
Pension fund contribution	-	3,685	3,685
Paid pension	-	-	-
At December 31	<u>(\$ 14,275)</u>	<u>\$ 9,954</u>	<u>(\$ 4,321)</u>

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

	Year ended December 31	
	2023	2022
Discount rate	1.15%	1.15%
Future salary increases	2.00%	2.00%

The assumption of future mortality is based on the Sixth Taiwan Standard Ordinary Experience Mortality Table.

The analysis on present value of defined benefit obligations based on the changes on principal actuarial assumption are as follows:

	Discount rate		Future salary
	Increase 0.25%	Decrease 0.25%	Increase 0.25%
<u>December 31, 2023</u>			
Effect on present value of defined benefit obligation	(\$ 162)	\$ 167	\$ 165
<u>December 31, 2022</u>			
Effect on present value of defined benefit obligation	(\$ 177)	\$ 182	\$ 180

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 utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$202.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 4 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 7,370
1-2 year(s)	336
2-5 years	2,407
Over 5 years	5,047
	<u>\$ 15,160</u>

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$13,910 and \$14,273, respectively.

(13) Share-based payment

A. The Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	March 17, 2023	1,276,000	-	Vested immediately

On March 17, 2023, the Company's Board of Directors approved the transfer of treasury stocks bought back during the third and fourth buyback sessions to employees. In this transaction, a total of 276,000 shares and 1,000,000 shares were respectively transferred, at prices of NT\$34.33 and NT\$29.64 per share.

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)
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	1,276,000	30.65	-	-
Options exercised	(1,276,000)	30.65	-	-
Options outstanding at 31, December	-	-	-	-
Options exercisable at 31, December	-	-	-	-

C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Treasury stock transferred to employees	March 17, 2023	42.05	34.33	38.19%	0.01 years	-	0.89%	7.72
Treasury stock transferred to employees	March 17, 2023	42.05	29.64	38.19%	0.01 years	-	0.89%	12.41

D. Wages and salaries and capital surplus incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2023	2022
Treasury stock transferred to employees	\$ 14,545	\$ -

(14) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$1,200,000, consisting of 120,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options issued by the Company), and the paid-in capital was \$611,680 with a par value of \$10 (in dollars) per share. After deducted treasury shares, all proceeds from shares issued have been collected. Additionally, movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares):

	Year ended December 31	
	2023	2022
<u>Shares capital</u>		
At January 1	54,614,302	54,614,302
Stock dividends	6,553,716	-
At December 31	61,168,018	54,614,302
<u>Treasury shares</u>		
At January 1	(1,276,000)	(276,000)
Purchase of treasury shares	-	(1,000,000)
Treasury stock transferred to employees	1,276,000	-
At December 31	-	(1,276,000)
Number of shares outstanding at December 31	61,168,018	53,338,302

B. On June 6, 2023, the Company's shareholders approved the capitalization of retained earnings from the fiscal year 2022, amounting to \$65,537. The corresponding number of shares issued is 6,553,716 shares, with the capitalization effective as of July 30, 2023.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

December 31, 2023 : None

Name of company holding the shares	Reason for reacquisition	December 31, 2022	
		Number of shares	Carrying amount
The Company	To be reissued to employees	1,276,000	\$ 39,120

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(e) Details of repurchasing outstanding shares

i. For the year ended December 31, 2022 (the fourth time)

On June 30, 2022, the Company's Board of Directors resolved to repurchase treasury shares. The expected number of shares to be repurchased was 2,000,000 shares. As of the end date of repurchase period, the Company had repurchased 1,000,000 shares amounting to \$29,645.

The Company, on March 17, 2023, resolved by the Board of Directors to designate March 17, 2023, as the date of issuance. It transferred 1,000,000 treasury shares repurchased in the year 2022 (fourth round) to employees at a transfer price of NT\$29.64 (in dollars) per share, resulting in a total amount of \$29,551 after deducting the securities transaction tax. Please refer to Note 6(13) for further details.

ii. For the year ended December 31, 2018 and 2019 (the third time)

On November 13, 2018, the Company's Board of Directors resolved to repurchase treasury shares. The expected number of shares to be repurchased was 1,500,000 shares. As of the end date of repurchase period, the Company had repurchased 1,476,000 shares amounting to \$50,678.

On September 15, 2020, the Company's Board of Directors resolved to set September 16, 2020 as the grant date and transfer 1,200,000 treasury shares which were repurchased in the third time in 2018 and 2019 to employees with the transfer price of NT\$34.33 (in dollars) per share. The amount was \$41,072 net of securities transactions tax and those shares were transferred to employees on September 16, 2020. After the share transfer, there were still 276,000 shares of Company which were repurchased in the third time in 2018 and 2019.

The subscription price per share was NT\$34.33 (in dollars), and the total amount after deducting the securities transaction tax was \$9,447. Please refer to Note 6 (13) for further details.

(15) 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 capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Additionally, for details of the changes in the capital surplus for the years ended December 31, 2023 and 2022, please refer to the parent company only statement of changes in equity.

(16) Tax on undistributed earnings / after the Balance Sheet Date

A. According to the Articles of Incorporation of the Company, the methods of appropriation of the earnings are as follows:

(a) Under the Company's amended Articles of Incorporation as resolved by the shareholders on June 8, 2022, the current year's earnings, if any, shall be distributed in the following order:

- i. Pay all taxes.
- ii. Offset accumulated deficit.
- iii. Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.
- iv. Set aside or reverse a special reserve in accordance with related laws.
- v. The appropriation of the remaining earnings, if any, along with the beginning unappropriated earnings as the accumulated distributable earnings for shareholders, shall be proposed by the Board of Directors and resolved by the shareholders.

The abovementioned distribution of the shareholders' bonus or legal reserve or capital surplus, in whole or in part, in the form of cash in accordance with the regulations, shall be authorised to the Board of Directors, upon approval adopted by the majority vote at their meeting attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

In order to meet future capital requirements, long-term financial plan, and satisfy the cash inflow which was required by shareholders, taking into account the business environment and growth stage of the Company, the Company can appropriate distributable earnings as dividends based on future operation conditions. Shareholders' bonus shall account for 10%~100% of the accumulated distributable earnings, among which the cash dividends shall account for 10%~100% of total shareholders' bonus distributed while stock dividends shall account for 0%~90% of total shareholders' bonus distributed.

(b) Under the Company's unrevised Articles of Incorporation as resolved by the shareholders on June 8, 2022, the current year's earnings, if any, shall be distributed in the following order:

- i. Pay all taxes.
- ii. Offset accumulated deficit.
- iii. Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.
- iv. After setting aside or reversing a special reserve in accordance with related laws, the appropriation of the remaining earnings, along with the beginning unappropriated earnings as the accumulated distributable earnings for shareholders, shall be proposed by the Board of Directors and resolved by the shareholders.

In order to meet future capital requirements, long-term financial plan, and satisfy the cash inflow which was required by shareholders, taking into account the business environment and growth stage of the Company, the Company can appropriate distributable earnings as dividends based on future operation conditions. Shareholders' bonus shall account for 10%~100% of the accumulated distributable earnings, among which the cash dividends shall

account for 10%~100% of total shareholders' bonus distributed while stock dividends shall account for 0%~90% of total shareholders' bonus distributed.

