Stock Code：2302

Rectron Ltd.

Parent Company Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of RECTRON LTD. Company：

Opinion

We have audited the consolidated financial statements of RECTRON LTD ("the Company"), which comprise the statement of balance sheets as of December 31,2022 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, 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 of Audit Opinion

We, as auditors, have conducted our audit work in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards. Our CPA s responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the financial statements. The personnel of our accounting firm, who are subject to independence regulations, have maintained independence in accordance with the Code of Ethics for Professional Accountants and fulfilled other responsibilities prescribed by the regulations. They have maintained a professional and objective stance in relation to Rectron LTD. and its subsidiaries. We believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

Key audit matters

The key audit matters refer to those matters that, in the auditor's professional judgment, are of most significance in the audit of the financial statements of Rectron Ltd. for the year ended 2023. Such items have been taken into consideration in the process of auditing the overall financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant's report:

1. Revenue Recognition

   Please refer to Note 4 (m) of the financial statements for details on the accounting policy for revenue recognition. Additionally, refer to Note 6 (o) of the financial statements for a breakdown of revenue by customer contracts.

   Key Audit Matters

   Rectron LTD. primarily derives its revenue from the manufacturing and sale of various rectifiers and other semiconductor components. The risk lies in the accuracy of revenue recognition. The company's viability and ongoing operations depend on a consistent inflow of cash generated from revenue. Therefore, the company's business strategy and operational management start with revenue. Consequently, testing revenue recognition is one of the key assessment areas for auditors in conducting the financial statement audit of Rectron LTD.

   Auditing procedures performed:

   The main audit procedures performed by the auditor for the above-mentioned key audit matters include testing the controls and effectiveness of the sales and cash collection cycle, as well as sampling the accuracy of recognizing sales revenue around the balance sheet date, which involves verifying warehouse dispatch records and comparing contractual terms. The auditor also evaluates whether control over the goods has been transferred at the appropriate recognition point.

2. Inventory valuation

Regarding inventory valuation, please refer to Note 4 (g) "Inventory" for the accounting policy. For the accounting estimates and assumptions related to inventory valuation and their uncertainties, please refer to Note 5 (b). Further explanation on the assessment of inventory valuation can be found in Note 6 (d) "Inventory" of the financial statements.

Key Audit Matters

The valuation of inventory for Rectron Ltd. is subject to the risk of cost exceeding its net realizable value due to fluctuations in international raw material prices and market supply and demand conditions, which may result in significant fluctuations in product selling prices and sales volumes. Therefore, the testing of inventory valuation is considered as one of the important assessment matters in the auditor's examination of Rectron Ltd.'s financial statements.

Auditing procedures performed:

The main audit procedures performed by the auditor for the above-mentioned key audit matters include reviewing the inventory aging report, analyzing the changes in inventory aging over different periods, assessing the reasonableness of Rectron Ltd.'s accounting policies and their implementation, conducting trend analysis on the treatment of obsolete inventory, understanding the basis and methods of inventory valuation, and comparing relevant variances to identify any significant abnormalities.

Other Matters

We did not audit the financial statements of certain investees, which represented investments in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the reports of other auditors. The investments in those investees accounted for using the equity method constituting 7% and 8% of total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting (6)% and 34% of total profit before tax for the years then ended respectively.

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

The management is responsible for the preparation of the appropriate financial statements, which are in accordance with the Financial Reporting Standards for Issuers of Securities and approved and issued by the Financial Supervisory Commission, as well as the applicable International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretive Bulletins. They are also responsible for maintaining necessary internal controls related to the preparation of the financial statements to ensure that they are free from material misstatement caused by fraud or error.

In preparing the financial statements, the management's responsibility also includes assessing the ability of the Rectron Ltd. to continue as a going concern, making relevant disclosures, and adopting the going concern basis of accounting unless there are intentions to liquidate the Rectron Ltd. or cease its operations, or unless there are no other practical alternative courses of action other than liquidation or cessation.

The governance body of Rectron Ltd., including the Audit Committee, has the responsibility to oversee the financial reporting process.

Auditor’s Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’ s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained 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 Rectron LTD. 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 Rectron LTD. ability to continue as a going concern. If we determine that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Rectron Ltd. 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin Chih and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

The accompanying Parent Company Only Financial Statements are intended only to present the financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such Parent Company Only Financial Statements are those generally accepted and applied in the Republic of China.

The independent Auditors' Report and the accompanying Parent Company Only Financial Statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent Auditors' Report and Parent Company Only Financial Statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron LTD.