- B. 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.
- C. 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.
- D. The following is the Company's earnings distribution
- (a) The appropriations of 2022 and 2021 earnings had been approved by the shareholders during their meeting on June 6, 2023, and June 8, 2022, respectively. Details are summarised below:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 22,567		\$ 3,278	
(Reversal of) special reserve appropriated	(27,621)		10,315	
Cash dividend declared	92,844	\$ 1.70	54,338	\$ 1.00
Stock dividends	65,537	1.20	-	-
	<u>\$ 153,327</u>		<u>\$ 67,931</u>	

- (b) The appropriations of 2023 earnings as proposed by the Board of Directors on March 21, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Special reserve appropriated	<u>\$ 51,008</u>	

As of March 21, 2024, the proposal to appropriate the profits or offset the losses for the fiscal year 2023, as mentioned above, has not yet been approved by the shareholders' meeting.

(17) Operating revenue:

A. Revenue from contracts with customers

	Timing of revenue recognition	Year ended December 31	
		2023	2022
Revenue from contracts with customers	At a point in time	\$ 2,880,383	\$ 6,678,272

B. Contract liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities-sales contract of goods	\$ 10,123	\$ 28,025	\$ 17,938

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

	Year ended December 31	
	2023	2022
Sales contract of goods	\$ 26,639	\$ 17,184

(18) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	\$ 3,866	\$ 889

(19) Other income

	Year ended December 31	
	2023	2022
Overdue temporary credits transferred to revenue	\$ 20,207	\$ 10,014
Grant revenue	175	71
Others	834	1,428
	\$ 21,216	\$ 11,513

(20) Other gains and losses

	Year ended December 31	
	2023	2022
Loss on disposals of property, plant and equipment	(\$ 16)	(\$ 9,065)
Gains arising from lease modifications	-	4,148
Net currency exchange losses	7,738	(36,569)
	\$ 7,722	(\$ 41,486)

(21) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Bank borrowings	\$ 48,594	\$ 31,628
Lease liability	1,164	1,281
	<u>\$ 49,758</u>	<u>\$ 32,909</u>

(22) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	<u>\$ 366,296</u>	<u>\$ 393,835</u>
Depreciation charges on property, plant and equipment	<u>\$ 50,045</u>	<u>\$ 45,342</u>
Depreciation charges on right-of-use assets	15,246	15,109
	<u>\$ 65,291</u>	<u>\$ 60,451</u>
Amortisation charges on intangible assets	<u>\$ 3,314</u>	<u>\$ 1,398</u>

(23) Employee benefit expense

	Year ended December 31	
	2023	2022
Salary expenses	\$ 293,496	\$ 328,530
Employee stock options	14,545	-
Labour and health insurance fees	29,007	28,486
Pension costs	14,129	13,854
Directors' remuneration	1,078	6,760
Other personnel expenses	14,041	16,205
	<u>\$ 366,296</u>	<u>\$ 393,835</u>

- A. According to the Company's Articles of Incorporation, the current year's earnings before tax and distribution of employees' and directors' remuneration, shall be used to offset deficits. The Company shall not appropriate no higher than 5% of the remainder as remuneration to directors. 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 of shares or in cash and directors' compensation distributed in the form of cash; and in addition thereto a report of the distribution of employees' compensation shall be submitted to the shareholders at the shareholders' meeting. The distribution of employees' compensation includes the employees of the subsidiaries which the Company holds directly or indirectly more than 50% of their shares.

B. For the fiscal year 2023, the Company incurred a net loss after tax, therefore, no provision was made for employee and director remuneration.

In the fiscal year 2022, the estimated provision for employee remuneration was \$25,484, and for director remuneration was \$6,706. These amounts were recorded under the salary expense account.

The amounts of \$25,484 for employee remuneration and \$6,706 for director remuneration, as approved by the board of directors, are consistent with the figures recognized in the financial statements for the fiscal year 2022. As of December 31, 2023, employee remuneration and director remuneration of \$17,524 and \$3,900 respectively, have been paid in cash.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income taxes

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax liabilities	\$ 13,332	\$ 43,175
Prior year unpaid income tax liabilities (	10,052)	(10,366)
Prior year income tax overestimation (	10,256)	-
Withholding and provisional tax	336	65
Tax on undistributed earnings	(3,616)	-
Total current tax	(10,256)	32,874
Deferred tax:		
Origination and reversal of temporary differences	(34,595)	(22,016)
Others:		
Tax on undistributed earnings	3,616	-
Income tax (benefit) expense	(\$ 41,235)	\$ 10,858

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

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	\$ 56	\$ 117

(c) For the years ended December 31, 2023 and 2022, the Company has no other comprehensive income and income tax (charged)/credit relating to equity.

B. Reconciliation between income tax (benefit) expense and accounting profit

	Year ended December 31	
	2023	2022
Income tax calculated by applying statutory rate to the profit before tax	(\$ 82,824)	\$ 47,212
Expenses disallowed by tax regulation	2,298	2,806
Unrealised investment income accounted for using equity method	10,200 (	28,767)
Taxable loss not recognised as deferred tax assets	35,731	-
Using prior year taxable loss not recognised as deferred tax	- (	10,393)
Prior year income tax overestimation deferred tax assets	(10,256)	-
Tax on undistributed earnings	3,616	-
Income tax (benefit) expense	(\$ 41,235)	\$ 10,858

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive loss	December 31
-Deferred tax assets:				
- Temporary differences:				
Unrealised loss for market value decline and obsolete and slow-moving inventories	\$ 16,586	\$ 12,140	\$ -	\$ 28,726
Unrealised gross profit	2,111 (	1,127)	-	984
Unrealised sales discounts and allowances	27,804 (	11,124)	-	16,680
Unrealised reserve for retirement plan	1,057	36 (	56)	1,037
Unrealised accrued expenses	1,886 (	406)	-	1,480
Unrealized foreign exchange loss	763 (	763)	-	-
Others	-	136	-	136
-Tax losses	-	35,731	-	35,731
Subtotal	50,207	34,623 (	56)	84,774
- Deferred tax liabilities:				
Unrealised exchange gain	- (	28)	- (	28)
Subtotal	- (	28)	- (	28)
Total	\$ 50,207	\$ 34,595	(\$ 56)	\$ 84,746

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive loss	December 31
-Deferred tax assets:				
- Temporary differences:				
Unrealised loss for market value decline and obsolete and slow-moving inventories	\$ 5,640	\$ 10,946	\$ -	\$ 16,586
Unrealised gross profit	-	2,111	-	2,111
Unrealised sales discounts and allowances	16,178	11,626	-	27,804
Unrealised reserve for retirement plan	1,995	(821)	(117)	1,057
Unrealised accrued expenses	1,839	47	-	1,886
Unrealized foreign exchange loss	6,622	(5,859)	-	763
-Tax losses	8,166	(8,166)	-	-
Subtotal	40,440	9,884	(117)	50,207
- Deferred tax liabilities:				
Unrealised gross loss from sales	(4,084)	4,084	-	-
Unrealised exchange gain	(8,048)	8,048	-	-
Subtotal	(12,132)	12,132	-	-
Total	\$ 28,308	\$ 22,016	(\$ 117)	\$ 50,207