Balance Sheets

December 31,2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Assets				
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 67,998	3	88,578	4
1170	Trade receivables net (note 6(c), and (o))	54,575	3	108,281	5
1180	Accounts receivable due from related parties, net (Notes 6(o) and 7)	4,660	-	14,358	1
1200	Other receivables	1,060	-	1,867	-
1210	Other receivables due from related parties, net (Notes 7)	248	-	208	-
130X	Inventories (note 6(d))	58,297	3	40,806	2
1410	Prepayments(Notes 7)	414	-	650	-
1479	Other current assets	1,730	-	1,588	-
		188,982	9	256,336	12
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	57,636	3	54,229	3
1550	Investments accounted for using equity method (Note 6(e))	561,628	28	569,100	27
1600	Property, plant and equipment (note 6(f) 7,8 and 9)	272,362	14	285,105	14
1755	Right-of-use assets (note 6(g))	275	-	240	-
1760	Investment property (note 6(h) , 7 and 8)	904,974	46	910,412	44
1990	Other non-current assets	2,315	-	5,277	-
		1,799,190	91	1,824,363	88
	Total assets	**$ 1,988,172**	**100**	**2,080,699**	**100**

		December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Liabilities and Equity				
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 15,000	1	30,000	1
2130	Current contract liabilities (note 6(o) and 7)	-	-	682	-
2170	Trade payables	21,154	1	40,195	2
2180	Accounts payable to related parties (Note 7)	77,716	4	49,863	2
2200	Other payables	20,668	1	19,035	1
2220	Other payables to related parties (Note 7)	238	-	151	-
2230	Current tax liabilities	6,580	-	20,076	1
2280	Current lease liabilities	71	-	214	-
2300	Other current liabilities(Note 7)	1,298	-	1,266	-
		142,725	7	161,482	7
	Non-current liabilities				
2640	Net defined benefit liability, non-current (note 6(k))	2,209	-	3,509	-
2570	Deferred tax liabilities(note 6(l))	62,679	3-	62,679	-
2580	Non-current lease liabilities	206	-	-	3
2600	Other non-current liabilities (note 7)	4,756	-	3,989	-
		69,850	3	70,177	3
	Total liabilities	212,575	10	231,659	10
	Equity (notes 6(m)):				
3110	Ordinary shares	1,663,029	84	1,663,029	81
3200	Capital surplus	9	-	9	-
3310	Legal reserve	51,988	3	34,364	2
3320	Special reserve	60,074	3	34,924	2
3351	Retained earnings	87,640	4	176,788	8
3400	Other equity	(87,143)	(4)	(60,074)	(3)
	Total equity	1,775,597	90	1,849,040	90
	Total liabilities and equity	**$ 1,988,172**	**100**	**2,080,699**	**100**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron LTD.

Statement of Comprehensive Income

For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Common Share)

		For the three months ended March 31			
		2023	%	2022	%
4000	**Operating revenue(notes 6(o)and 7)**	$ 548,781	100	634,715	100
5000	**Operating costs (notes 6(d)、6(k)and 7)**	412,849	75	493,295	78
	Gross profit from operations	135,932	25	141,420	22
5910	Loss: Unrealized profit (loss) from sales	(901)	-	(58)	-
5920	Add: Realized profit (loss) on from sales	(58)	-	(54)	-
		136,775	25	141,424	22
	Operating expenses (notes6(k)、6(p)and 7):				
6100	Selling expenses	13,203	2	10,871	2
6200	Administrative expenses	147,400	9	41,407	7
6300	Research and development expenses	1,001	-	1,229	-
6450	Impairment loss determined in accordance with IFRS 9	27	-	-	-
	Total operating expenses	61,631	11	53,507	9
	Net operating income	75,144	14	87,917	13
	Non-operating income and expenses(notes 6(q)and 7):				
7010	Other income	4,791	1	2,851	-
7020	Other gains and losses	4,434	1	28,289	4
7050	Finance costs	(576)	-	(1,115)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	20,963	4	79,836	13
7950	**Total non-operating income and expenses**	29,612	6	109,861	17
	Profit before tax	104,756	20	197,778	30
	Total tax expense (note 6(l))	17,887	3	21,678	3
	Profit	86,869	17	176,100	27
8300	**Other comprehensive income (loss):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	(201)	-	144	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	**(454)**	-	440	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(655)	-	584	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss:**				
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	1,336	-	(11,485)	(2)
8380	Share of other comprehensive income of subsidiaries for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(27,951)	(5)	(14,105)	(2)
	Total components of other comprehensive income that will be reclassified to profit or loss	(26,615)	(5)	(25,590)	(4)
8300	**Other comprehensive income, net**	(27,270)	(5)	(25,006)	(4)
	Comprehensive income	**$ 59,599**	**12**	**151,094**	**23**
	Earnings per common share (expressed in dollars) (note 6(n))				
9750	**Basic earnings per share**	**$ 0.52**		**1.06**	
9810	**Diluted earnings per share**	**$ 0.52**		**1.06**	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron LTD.

Statement of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Attributable to owners of parent								
			Retained earnings			Other equity			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2022	$ 1,663,029	9	25,812	58,466	85,554	(41,048)	6,124	(34,924)	1,797,946
Net income	-	-	-	-	176,100	-	-	-	176,100
Other comprehensive income	-	-	-	-	144-	(14,105)	(11,045)	(25,150)	(25,006)
Total comprehensive income	-	-	-	-	176,244	(14,105)	(11,045)	(25,150)	151,094
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			8,552		(8,552)				
Reversal of special reserve				(23,542)	23,542				
Cash dividends of ordinary share	-	-	-	-	(100,000)	-	-	-	(100,000)
Balance at December 31, 2022	$ 1,663,029	9	34,364	34,924	176,788	(55,153)	(4,921)	(60,074)	1,849,040
Net income	-	-	-	-	86,869	-	-	-	86,869
Other comprehensive income	-	-	-	-	(201)	(27,951)	882	(27,069)	(27,270)
Total comprehensive income	-	-	-	-	86,668	(27,951)	882	(27,069)	59,599
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			17,624		(17,624)				
Special reserve appropriated				25,150	(25,150)				
Cash dividends of ordinary share	-	-	-	-	(133,042)	-	-	-	(133,042)
Balance at December 31, 2023	**$ 1,663,029**	**9**	**51,988**	**60,074**	**87,640**	**(83,104)**	**(4,039)**	**(87,143)**	**1,775,597**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron LTD.