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Deductible amount	Unused amount	Unrecognised deferred tax assets	Expiry year
2023-filed	\$ 357,308	\$ 357,308	\$ 178,654	2033
December 31, 2022				
Year incurred	Deductible amount	Unused amount	Unrecognised deferred tax assets	Expiry year
2021-filed	\$ 92,797	\$ -	\$ -	2031

E. The income amount eligible for deduction due to temporary differences not recognized as deferred tax assets

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 24,675	\$ 1,512

F. The company has not recognized deferred tax liabilities for certain subsidiary investment-related temporary differences. As of December 31, 2023 and 2022, the unrecognized deferred tax liabilities for temporary differences amounted to \$573,048 and \$677,744, respectively.

G. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) (Loss) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic (loss) earnings per share</u>			
(Loss) Profit attributable to ordinary shareholders	(\$ 372,884)	60,819	(\$ 6.13)
<u>Diluted (loss) earnings per share</u>			
(Loss) Profit attributable to ordinary shareholders	(\$ 372,884)	60,819	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation (Note)	-	-	
(Loss) Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	(\$ 372,884)	60,819	(\$ 6.13)
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 225,202	60,392	\$ 3.73
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 225,202	60,392	
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	584	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 225,202	60,976	\$ 3.69

The weighted average number of shares outstanding for the fiscal year 2022 has been retrospectively adjusted in accordance with the earnings capitalization ratio for that year.

Note: The estimated provision for employee remuneration made by the company has an anti-dilutive effect and therefore has not been included in the diluted loss per share calculation.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 11,132	\$ 97,336
Add: Opening balance of payable on equipment	3,271	12,612
Less: Ending balance of payable on equipment	(1,749)	(3,271)
Cash paid during the year	<u>\$ 12,654</u>	<u>\$ 106,677</u>

B. Financing activities with no cash flow effects

	Year ended December 31, 2023	Year ended December 31, 2022
Retained earnings for capitalization	<u>\$ 65,537</u>	<u>\$ -</u>

(27) Changes in liabilities from financing activities

	2023				
	Short-term borrowings	Dividends payable	Lease liability	Long-term borrowings	Guarantee deposits received
At January 1	\$ 732,719	\$ -	\$ 23,736	\$ 720,111	\$ -
Proceeds from debt	-	-	-	1,154,880	-
Repayments of debt	(310,136)	-	-	(581,742)	-
Lease liability increased in the year	-	-	6,771	-	-
Payments of lease liabilities	-	-	(15,261)	-	-
Cash dividends declared	-	92,844	-	-	-
Cash dividends paid	-	(92,844)	-	-	-
Changes in other non-cash items	-	-	-	683	-
At December 31	<u>\$ 422,583</u>	<u>\$ -</u>	<u>\$ 15,246</u>	<u>\$ 1,293,932</u>	<u>\$ -</u>

	2022				
	Short-term borrowings	Dividends payable	Lease liability	Long-term borrowings	Guarantee deposits received
At January 1	\$ 657,440	\$ -	\$ 64,916	\$ 771,947	\$ 3,213
Proceeds from debt	75,279	-	-	-	-
Repayments of debt	-	-	-	(51,836)	-
Lease liability increased in the year	-	-	11,177	-	-
Payments of lease liabilities	-	-	(13,976)	-	-
Decrease in refundable deposits	-	-	-	(3,213)	-
Cash dividends declared	-	54,338	-	-	-
Cash dividends paid	-	(54,338)	-	-	-
Changes in other non-cash items	-	-	(38,381)	-	-
At December 31	<u>\$ 732,719</u>	<u>\$ -</u>	<u>\$ 23,736</u>	<u>\$ 720,111</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
GWC Technology Inc.	The Company's subsidiary company
Good Way Overseas Co., Ltd.	The Company's subsidiary company
GOOD WAY CAYMAN CO., LTD.	The Company's subsidiary company(Note)
Good Way Electronics (Kunshan) Co., Ltd.	The Company's second-tier subsidiary company
Good Trend Technology Co., Ltd.	The Company's second-tier subsidiary company
All directors and key management	The Company's key management and governance

Note: The company established GOOD WAY CAYMAN CO., LTD. on April 28, 2023.

(2) Significant related party transactions

A. Operating revenue

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Sales revenue :		
— GWC Technology Inc.	\$ 1,259,696	\$ 1,926,234

The aforementioned sales revenue was based on the type of products and referred to market price. The prices were based on mutual agreement. The collection term was 90 days after monthly billing and the collection term to common customer were 30 ~ 90 days after monthly billing.

Note: In accordance with (88) T Tai-Tsai-Tseng (Chi) Letter No. 01644, the Company reversed the related sales revenue and operating costs of Good Way Electronics (Kunshan) Co., Ltd. in preparing the individual financial statements, and the eliminated sales amounted to \$483,318 and \$1,832,119 for the years ended December 31, 2023 and 2022, respectively.

B. Purchases

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Processing costs — Good Way Electronics (Kunshan) Co., Ltd.	\$ 790,420	\$ 2,268,137
Purchases of goods — The Company's second-tier subsidiary company	99,851	250,055
	<u>\$ 890,271</u>	<u>\$ 2,518,192</u>

The purchases from aforementioned related parties were based on the types of products and referred to market prices. The prices were based on mutual agreement. The payment period was 90 days after monthly billing and the payment terms to common suppliers were 30~120 days.

C. Receivables from related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
— GWC Technology Inc.	\$ 322,439	\$ 618,977
— Good Way Electronics (Kunshan) Co., Ltd.	280,463	246,637
	<u>\$ 602,902</u>	<u>\$ 865,614</u>

D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
— Good Way Electronics (Kunshan) Co., Ltd.	\$ 750,834	\$ 1,845,455
— The Company's second-tier subsidiary company	50,583	82,300
	<u>801,417</u>	<u>1,927,755</u>
Other payables:		
— GWC Technology Inc.	250	-
	<u>250</u>	<u>-</u>
	<u>\$ 801,667</u>	<u>\$ 1,927,755</u>

E. Subsidiary capital reduction

During the fiscal years 2023 and 2022, our subsidiary, Good Way Overseas Co., Ltd., reduced its capital and refunded the capital contributions, resulting in deductions to investments under the equity method amounting to \$0 and \$17,952, respectively. As a result of these transactions, the other receivables generated as of December 31, 2023, and 2022 were both \$0.

F. Loans to related parties:

The Company provides loans to related parties:

	<u>Year ended December 31, 2023</u>					
	<u>Beginning amount</u>	<u>Maximum amount</u>	<u>Ending amount</u>	<u>Actual amount drawn down</u>	<u>Interest rate</u>	<u>Total interest revenue</u>
GOOD WAY CAYMAN CO., LTD.	<u>\$ -</u>	<u>\$ 46,058</u>	<u>\$ 46,058</u>	<u>\$ -</u>	2.9%	<u>\$ -</u>

December 31, 2022 : None.

G. Endorsements and guarantees provided to related parties

The Company provision of endorsements and guarantees loan amount for subsidiaries as guarantor :

December 31, 2023 : None.

	<u>December 31, 2022</u>
Guaranteed amount	
— Good Way Electronics (Kunshan) Co., Ltd.	\$ <u>153,550</u>
Actual amount drawn down	
— Good Way Electronics (Kunshan) Co., Ltd.	\$ <u>153,550</u>

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 41,207	\$ 41,597
Share-based payment	6,742	-
	<u>\$ 47,949</u>	<u>\$ 41,597</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment			Collateral for long-term borrowings
-land, buildings and structures	\$ <u>606,571</u>	\$ <u>613,297</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2023 and 2022, the Group issued a promissory note for the credit facility of banks in the amounts of \$2,394,805 and \$2,494,910, respectively.

B. On December 31, 2023 and 2022, the endorsement/guarantee amounts provided by the Company for the subsidiaries' borrowings in the name of the guarantor, please refer to Note 7(2).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. For details of the appropriations of 2023 earnings as proposed by the Board of Directors on March 21, 2024, please refer to Note 6(16).
- B. On January 16, 2024, the Company obtained approval from the regulatory authority to raise and issue its third unsecured convertible corporate bonds domestically, totaling \$300,000. The bonds carry a 0% coupon rate, with a maturity period of five years and a circulation period from March 7, 2024, to March 7, 2029. The bonds will be redeemed in cash upon maturity at their face value. The subscription price for the bonds was fully received on March 6, 2024, and they were listed for trading on the Taiwan Stock Exchange on March 7, 2024.
- C. On March 12, 2024, the board of directors approved the establishment of Shenzhen Lianshuo Future Technology Co., Ltd., a joint venture between the company's subsidiary, Good Way Electronics (Kunshan) Co., Ltd., and Linxee (Beijing) Technology LTD. The registered capital of the joint venture is RMB 10,000 thousands, with Good Way Electronics (Kunshan) Co., Ltd. contributing 45% and Linxee (Beijing) Technology LTD. contributing 55%.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the debt to asset ratio. This ratio is calculated as total debt divided by total assets.

The Company's strategy in 2023 was consistent with the 2022 strategy. As of December 31, 2023 and 2022, for the debt to asset ratios, please refer to parent company only balance sheets.

(2) Financial instruments

A. Financial instruments by category

Except for the following, the Company's financial assets (cash and cash equivalents, accounts receivable (including related parties), other receivables, and noncurrent financial assets at fair value through other comprehensive income) and financial liabilities (short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion), and lease liabilities (current and non-current)) are provided in parent company only balance sheets and Note 6.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Other current assets-guarantee deposits paid	\$ 2,097	\$ 2,369
Other non-current assets-guarantee deposits paid	5,759	5,759
	<u>\$ 7,856</u>	<u>\$ 8,128</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies of the Company. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. 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. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- (ii). Management has set up a policy to require Company entities to manage their foreign exchange risk against their functional currency. The entities are required to hedge their entire foreign exchange risk exposure with the Company treasury.
- (iii). The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' 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:

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 39,608	30.71	\$ 1,216,164
<u>Investments accounted for using equity method</u>			
USD:NTD	64,735	30.71	1,987,684
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 45,520	30.71	\$ 1,397,692
December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 98,572	30.71	\$ 3,027,146
<u>Investments accounted for using equity method</u>			
USD:NTD	52,898	30.71	1,624,496
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 111,419	30.71	\$ 3,421,677

- (iv). The total exchange gain and loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, are provided in Note 6(20).

- (v). Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	\$ 12,162	\$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	(\$ 13,977)	\$ -
	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	\$ 30,271	\$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	(\$ 34,217)	\$ -

ii. Price risk

- (i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- (ii) The Company's investments in equity securities comprise shares 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 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$216 and \$36, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i). The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. At December 31, 2023 and 2022, the Company's borrowings which were calculated at floating rate were in NTD and USD.

- (ii). If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit after tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$17,165 and \$14,528, respectively. Changes in interest expense mainly results from floating-rate borrowings.

(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.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
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.
- iv. Based on past collection experience, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the modified approach using a provision matrix and the loss rate methodology to estimate the expected credit loss.
- vi. 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.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix is as follows:

		Up to 30 days	31~90 days	90 days	
December 31, 2023	Not past due	past due	past due	past due	Total
Expected loss rate	0.30%	0.30%	0.30%~9.17%	100.00%	
Total book value	\$ 1,036,371	\$ 44,664	\$ 900	\$ 1,782	\$ 1,083,717
Loss allowance	(\$ 1,346)	(\$ 139)	(\$ 5)	(\$ 1,782)	(\$ 3,272)

December 31, 2022	Not past due	Up to 30 days past due	31~90 days past due	90 days past due	Total
Expected loss rate	0.30%	0.30%	20.21%~100%	100%	
Total book value	<u>\$ 2,123,967</u>	<u>\$ 402,333</u>	<u>\$ 20,598</u>	<u>\$ 1,305</u>	<u>\$ 2,548,203</u>
Loss allowance	<u>(\$ 3,837)</u>	<u>(\$ 1,226)</u>	<u>(\$ 4,226)</u>	<u>(\$ 1,305)</u>	<u>(\$ 10,594)</u>

The above ageing analysis was based on past due date.

- viii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	Year ended December 31	
	2023	2022
At January 1	\$ 10,594	\$ 2,755
Impairment (gain) loss	(7,322)	7,839
At December 31	<u>\$ 3,272</u>	<u>\$ 10,594</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	\$ 1,389,740	\$ 1,091,096
Expiring beyond one year	<u>440,000</u>	<u>-</u>
	<u>\$ 1,829,740</u>	<u>\$ 1,091,096</u>

- iii. The Company's derivative financial liabilities were analysed based on the fair value at balance sheet date. Additionally, except for the following, the Company's non-derivative financial assets are analyzed based on the remaining period at the balance sheet date to the contractual maturity date, they are due for repayment within one year, and amounts were in line with those amounts listed in the balance sheet. The amounts disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities	December 31, 2023		
	Less than 1 year	Over 1 year	Total
Lease liabilities (including current portion)	\$ 10,486	\$ 5,174	\$ 15,660
Long-term borrowings (including current portion)	150,676	1,266,382	1,417,058

	December 31, 2022		
Non-derivative financial liabilities	Less than 1 year	Over 1 year	Total
Lease liabilities (including current portion)	\$ 15,363	\$ 9,759	\$ 25,122
Long-term borrowings (including current portion)	83,611	719,548	803,159

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable (including related parties), other receivables, other current assets-guarantee deposits paid, other non-current assets-guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables, lease liabilities (current and non-current), and long-term borrowings (including current portion), approximate to their fair values.