Statement of Cash Flows

For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31, 2023	2022
Cash flows from(used in) operating activities:		
Profit before tax	$ 104,756	197,778
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	18,237	19,584
Amortization expenses	2,542	2,586
Expected credit losses (gains)	27	-
Interest expenses	576	1,115
Interest income	(3,391)	(1,462)
Dividend income	(303)	(291)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(20,963)	(79,836)
Unrealized profit (loss) from sales	(901)	(58)
Realized loss (profit) on from sales	58	54
Foreign exchange loss (gain) on financial assets	2,233	(2,462)
Loss (gain) on disposal of property, plant and equipment	-	(3,998)
Gain or loss on disposal of fixed assets	-	15,339
Gain on disposal of unrealized gains on assets	(1,673)	-
Property, plant and equipment transferred to expenses	75	-
Total adjustments to reconcile profit	(3,483)	(49,429)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Trade receivables	53,679	(12,167)
Accounts receivable due from related parties	9,698	14,087
Other receivables	1,005	(281)
Other receivables due from related parties	(40)	78,730
Inventories	(17,491)	7,328
Prepayments	236	302
Other current assets	(142)	1,192
Total changes in operating assets	46,945	89,191
Changes in operating liabilities:		
Current contract liabilities	(682)	682
Trade payables	(19,041)	14,550
Accounts payable to related parties	27,853	47,622
Other payables	1,633	(3,088)
Other payables to related parties	87	(37)
Other current liabilities	32	166
Net defined benefit liability	(1,501)	(1,930)
Total changes in operating liabilities	8,381	57,965
Total changes in operating assets and liabilities	55,326	147,156
Total adjustments	51,843	97,727
Cash inflow generated from operations	156,599	295,505
Interest received	1,611	169
Interest paid	(576)	(1,161)
Income taxes paid	(31,383)	(4,717)
Net cash flows from operating activities	126,251	289,796
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,176)	(3,260)
Acquisition of investments accounted for using equity method	-	(80,000)
Acquisition of property, plant and equipment	(4,711)	(10,623)
Proceeds from disposal of property, plant and equipment		9,270
Refund of advance payments for construction projects	4,888	-
Increase (Decrease) in other receivables due from related parties		28,304
Decrease in other non-current assets	420	-
Dividends received	3,303	291
Net cash flows used in investing activities	724	(56,027)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	50,000	65,000
Decrease in short-term borrowings	(65,000)	(152,000)
Increase in guarantee deposits received	767	263
Payments of lease liabilities	(280)	(587)
Cash dividends paid	(133,042)	(100,000)
Repayment of lease principal		
Net cash flows used in financing activities	(147,555)	(187,324)
Net increase (decrease)in cash and cash equivalents	(20,580)	46,445
Cash and cash equivalents at the beginning of period	88,578	42,133
Cash and cash equivalents at the end of period	$ **67,998**	**88,578**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron Ltd.

Notes to the Financial Statements

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Share Information and Unless Otherwise Specified)

1. Company history

Rectron Ltd. (the “Company”) was established and approved by the Ministry of Economic Affairs on January 23, 1976. The registered address is No. 71, Zhongshan Road, Tucheng District, New Taipei City. The Company was originally named "Rectron Precision Electronics Industry Co., Ltd." and changed its name to "Rectron Ltd." on June 29, 2000, as resolved by the shareholders' meeting and approved by the Ministry of Economic Affairs.

The Company and its subsidiaries (together referred to as the “Group”)main business operations include the manufacture and sale of various rectifiers, other semiconductor components, rental and sale of real estate, trading of wines, and manufacture and sale of medical equipment.

2. Approval date and procedures of the Parent Company Only Financial Statements

The accompanying non-consolidated financial statements were authorized for issue by the Board of Directors on March15, 2024.

3. New standards and interpretations not yet adopted

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.
The Company has initially adopted the (following) new amendments, which do not have a significant impact on its Parent Company Only Financial Statements , from January 1, 2023：

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023：

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(b) The impact of IFRS endorsed by the FSC but not yet effective
The Company assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC
The Company does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on the Company Financial Statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or

Joint Venture"

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21"Lack of Exchangeability"

4. Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The non-consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of consolidation

i. Basis of measurement

The non-consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;
2) Financial assets at fair value through other comprehensive income are measured at fair value;
3) The net defined benefit liability is recognized as the present value of the defined benefit obligation less the fair value of plan assets.

ii. Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The non-consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(a) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;
(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
(iii) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(1) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on recognition is recognized in profit or loss.