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 at December 31, 2023 and 2022 are as follows:

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 21,639	\$ 21,639

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity securities	\$ -	\$ -	\$ 3,635	\$ 3,635

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

- i. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in these financial instruments valuation usually are observable information in the market.
- ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
- iii. 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. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk or liquidity risk. According to the Company's valuation model management policies and other related controlling procedures, management believes that the adjustment made is adequate and necessary and that the parent company only balance sheet presents fairly, in all material aspects, the fair value of financial instruments and non-financial instruments. The pricing information and input are prudently evaluated in the valuation process and shall be timely adjusted based on market condition.

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

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

	Year ended December 31,	
	2023	2022
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 3,635	\$ 9,925
Increased in the year	9,540	-
Recognised in other comprehensive loss	8,464	(6,290)
At December 31	<u>\$ 21,639</u>	<u>\$ 3,635</u>

- F. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs and making any other necessary adjustments to the fair value.
- 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:

December 31, 2023	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted public shares	\$ 21,639	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted public shares	-	Net asset value	Not applicable	-	Not applicable
December 31, 2023	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted public shares	\$ 3,635	Market comparable companies	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted public shares	-	Net asset value	Not applicable	-	Not applicable

- 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. If discount for lack of marketability of financial assets categorized within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2023 and 2022.

(4) Other matter

None.

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: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1)J.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. Operating segment information

None.

Good Way Technology Co., Ltd
Loans to others
Year ended December 31, 2023

Table 1

EXPRESSED IN THOUSANDS OF NTD
(EXCEPT AS OTHERWISE INDICATED)

No.	Creditor	Borrower (Note 5)	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	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 3,4)	Ceiling on total loans granted (Note 3,4)	Footnote
					December 31, 2023 (Note 2)	December 31, 2023 (Note 2)							Item	Value			
0	Good Way Technology Co., Ltd.	GOOD WAY CAYMAN CO., LTD.	Other receivables	Yes	\$ 46,058	\$ 46,058	\$ -	2.9%	Note 1	\$ -	Operation	\$ -	-	\$ -	\$ 155,892	\$ 623,568	
1	GWC Technology Inc.	Digi-Tech LLC	Other receivables	Yes	30,705	30,705	30,021	5.0%	Note 1	-	Operation	-	-	-	76,823	76,823	

Note 1: For short-term financing.

Note 2: The limit on loans balance are resolved by the Board of Directors.

Note 3: Good Way Technology Co., Ltd.'s total amount of loan granted and limit on loans granted to a single party.

1. The total amount of fund loans provided by the Company to external parties shall not exceed 40% of the Company's net worth, including:

- (1) The ceiling on total loans granted to companies related to business transactions is 10% of the creditors' net assets.
- (2) Limit on loans to a single party with short-term financing is 40% of the Company's net asset.

2. Limit on the loans granted for a single party are as follows:

- (1) For the companies having business relationship with the Company, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.
The amount of business transactions refers to the higher of actual purchase and sales amount of both parties in the latest year or future one year, and shall not exceed 10% of the Company's net assets.

- (2) For whom shall be financed in short-term, limit on loans granted to a single party shall not exceed 10% of the Company's net assets.

3. The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted was 15 times of the creditor's net assets and limit on loans granted to a single party was 10 times of the creditor's net assets.

Note 4: GWC Technology Inc.'s total amount of loan granted and limit on loans granted to a single party.

1. The individual and total amounts of fund loans provided by the Company to external parties shall not exceed 40% of the Company's net worth, and shall be limited to the following:

- (1) Companies or entities with business transactions with the Company.
- (2) Companies or entities recognized by the Board of Directors as requiring short-term financing.
- (3) Overseas companies in which the Company directly or indirectly holds 100% of the voting shares.

Note 5: All the creditors and borrowers were wholly owned subsidiaries of the Company.

Good Way Technology Co., Ltd
Provision of endorsements and guarantees to others
Years ended December 31, 2023

Table 2

EXPRESSED IN THOUSANDS OF NTD
(EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of 31-Dec-23	Outstanding endorsement/ guarantee amount at 31-Dec-23	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 3)	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
			Relationship with the endorser/ guarantor (Note 2)											
0	Good Way Technology Co., Ltd.	Good Way Electronics (Kunshan) Co., Ltd.	(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company	\$ 779,460	\$ 152,250	\$ -	\$ -	\$ -	9.77	\$ 779,460	Y	N	Y	.Note 3
1	GWC Technology Inc.	Digi-Tech LLC	(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company	96,029	33,495	-	-	-	2.15	96,029	N	N	N	Note 4

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 seven categories; fill in the number of category each case belongs to:

- (1)Having business relationship.
- (2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Guarantor Company Name: Good Way Technology Co., Ltd.

1. The total amount of external endorsements guaranteed by the company shall not exceed 50% of the company's net assets.
2. The amount of endorsement guaranteed for a single enterprise by the company shall not exceed 50% of the company's net assets.
3. The total amount of external endorsements guaranteed by the company and its subsidiaries shall not exceed 50% of the company's net assets.
4. The amount of endorsement guaranteed for a single enterprise by the company and its subsidiaries shall not exceed 50% of the company's net assets.
5. Companies in which the company directly or indirectly holds more than 90% of the voting rights may provide endorsements, provided that the amount does not exceed 10% of the company's net assets.
6. The amount of endorsement guaranteed between companies in which the company directly or indirectly holds 100% of the voting rights shall not exceed 50% of the company's net assets.
7. For endorsements provided among industry peers as required by contract for project contracting needs, or for endorsements provided to invested companies by shareholders based on their shareholding ratios in common investment ventures, the total amount shall not exceed 10% of the company's net worth

Note 4: Guarantor: GWC Technology Inc.

1. The total amount of external endorsements shall not exceed 50% of the Company's net assets.
2. For endorsements to a single enterprise, if such endorsements are made due to business relations, the amount shall not exceed 30% of the business turnover between the guaranteed company and our company in the most recent fiscal year or 120% of the business turnover in the most recent three months, whichever is higher, and shall not exceed 20% of the Company's net assets. If such endorsements are made with a company in which we hold a 100% ownership relationship, the amount shall not exceed 50% of the Company's net assets.

Good Way Technology Co., Ltd
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Table 3

EXPRESSED IN THOUSANDS OF NTD
(EXCEPT AS OTHERWISE INDICATED)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Good Way Technology Co., Ltd.	Unlisted company's common share- OURS Technology Inc.	None	Financial assets at fair value through profit or loss- non-current	41,038	\$ -	0.69%	\$ -	Note
Good Way Technology Co., Ltd.	Unlisted company's common share- Millitronic Co., Ltd.	None	Financial asset measured at fair value through other comprehensive income-non-current	2,881,453	<u>21,639</u>	13.63%	<u>21,639</u>	Note
					<u>\$ 21,639</u>		<u>\$ 21,639</u>	

Note: Unlisted companies have no public market price, thus they were presented in fair value which was estimated by the Company.