(ii) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On recognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(iii) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables and notes receivable, other receivables, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 365 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

(iv) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(2) Financial liabilities

(i) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(ii) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(iii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries not causing losing controls, are recognized as equity transaction.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods orservices,orforadministrativepurposes.Investmentpropertyismeasuredatcostoninitialrecognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profitor loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(1) Buildings 5～55years

(2) Machinery 5～10years

(3) Office equipment 3～10 years

Depreciation methods, useful lives and residual values are reviewed at and adjusted if appropriate.

(iv) Reclassification of self-used properties in to investment properties

TheCompanyusedthebookvalueofitsself-usedpropertiestoreclassifythemintoinvestmentproperties.

(k) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As a lease

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of Office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue Recognition

(i) Revenue from customer contracts

Revenue is measured by the consideration expected to be received in exchange for the transfer of goods or services. The company recognizes revenue when control over the goods or services is transferred to the customer, thereby satisfying performance obligations. The company provides the following explanations based on its primary revenue streams:

(1) Sale of Goods - Electronic Rectifier Diodes and Semiconductor Passive Components

The company manufactures electronic components and sells them to electronic equipment manufacturers. Revenue is recognized when control over the products is transferred. Control over the product is deemed to have been transferred when the product has been delivered to the customer, the customer has the full ability to decide on the sales channel and price of the product, and there are no unfulfilled obligations affecting the customer's acceptance of the product. Delivery occurs when the products are shipped to a specific location, and the Company risks of obsolescence, deterioration, and loss have been transferred to customers. Customers have accepted the products in accordance with the sales contract, the acceptance clauses have expired, or the merging company has objective evidence that all acceptance criteria have been met.

The Company shall recognize accounts receivable at the time of delivery of commodities, since the Company has the right to receive consideration unconditionally at that time.

(2) Rental income

Rental income from investment properties and income from leasing real estate are recognized as lease income in the operating revenue item.

(3) Financial Components

The company expects that the time between the transfer of goods or services to customers and the customer's payment for those goods or services does not exceed one year. Therefore, the company does not adjust the transaction price for the time value of money.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses)and does not give rise to equal taxable and deductible temporary differences

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(1) the same taxable entity; or

(2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares,

(q) Operating segments

Please refer to the consolidated financial report of Rectron Ltd. for the years ended December 31, 2023 and 2022 for operating segments information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The following assumptions and estimates involve significant uncertainties that could result in material adjustments to the carrying amounts of assets and liabilities in the next financial year and have been impacted by the COVID-19 pandemic. Details of these assumptions and estimates are provided below:

(a) Allowance for doubtful accounts for accounts receivable.

The allowance for doubtful accounts is estimated based on assumptions regarding default risk and expected loss rates. The company considers historical experience, current market conditions, and forward-looking estimates on each reporting date to determine the assumptions and inputs to be used in calculating impairment. For detailed explanation of the related assumptions and input values, please refer to Note 6(d).

(b)Inventory evaluation

Due to the requirement to measure inventory at cost or net realizable value, whichever is lower, the Company assesses the amount of inventory cost to be written down to net realizable value due to normal wear and tear, obsolescence, or lack of market sales value as of the evaluation report date. The inventory valuation is primarily based on estimates of product demand during a specific future period, and may be subject to significant changes due to rapid changes in the industry. Please refer to Note 6(4) for details on the inventory valuation estimate.

The company's accounting policies and disclosures include the use of fair value measurement for its financial and non-financial assets and liabilities. The company has established internal control systems for fair value measurement. This includes establishing an assessment team responsible for reviewing all significant fair value measurements (including level 3 fair value) and reporting directly to the Chief Financial Officer. The assessment team periodically reviews significant unobservable inputs and adjustments. If third-party information (such as brokers or pricing service organizations) is used as inputs to measure fair value, the assessment team will evaluate the evidence supporting the input values provided by the third party to ensure that the valuation and its fair value classification comply with International Financial Reporting Standards. Investment properties are periodically valued by the company based on the evaluation methods and parameter assumptions specified by the Financial Supervisory Commission, or by external appraisers commissioned by the company.

The company strives to use market observable inputs as much as possible when measuring its assets and liabilities. The fair value level is classified based on the input values used by the valuation technique, as follows:

(1) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(2) Level 2: Inputs for the asset or liability that are directly (i.e., prices) or indirectly (i.e., derived from prices) observable, excluding those included in Level 1.

(3) Level 3: Inputs for the asset or liability that are unobservable (i.e., non-market observable inputs).

In the event of transfers between different levels of fair value hierarchy, the company recognizes the transfer on the reporting date.

Please refer to the following notes for information related to the assumptions used in measuring fair value:

1. Note 6(h): Investment properties.
2. Note 6(r): Financial instruments.

6. Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 41	41
Cash in banks	40,322	70,111
Time deposits	27,635	18,426
Cash and cash equivalents in the statement of cash flows	**$ 67,998**	**88,578**

Please refer to Note 6(r) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities.