Good Way Technology Co., Ltd
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 1)	Relationship with the investor (Note 1)	Balance as at January 1, 2023		Addition		Disposal				Other (Note 2)	Balance as at December 31, 2023		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal		Number of shares	Amount	
Good Way Technology Co., Ltd.	GOOD WAY CAYMAN CO., LTD.	Investments accounted for under equity method	The company invested and established	None	-	\$ -	10,000,000	\$ 468,024	-	\$ -	\$ -	\$ -	(\$ 23,021)	10,000,000	\$ 445,003	Note 4
GOOD WAY CAYMAN CO., LTD.	GOOD WAY TECHNOLOGY VIETNAM COMPANY LIMITED	Investments accounted for under equity method	The company's subsidiary company invested and established	None	-	-	Note 3	473,571	-	-	-	-	(32,918)	Note 3	440,653	Note 4

Note 1: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 2: Investment income, accumulated translation adjustments, and related impacts on shareholders' equity.

Note 3: The investees are limited liability company and not required to disclose number of shares.

Note 4: Investment income (loss) for this year had been recognized by the Company's subsidiary attributable to owners of the parent in the calculation.

Good Way Technology Co., Ltd
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Table 5

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance at December 31, 2023	Percentage of total notes/accounts receivable (payable)	
Good Way Technology Co., Ltd.	GWC Technology Inc.	The Company's subsidiary company	(Sales)	(\$ 1,259,696)	(44)	90 days	None	None	\$ 322,439	30	
GWC Technology Inc.	Good Way Technology Co., Ltd.	Parent company	Purchases	1,259,696	100	90 days	None	None	(322,439)	(100)	
Good Way Technology Co., Ltd.	Good Way Electronics (Kunshan) Co., Ltd.	The Company's second-tier subsidiary company	Processing costs	790,420	34	90 days	None	None	(470,371)	(43)	Note
Good Way Electronics (Kunshan) Co., Ltd.	Good Way Technology Co., Ltd.	Parent company	Processing fees (revenue	790,420)	(59)	90 days	None	None	470,371	60	Note

Note : Notes/Accounts receivable (payable) are represented on a net basis.

Good Way Technology Co., Ltd
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 6 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts	Note
					Amount	Action taken			
Good Way Technology Co., Ltd.	GWC Technology Inc.	Subsidiaries	\$ 322,439	2.68	\$ -		\$ 130,557	\$ -	
Good Way Electronics (Kunshan) Co., Ltd.	Good Way Technology Co., Ltd.	Parent company	470,371	0.83	103,295	Subsequent collection	53,978	-	Note 2

Note 1: Represents the amounts received up to March 5, 2024

Note 2: The balance of accounts receivable from related parties is presented on a net basis.

Good Way Technology Co., Ltd
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 7

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	
0	Good Way Technology Co., Ltd.	GWC Technology Inc.	1	Sale	\$ 1,259,696	Referred to market price and based on mutual agreement 42
0	Good Way Technology Co., Ltd.	GWC Technology Inc.	1	Accounts receivable	322,439	90 days after monthly billing 8
1	Good Way Electronics (Kunshan) Co., Ltd.	Good Way Technology Co., Ltd.	2	Processing fees revenue	790,420	Referred to market price and based on mutual agreement 26
1	Good Way Electronics (Kunshan) Co., Ltd.	Good Way Technology Co., Ltd.	2	Accounts receivable	470,371	90 days after monthly billing 11
2	Good Trend Technology Co., Ltd.	Good Way Technology Co., Ltd.	2	Sale	99,851	Referred to market price and based on mutual agreement 3
2	Good Trend Technology Co., Ltd.	Good Way Technology Co., Ltd.	2	Accounts receivable	50,583	90 days after monthly billing 1
1	Good Way Electronics (Kunshan) Co., Ltd.	Good Trend Technology Co., Ltd.	3	Sale	71,440	Referred to market price and based on mutual agreement 2
1	Good Way Electronics (Kunshan) Co., Ltd.	Good Trend Technology Co., Ltd.	3	Accounts receivable	36,104	90 days after monthly billing 1

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 counterparty 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.

Note 4: Only individual transaction amounts over 10 million were disclosed and were disclosed from the aspect of revenue and asset. The corresponding transactions were not disclosed.

Note 5: For details regarding the financial loans between the parent and subsidiary companies, please refer to Appendix 1 for an explanation of the lending activities to third parties.

Note 6: For details regarding the endorsement and guarantee activities between the parent and subsidiary companies, please refer to Appendix 2 for an explanation of the endorsement and guarantee activities for third parties.

Good Way Technology Co., Ltd

Information on investees

Year ended December 31, 2023

Table8

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income of investee as of December 31, 2023	Investment income(loss) recognised by the Company for the year ended		Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value		December 31, 2023	December 31, 2023	
Good Way Technology Co., Ltd.	Good Way Overseas Co., Ltd.	Mauritius	Holding and reinvestment company	\$ 946,277	\$ 946,277	3,017,370	100	\$ 1,357,317	(\$ 86,109)	(\$ 77,236)		
Good Way Technology Co., Ltd.	Gentle Enterprises Co., Ltd.	British Virgin Islands	Holding and reinvestment company	1,678	1,678	50,000	100	24	-	-		
Good Way Technology Co., Ltd.	GWC Technology Inc.	United States	Trading business	23,332	23,332	65,377	100	185,340	14,974	13,177		
Good Way Technology Co., Ltd.	GOOD WAY CAYMAN CO., LTD.	Cayman Islands	Holding and reinvestment company	468,024	-	10,000,000	100	445,003	13,059	13,059	Note 1	
GWC Technology Inc.	Digi-Tech LLC	United States	Real estate and leasing	31,002	31,002	Note 3	100	30,564 (	434)	-	Note 4	
GWC Technology Inc.	Bristar Technology, Inc.	United States	Trading business	3,663	3,663	120,000	100	4,458 (	59)	-	Note 4	
GOOD WAY CAYMAN CO., LTD.	GOOD WAY TECHNOLOGY VIETNAM COMPANY LIMITED	Vietnam	Manufacture of computer peripherals and connecting line	473,571	-	Note 3	100	440,653	8,645	-	Note 2, Note 4	

Note 1: The company invested in the establishment of GOOD WAY CAYMAN CO., LTD. on April 28, 2023, and holds 100% of its shares.

Note 2: GOOD WAY CAYMAN CO., LTD. invested in the establishment of GOOD WAY TECHNOLOGY VIETNAM COMPANY LIMITED on November 1, 2023, and holds 100% of its shares.

Note 3: The investees are limited liability company and not required to disclose number of shares.

Note 4: Investment income (loss) for this year had been recognized by the Company's subsidiary.

Good Way Technology Co., Ltd
Information on investments in Mainland China
Year ended December 31, 2023

Table 9 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023 (Note 2)	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Note
				Remitted to Mainland China	Remitted back to Taiwan								
Good Way Electronics (Kunshan) Co., Ltd.	Manufacture of computer peripherals and connecting line	\$ 940,646	2	\$ 932,393	\$ -	\$ -	\$ 932,393	(\$ 86,124)	100	(\$ 86,124)	\$ 1,364,586	\$ -	
Good Trend Technology Co., Ltd.	Trading of computer peripherals	16,055	3	-	-	-	-	(5,762)	100	(5,762)	40,945	-	

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 (Note 3)
Good Way Technology Co., Ltd.	\$ 932,393	\$ 932,393	\$ 935,351

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Investing in Good Way Electronics (Kunshan) Co., Ltd. through a wholly-owned subsidiary of the Company, Good Way Overseas Co., Ltd.)