(b) Financial assets

Non-current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income		
Corporate bonds– Apple	$ 25,735	25,444
Corporate bonds – AT&T	9,144	8,631
Corporate bonds–Pfizer	4,121	4,154
Corporate bonds–SocGen	3,090	-
Equity investments at fair value through other comprehensive income		
Shares of stock of unlisted companies	15,546	16,000
Total	$ 57,636	54,229

1. Debt investments at fair value through other comprehensive income

   The Company investments in bonds measured at fair value through other comprehensive income in the financial statements as of December 31, 2023 and 2022. The effective interest rates range from 2.00% to 4.90%, and the maturity dates range from 2024 to 2045. The Company holds bond investments through the business model of collecting contractual cash flows and selling financial assets, and therefore reports them as financial assets measured at fair value through other comprehensive income.

2. Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for the long term for strategic purposes.

3. For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(r).
4. As of December 31, 2023and2022the Company's financial assets were not pledged as collateral.

(c) Trade receivables and notes receivable

		December 31, 2023	December 31, 2022
Trade receivables	$	54,602	108,281
Less: Loss allowance		(27)	-
	$	54,575	108,281

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	39,362	0.05%	19
Within 180 days past due.		15,240	0.05%	8
	$	54,602		27

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	88,623	0%~0.30%	-
Within 180 days past due.		19,658	0.3%~3.58%	-
	$	108,281		-

The movements in the allowance for trade receivables and notes receivable were as follows:

	For the Years Ended December 31,	
	2023	**2022**
Balance at January 1	$-	-
Impairment losses recognized	27	-
Balance at December 31	$27	-

As of December 31, 2023 and 2022 the Company's the afore mentioned trade receivables and notes receivable were not pledged as collateral.

For credit risk please refer to note 6(r).

(d) Inventories

	December 31, 2023	**December 31, 2022**
Raw materials and consumables	2,568	1,091
Work in progress	2,461	3,051
Finished goods	52,246	33,966
Goods and materials in transit	1,664	3,340
Subtotal	58,939	41,448
Less: Allowance for inventory market decline and obsolescence	(642)	(642)
	58,297	40,806

As of December 31, 2023and December 31, 2022, the details of the cost of sales were as follows:

	For the Years Ended December 31,	
	2023	**2022**
Inventory that has been sold	$ 405,857	492,233
Write-down of inventories (Reversal of write-downs)	-	(6,452)
Selling used items and income from scrap	(1,121)	(294)
	$404,736	**485,487**

As of December 31, 2023and2022the Company's the afore mentioned trade receivables and notes receivable were not pledged as collateral.

(e) Investments accounted for using equity method

	December 31, 2023	**December 31, 2022**
Subsidiary	**$ 561,628**	**569,100**

1. Subsidiaries

Pleaserefertotheconsolidatedfinancialstatementfortheyearended December31, 2023.

Zhejiang Rectron, a subsidiary, is actively participating in the organic renovation and industrial transformation and upgrading of the Zhejiang Economic and Technological Development Industrial Park to which it belongs. On September 22, 2023, Zhejiang Rectron signed a relocation compensation agreement with Zhejiang Economic Development Asset Operation Management Co., Ltd. The total compensation amount is approximately 691,875 thousand (RMB 161,653 thousand). It was agreed that Zhejiang Rectron should complete equipment relocation and vacate the factory by June 30, 2024. As of October 2023, Zhejiang Rectron has received partial compensation of approximately 356,849 thousand (RMB 80,827 thousand).

2. Pledge to secure

As of December 31, 2023 and 2022, the deals of the investments accounted for using equity method were not pledged as collateral.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the Years Ended December 31, 2023 and 2022 were as follows:

As of

		Land	Buildings and structures	Machinery and equipment	Office equipment	Construction in progress	Total
Cost:							
Balance at January 1, 2023	$	181,394	94,503	191,977	37,741	12,015	517,630
Additions		-	-	-	334	4,377	4,711
Reclassification		-	-	-	-	(4,963)	(4,963)
Balance at December 31, 2023	$	181,394	94,503	191,977	38,075	11,429	517,378
Balance at January 1, 2022	$	181,394	94,503	203,607	37,765	6,247	523,516
Additions		-	-	1,466	-	8,798	10,264
Reclassification		-	-	3,030	-	(3,030)	-
Reduction		-	-	(16,126)	(24)	-	(16,150)
Balance at December 31, 2022	$	181,394	94,503	191,977	37,741	12,015	517,630
Accumulated depreciation:							
Balance at January 1, 2023	$	-	40,417	160,860	31,248	-	232,525
Depreciation		-	3,182	6,760	2,549	-	12,491
Balance as of December 31, 2023	$	-	43,599	167,620	33,797	-	245,016
Balance as of January 1, 2022	$	-	37,061	163,395	28,603	-	229,059
Depreciation		-	3,356	7,569	2,669	-	13,594
Reduction		-	-	(10,104)	(24)	-	(10,128)
Balance at December 31, 2022	$	-	40,417	160,860	31,248	-	232,525
Carrying value:							
Balance at December 31, 2023	$	181,394	50,904	24,357	4,278	11,429	272,362
Balance at January1, 2022	$	181,394	57,442	40,212	9,162	6,247	294,457
Balance at December 31, 2022	$	181,394	54,086	31,117	6,493	12,015	285,105

December 31, 2023 and 2022, the Property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(g) Right-of-use assets

The Company leases many assets including land and buildings, vehicles, and othere quipment. Information about leases for which the Company is a lessee is presented below:

	Machinery and equipment	Other equipment	Total
Cost:			
Balance at January 1, 2023	$ 1,442	-	1,442
Additions	-	343	343
Reduction	(1,442)	-	(1,442)
Balance at December 31, 2023	**$ -**	**343**	**343**
Balance at January 1, 2022	$ 4,505	280	4,785
Reduction	(3,063)	(280)	(3,343)
Balance at December 31, 2022	**$ 1,442**	**-**	**1,442**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ 1,202	-	1,202
Depreciation for the year	240	68	308
Reduction	(1,442)	-	(1,442)
Balance at December 31, 2023	**$ -**	**68**	**68**
Balance at January 1, 2022	$ 3,784	210	3,994
Depreciation for the year	481	70	551
Reduction	(3,063)	(280)	(3,343)
Balance at December 31, 2022	**$ 1,202**	**-**	**1,202**
Carrying amount:			
Balance at December 31, 2023	**$ -**	**275**	**275**
Balance at December 31, 2022	**$ 240**	**-**	**240**
Balance at January 1, 2022	**$ 721**	**70**	**791**

(h) Investment property

	Land and improvements	Buildings	Total
Cost:			
Balance at January 1, 2023	$ 663,510	289,958	953,468
Balance at December 31, 2023	**$ 663,510**	**289,958**	**953,468**
Balance at January 1, 2022	$663,510	289,958	953,468

See accompanying notes to financial statements.

	Land and improvements	Buildings	Total
Balance at December 31, 2022	**$ 663,510**	**289,958**	**953,468**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ -	43,056	43,056
Depreciation for the year	-	5,438	5,438
Balance at December 31, 2023	**$ -**	**48,494**	**48,494**
Balance at January 1, 2022	$ -	37,617	37,617
Depreciation for the year	-	5,439	5,439
Balance at December 31, 2022	**$-**	**43,056**	**43,056**
Carrying amount:			
Balance at December31, 2023	**$ 663,510**	**241,464**	**904,974**
Balance at January 1, 2022	**$ 663,510**	**252,341**	**915,851**
Balance at December 31, 2022	**$ 663,510**	**246,902**	**910,412**
Fair value:			
Balance at December 31, 2023			**$ 1,821,380**
Balance at December 31, 2022			**$ 1,783,220**
Balance at January 1, 2022			**$ 1,727,543**

1. Investment properties are self-owned assets held by the Companies. The lease term for investment properties ranges from 1 to 6 years, and it is non-cancellable.
2. Due to the restriction in the law at that time, private entities were not allowed to acquire agricultural land. Therefore, the Companies appointed Mr. Lin Wen-Teng, one of the directors, to register the real estate investment under his personal name. To ensure the preservation of the Companies' assets, the property has been pledged back to the Companies.
3. The fair value of investment properties is based on evaluations conducted by independent appraisers who possess recognized professional qualifications and recent relevant experience in evaluating properties of similar location and type. These evaluations are based on market value. In the absence of active market prices, the appraisal considers the aggregate of estimated cash flows expected to be generated by renting out the property, and applies a discount rate that reflects the specific risks inherent in those net cash flows to determine the property's value.
4. As of December 31, 2023 and 2022 the Property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(i) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	$ 15,000	30,000
Unused short-term credit lines	$ 385,000	370,000
Range of interest rates	1.89%~2.20%	1.29%~1.79%

For the collateral for short-term borrowings, please refer to note 8.

(j) Operating Lease

Lease as Lessor

The Company leases its investment properties under operating leases. Please refer to Note 6(h) for details. The future minimum lease payments receivable under non-cancelable operating leases are as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 22,540	20,466
One to five years	19,498	38,182
	$ 42,038	58,648

(k) Provisions

1. Defined benefit plans

The reconciliation of fair value of the defined benefit plans and plan assets is as follows:

	For the Ended December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 7,419	9,523
Fair value of plan assets	(5,210)	(6,014)
Net defined benefit liabilities	$ 2,209	3,509

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Company’s contributions to the pension funds were deposited with Bank of Taiwanamountingto$5,210thousandasofthereportingdate.Forinformationontheutilizationofthelaborpensionfundassets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

	For the Years Ended December 31	
	2023	2022
Defined benefit obligations on January 1	$ 9,523	11,642
Current service costs and interest	124	163
Remeasurements of the net defined benefit liability (asset)		
- Actuarial losses from changes in financial assumption	299	314
Benefits paid by the plan	(2,457)	(2,596)
Defined benefit obligation on December 31	$ 7,419	9,523

3) Movements on the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

	For the Years Ended December 31	
	2023	2022
Fair value of plan assets on January1	$ 6,014	6,059
Interest revenue	78	43
Remeasurements of the net defined benefit liability(asset)		
—Return on plan assets (not including current interest cost)	28	458
Contributed amount	124	151
Benefits paid by the plan	(1,034)	(697)
Fair value of plan asset on December 31	**$ 5,210**	**6,014**

4) Expenses recognized in profit and loss

The Company pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the Years Ended December 31	
	2023	2022
Current service costs	$ -	81
Net interests on net defined benefit liability (asset)	46	39
	$ 46	**120**
Operating costs	$ 13	42
Operating expenses	2	12
General and administrative expenses	31	66
	$ 46	120

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's net defined benefit liability (asset) recognized in other comprehensive income for the years ended December31, 2023 and2022 were as follows:

	ForTheYearsEndedDecember31	
	2023	2022
Cumulative amount on January 1	$ (1,232)	(1,376)
Recognized during the year	201	144
Cumulative amount on December 31	**$ (1,031)**	**(1,232)**

6) Actuarial assumptions

The key actuarial assumptions at the reporting date were as follows:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.30%
Future salary increase rate	1.25%	1.25%

Based on the actuarial report, the Company is expected to make a contribution payment of $144 thousand to the defined benefit plans for the one year period after the reporting date of 2023.