(3) Others.(Through investing in an existing company in the third area, Good Way Electronics (Kunshan) Co., Ltd., which then invested in the investee in Mainland China.)

Note 2: Profit or loss was recognised based on the audited financial statements of the investees for the same period.

Note 3: The upper limit was 60% of net assets in accordance with the regulations.

Good Way Technology Co., Ltd
Major shareholders information
Year ended December 31, 2023

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Tsao, Tse-Cheng	6,513,585	10.64%
Trusted segregate account which was entrusted to E.SUN Commercial Bank, Ltd. by Tsao, Tse-Cheng	5,600,000	9.15%
Hsu, Chih-Fu	5,034,319	8.23%
Xia, Xue-Li	3,098,852	5.06%

Note 1: The major shareholders information of this table comes from the data of TDCC on the final working day of every quarter, to calculate total common shares and preference shares which held by shareholders and completed the non-physical registration (including treasury shares) and exceeded 5%. The number of shares which recorded on the Company's financial report may be different from the number of actually completed non-physical registration due to the difference of calculation basis.

Note 2: For above data, if shareholders trusted shares, it will be disclosed in accordance with the segregate account of trustors of trustee's trust account. For the declaration of insider who held over 10% equity interest by shareholders in accordance with Securities and Exchange Act, the shareholding including shares held on one's own plus the trusted shares and has determination on the trusted property. For the declaration of shareholding of insider, please refer to Market Observation Post System.

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023

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

STATEMENT 1

Client Name	Amount	Note
General client:		
B client	\$ 387,723	
Other clients	93,092	
	480,815	
Less: Allowance for bad debts	(3,272)	
	\$ 477,543	Balance of each client has not exceeded 5% of total account balance
Related party:		
Subsidiary company—GWC Technology Inc.	\$ 322,439	
Second-tier subsidiary company		
—Good Way Electronics (Kunshan) Co., Ltd.	280,463	
	602,902	
Less: Allowance for bad debts	-	
	\$ 602,902	

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023

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

STATEMENT 2

Item	Cost	Market Value	Note
Raw materials	\$ 217,858	\$ 216,810	Net realisable value is the estimated selling price, less the estimated cost of completion and the estimated costs necessary to make the sales.
Work in progress	4,850	4,850	
Finished goods	300,180	285,050	
Subsidiaries' inventories for sale	92,942	92,942	
	<u>615,830</u>	<u>\$ 599,652</u>	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	(143,629)		
	<u>\$ 472,201</u>		

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF MOVEMENT 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 3

Name of investee	Beginning Balance		Additons (Disposals)		Investment	Realised gain on	Unrealised gain on	Financial statements	Ending Balance			Market value or Net Assets Value		
	Shares	Amount	Shares	Amount	Income Amount	inter-affiliate accounts	inter-affiliate accounts	translation differences of foreign operations	Shares	Ownership	Amount	Unit Price	Total Amount	Collateral
Good Way Overseas Co., Ltd.	3,017,370	\$ 1,457,700	-	\$ -	(\$ 77,236)	\$ -	\$ -	(\$ 23,147)	3,017,370	100%	\$ 1,357,317	0.45	\$ 1,357,317	None
Gentle Enterprise Co., Ltd.	50,000	24	-	-	-	-	-	-	50,000	100%	24	-	24	"
GWC Technology Inc.	65,377	166,772	-	-	13,177	(4,920)	10,556	(245)	65,377	100%	185,340	2.83	185,340	"
GOOD WAY CAYMAN Co., Ltd.	-	-	10,000,000	468,024	13,059	-	-	(36,080)	10,000,000	100%	445,003	0.04	445,003	"
		<u>\$ 1,624,496</u>		<u>\$ 468,024</u>	<u>(\$ 51,000)</u>	<u>(\$ 4,920)</u>	<u>\$ 10,556</u>	<u>(\$ 59,472)</u>			<u>\$ 1,987,684</u>		<u>\$ 1,987,684</u>	

GOOD WAY TECHNOLOGY 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 4

Item	Beginning Balance	Addition	Transfer	Disposal	Ending Balance	Collateral
Cost						
Land	\$ 324,831	\$ -	\$ -	\$ -	\$ 324,831	Certain land was provided as guarantee for credit line of bank borrowings
Buildings and structures	452,666	-	-	-	452,666	Certain buildings and structures were provided as guarantee for credit line of bank borrowings
Machinery and equipment	200,609	5,840	800	(45)	207,204	None
Office equipment	40,164	5,121	286	(96)	45,475	"
Leasehold improvements	24,001	171	-	-	24,172	"
Subtotal	<u>\$ 1,042,271</u>	<u>\$ 11,132</u>	<u>\$ 1,086</u>	<u>(\$ 141)</u>	<u>\$ 1,054,348</u>	
Accumulated Depreciation						
Buildings and structures	(\$ 31,655)	(\$ 14,723)	\$ -	\$ -	(\$ 46,378)	
Machinery and equipment	(93,899)	(22,335)	-	45	(116,189)	
Office equipment	(27,616)	(9,156)	-	80	(36,692)	
Leasehold improvements	(16,802)	(3,831)	-	-	(20,633)	
Subtotal	<u>(\$ 169,972)</u>	<u>(\$ 50,045)</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>(\$ 219,892)</u>	
Total	<u>\$ 872,299</u>				<u>\$ 834,456</u>	

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023

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

STATEMANT 5

<u>Nature</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest Rate</u>	<u>Credit Line</u>	<u>Collateral</u>	<u>Note</u>
Unsecured borrowings	Bank SinoPac	\$ 80,000	2023.12.12 ~ 2024.03.18	2.061%	Note 1	None	
"	Hua Nan Bank	60,000	2023.12.04 ~ 2024.03.11	2.114%	Note 2	"	
"	E.SUN Commercial Bank	33,000	2023.11.06 ~ 2024.02.06	2.010%	Note 3	"	
"	Shin Kong Bank	50,000	2023.11.01 ~ 2024.02.01	2.050%	Note 4	"	
"	First Bank	18,423	2023.12.12 ~ 2024.03.31	6.800%	Note 5	"	
"	Mega Bank	67,551	2023.12.04 ~ 2024.01.31	6.280%	Note 6	"	
"	Shanghai Commercial & Savings Bank	113,609	2023.12.12 ~ 2024.02.29	6.530%	Note 7	"	
		<u>\$ 422,583</u>					

Note 1: The credit line of Bank SinoPac amounted to US\$6,000 thousand.

Note 2: The credit line of Hua Nan Bank amounted to \$150,000 thousand.

Note 3: The credit line of E.SUN Commercial Bank amounted to \$100,000 thousand.