The weighted-average duration of the defined benefit plans is between 9 years.

7) Sensitivity analysis

As of December 31, 2023 and 2022, the changes in the principal actuarial assumptions that will have an impact on the present value of the defined benefit obligation were as follows:

	Impact on the present value of defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31,2023		
Discount rate	$ (127)	131
Future salary increase rate	115	(113)
December 31,2024		
Discount rate	(154)	159
Future salary increase rate	142	(139)

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in the defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as that of the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

2. Defined contribute on plans

The Company's employee benefits retirement expenses respectively.

	For the Years EndedDecember31	
	2023	**2022**
Operating cost	$ 514	513
Selling expenses	196	157
Administration expenses	619	626
Research and development expenses	43	56
Total	$ 1,372	1,352

(l) Income tax

1. The components of income tax For the Years Ended December 31, 2023 and 2022 were as follows:

	For the Years Ended December 31,	
	2023	**2022**
Current period incurred	15,962	21,892
Undistributed earnings additional tax	21	-
Prior years income tax adjustment	1,904	(214)
Current tax expenses	$ 17,887	21,678

(Continued)

2. The income tax on pre-tax financial income was reconciled with the income tax expense for the years ended December 31, 2023 and 2022 as follows:

	For the Years Ended December 31,	
	2023	2022
Profit excluding income tax	$104,756	197,778
Income tax using the Company's domestic tax rate	20,951	39,555
Gains from equity method	(4,193)	(15,967)
Undistributed earnings	21	
Changes in unrecognized temporary differences	(635)	(1,438)
(Overestimation)underestimate on from prior period	1,904	(214)
Others	(161)	(258)
Total	$ 17,887	21,678

3. Deferred tax assets

1) Unrecognized deferred tax assets

	December 31,2023	December31,2022
Tax effect of deductible Temporary Differences	$ 24,521	25,156

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

Deferred Tax Liabilities:	**Provision for Land Value Tax**
Balance at January 1, 2023	$ 62,679
Balance at December 31, 2023	$ 62,679
Balance at January 1, 2022	$ 62,679
Balance at December 31, 2022	$ 62,679

4. Company’s income tax return for the year 2021ad been examined by the tax authorities.

(m) Capital and other equity

1. Ordinary shares

As of December 31, 2023 and 2022 the authorized capital of the Company consisted of 400,000 thousand shares, respectively, at a par value of $10 per share, amounting to $4,000,000 thousand, respectively, and its outstanding capital were consisted of 166,303 thousand shares. All share proceeds from outstanding capital have been collected.

2. Capital surplus

	December 31, 2023	December 31, 2022
Treasury share transactions	$ 9	9

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting

(Continued)

from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

3. Retained earnings

If the Company has surplus in the annual final accounts, it shall pay taxes and donations in accordance with the law, offset cumulative losses, and then appropriate 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the Company's paid-in capital, no further appropriation is required. The remaining surplus shall be appropriated or reversed as required by laws and regulations, or transferred to the special surplus reserve. If there is still surplus, together with undistributed surplus at the beginning of the period, it will be classified as distributable surplus. The Board of Directors shall propose a surplus distribution plan for approval by the shareholders' meeting, and distribute dividends to the shareholders.

Taking into account financial, operational, and business factors, the Company may distribute dividends to shareholders, which shall not be less than 10% of the distributable surplus for the current fiscal year. However, if the accumulated distributable surplus is less than 3% of the paid-in capital, no distribution shall be made. Dividends may be distributed in the form of cash dividends or stock dividends. Cash dividends shall be given priority in the distribution of earnings, but stock dividends may also be distributed. The proportion of cash dividends shall not be less than 10% of the total dividend amount.

For the distribution of dividends to shareholders in the form of cash, the Board of Directors is authorized to carry out such distribution with the approval of two-thirds or more of the attending directors and a majority of the attending directors, and to report it to the shareholders' meeting.

1) Legal reserve

When a company incurs profit, the shareholders shall decide on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash of up to 25% of the actual share capital.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRSs. Any unrealized revaluation surplus, accumulated translation adjustment, and increasing amount incurred from adopting the fair value as cost for the assets classified as investment property at the transition date. According to the Financial Supervisory Commission's Order No. 1010012865 issued on April 6, 2012, an equal amount shall be appropriated to the special surplus reserve. When using, disposing of, or reclassifying related assets, a proportionate reversal of the originally appropriated special surplus reserve may be distributed as earnings.