Note 4: The credit line of Shin Kong Bank amounted to \$100,000 thousand.

Note 5: The credit line of First Bank amounted to US\$3,500 thousand.

Note 6: The credit line of Mega Bank amounted to US\$5,000 thousand.

Note 7: The credit line of Shanghai Commercial & Savings Bank amounted to \$150,000 thousand.

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023

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

STATEMENT 6

Supplier Name	Amount	Note
General suppliers:		
11000849	\$ 60,037	
11000082	25,041	
11000103	23,588	
11000041	20,857	
11000034	15,055	
		Balance of each
		supplier has not
		exceeded 5% of total
Other suppliers	146,399	account balance
	<u>\$ 290,977</u>	
Related party:		
Second-tier subsidiary company	\$ 750,834	
— Good Way Electronics (Kunshan) Co., Ltd.		
Second-tier subsidiary company	50,583	
— Good Trend Technology Co., Ltd.		
	<u>\$ 801,417</u>	

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023

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

STATEMENT 7

Description	Nature	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Shanghai Commercial & Savings Bank	Long-term unsecured borrowings	\$ 38,000	2020.07.28~2025.07.28	1.450%	\$ 120,000	None	
Chang Hwa Commercial Bank	Long-term unsecured borrowings	34,617	2020.08.17~2025.08.15	1.350%	62,311	None	
Hua Nan Commercial Bank	Long-term unsecured borrowings	49,461	2020.10.06~2025.10.06	1.450%	331,000	None	
E.SUN Commercial Bank	Long-term unsecured borrowings	16,292	2020.11.16~2025.11.15	1.350%	22,000	None	Note
Hua Nan Commercial Bank	Long-term secured borrowings	495,562	2023.06.20~2028.06.20	2.319%	500,000	Yes	Please refer to Note 8
Hua Nan Commercial Bank	Long-term unsecured borrowings		2023.06.20~2028.06.20	2.478%	1,100,000	None	
		<u>660,000</u>					
		1,293,932					
	Less: Current portion	(120,511)					
		<u>\$ 1,173,421</u>					

Note: Including short-term loans and other comprehensive financing facilities.

GOOD WAY TECHNOLOGY 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 8

Item	Quantity (thousand)	Total
Multifunctional docking station (Docking)	916	\$ 2,583,301
Transformer (Adapter)	187	147,037
Others	596	314,438
		3,044,776
Less: Sales returns and discounts		(164,393)
		<u>\$ 2,880,383</u>

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 9

Item	Amount
Opening balance of raw material	\$ 550,204
Add: Purchases during the year	1,141,560
Less: Ending balance of raw material	(217,858)
Raw materials scrapped	(1,095)
Loss on physical raw material	(1,984)
Transferred to expenses	(1,481)
Consumption of materials	1,469,346
Direct labor	52,731
Manufacturing expense	187,146
Manufacturing cost	1,709,223
Add: Beginning work in progress	122,579
Purchases during the year	1,007
Gain on physical work in progress	10
Less: Ending work in progress	(4,850)
Work in progress scrapped	(6,612)
Transferred to expenses	(402)
Cost of finished goods	1,820,955
Add: Beginning finished goods	578,289
Purchased during the year	647,250
Gain on physical finished goods	18
Less: Ending finished goods	(300,180)
Transferred to expenses	(4,456)
Cost of goods manufactured and sold	2,741,876
Add: Beginning subsidiaries' inventories for sale	161,389
Less: Ending subsidiaries' inventories for sale	(92,942)
Subtotal	2,810,323
Loss on scrapping inventory and physical inventory	9,663
Loss on obsolete inventories for the year	60,699
Operating cost	\$ 2,880,685

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 10

Item	Amount	Note
Wages and salaries	\$ 51,749	
Processing fees	49,055	
Depreciation	42,900	
Other expenses	43,442	None of the balances of each item is greater than 5% of this account balance
	<u>\$ 187,146</u>	

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 11

Item	Selling expense	Administrative Expenses	Research and Development Expenses	Gain on reversal of expected credit impairment loss	Total	Note
Employee benefit expense	\$ 46,841	\$ 101,841	\$ 109,402	\$ -	\$ 258,084	
Depreciation expense	3,194	10,015	9,182	-	22,391	
(Profit) Loss on expected credit impairment	-	-	-	(7,322)	(7,322)	
Others	29,755	26,321	22,270	-	78,346	None of the balances of each item is greater than 5% of this account balances
	<u>\$ 79,790</u>	<u>\$ 138,177</u>	<u>\$ 140,854</u>	<u>(\$ 7,322)</u>	<u>\$ 351,499</u>	

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 12

Function Nature	2023			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	\$ 89,452	\$ 218,589	\$ 308,041	\$ 92,877	\$ 235,653	\$ 328,530
Labour and health insurance fees	9,738	19,269	29,007	9,438	19,048	28,486
Pension costs	3,652	10,477	14,129	3,848	10,006	13,854
Directors' remuneration	-	1,078	1,078	-	6,760	6,760
Other personnel expenses	5,370	8,671	14,041	5,396	10,809	16,205
Depreciation Expense	42,900	22,391	65,291	38,729	21,722	60,451
Amortisation Expense	774	2,540	3,314	718	680	1,398

Note:

1. As at December 31, 2023 and 2022, the Company had 398 and 405 employees, including 8 and 7 non-employee directors.
2. Stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) Averaged employee benefit expenses in current year was NT\$936 ((Total employee benefit expense of current year-Total directors' compensation of current year)/ (Number of employees of current year-Number of non-employee directors of current year)).
Averaged employee benefit expenses in previous year was NT\$ 973((Total employee benefit expense of prior year-Total directors' compensation of prior year)/ (Number of employees of prior year-Number of non-employee directors of prior year)).

GOOD WAY TECHNOLOGY CO., LTD.
STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 12

- (2) Average employee salaries in current year was \$790 (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 was \$825 (Total wages and salaries of current year/ (Number of employees of prior year - Number of non-employee directors of prior year).
- (3) Adjustment of average employee salaries was -4.2% ((Average wages and salaries of current year – Average wages and salaries of prior year)/ Average wages and salaries of prior year).
- (4) The Company has no supervisors' remuneration for the years ended December 31, 2023 and 2022 (Since the Company sets up the audit committee, it has no supervisors' remuneration).
- (5) The Company's remuneration policy is as follows:
 - A. The remuneration of the Company's directors is determined in accordance with the Company's Articles of Incorporation and with reference to the general standards in the industry.
 - B. The remuneration for general managers and equivalent ranks is based on their contributions, qualifications and operational performance, and is calculated in accordance with the Company's salary-related system.
 - C. Employees' compensation include fixed and variable salaries. The fixed salaries consist of monthly salaries. The variable salaries consist of performance bonuses and employees' compensation.
 - (a) Fixed salaries: Fixed salaries are based on the title, grade, education, professional ability and job responsibilities, and with reference to the standards of the industry.
 - (b) Variable salaries: Variable salaries are based on the Company's operations and performance achievement for the current year; employees compensation is paid in accordance with the Company's Articles of Incorporation.