According to the regulations of the Financial Supervisory Commission, when the Company distributes distributable earnings, the difference between the net amount of reductions in other shareholders' equity items recorded in the current year and the balance of the special surplus reserve mentioned above shall be considered. When distributing earnings for the fiscal year 2022, the Company will allocate the current year's income and the undistributed earnings from previous periods to the special surplus reserve. When distributing earnings for the fiscal year 2023, the Company will allocate the current year's after-tax net profit, along with items other than the current year's after-tax net profit, to the undistributed earnings and the special surplus reserve from previous periods. The Company is not allowed to distribute the amounts related to reductions in other shareholders' equity from previous periods, except for the allocation to the special surplus reserve. In the event of reversals in the amounts of reductions in other shareholders' equity in the future, earnings may be distributed based on

(Continued)

the reversed portion. As of December 31, 2023 and 2022, the balance of the special surplus reserve is $60,074 thousand and $34,924 thousand respectively.

3) Earnings distribution

The amounts of cash dividends and share dividends for the 2022 and 2021 earnings distribution had been approved, the board meeting held on March 24, 2023 and March 30, 2022; while the earnings distribution for2022 and 2021 had been approved during the shareholders' meeting on June 26, 2023 and June 23, 2022 as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Cash dividends distributed to ordinary shareholders	$ 0.80	133,042	0.60	100,000

The Company's Board of Directors resolved on March 15, 2024, to distribute cash dividends for the fiscal year 2023. Details regarding the distribution can be found on the Taiwan Stock Exchange's website. The dividend amounts for the shareholders are as follows:

	2023	
	Amount per share	Total amount
Cash dividends distributed to ordinary shareholders	$ 0.31	51,554

4) OCI accumulated in reserves

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	$ (55,153)	(4,921)	(60,074)
Exchange differences on foreign operations	(27,951)		(27,951)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	882	882
Balance at December 31, 2023	$ (83,104)	(4,039)	(87,143)
Balance at January 1, 2022	$ (41,048)	6,124	(34,924)
Exchange differences on foreign operations	(14,105)		(14,105)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(11,045)	(11,045)
Balance at December 31, 2022	$ (55,153)	(4,921)	(60,074)

(Continued)

(n) Earnings per share

For the Years Ended December 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

1. Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	For the year ended December 31	
	2023	**2022**
Profit/(loss) of the Company for the year	$ 86,869	176,100

(ii) Weighted-average number of ordinary shares

	For the year ended December 31	
	2023	**2022**
Weighted-average number of ordinary shares(thousand shares)	166,303	166,303
Earnings per share	$ 0.52	1.06

2. Diluted earnings per share

The diluted earnings per share of the Company for the fiscal year 2023 and 2022are calculated based on the net income attributable to the equity holders of the Company and the adjusted weighted average number of ordinary shares outstanding, considering the dilutive effects of all potential ordinary shares. The calculations are as follows:

(i) Profit attributable to ordinary shareholders of the Company

	For the year ended December 31	
	2023	**2022**
Profit/(loss) attributable to ordinary shareholders of the Company (basic)	**$86,869**	**176,100**

(ii) Weighted-average number of ordinary shares

	For the year ended December 31	
	2023	**2022**
Weighted-average number of ordinary shares(thousand shares) (basic)	166,303	166,303
Effect of employee share bonus	85	164
Weighted-average number of ordinary shares (thousand shares)(diluted)	166,388	166,467
Earnings per share	$ 0.52	1.06

(Continued)

(o) Revenue from contracts with customers

1. Disaggregation of revenue

	For the Years Ended December 31, 2023		
	Electronics Division	Property Management Division	Total
Primary geographical markets			
Asia	$ 492,045	20,926	512,971
America	25,614	-	25,614
Europe	10,196	-	10,196
	$ 527,855	**20,926**	**548,781**
Major products/services lines			
Electronic Components Sales	$ 527,855	-	527,855
Rental Income	-	20,926	20,926
	$ 527,855	**20,926**	**548,781**

	For the Years Ended December 31, 2022		
	Electronics Division	Property Management Division	Total
Primary geographical markets			
Asia	$ 541,113	16,332	557,445
America	64,082	-	64,082
Europe	13,188	-	13,188
	$ 618,383	**16,332**	**634,715**
Major products/services lines			
Electronic Components Sales	$ 618,383	-	618,383
Rental Income	-	16,332	16,332
	$ 618,383	**16,332**	**634,715**

(Continued)

2. Contract balances

	December 31, 2023	December 31, 2022	January1, 2022
Trade receivables and notes receivable	$59,262	122,639	124,559
Less: allowance for impairment	(27)	-	-
	$59,235	122,639	124,559
Contract liabilities	-	682	-

For details on trade receivables and allowance for impairment, please refer to note 6(c).

(p) Remunerations to employees, directors and supervisors

The Company' s Articles of Incorporation require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 2% will be allocated as remuneration to directors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the Years Ended December 31, 2023 and 2022, remuneration of employees of $1,100 thousand and $2,012 thousand, respectively, and remuneration of directors of $1,500 thousand and $1,500 thousand, respectively, were estimated on the basis of the Company's net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's articles of incorporation. Such amounts were recognized as operating expenses For the Years Ended December 31, 2023 and 2022, Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and will be charged to profit or loss. The number of shares to be distributed was calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting.

In the fiscal year 2022, there was a difference of $488thousand and $500 thousand between the amount of remuneration approved by the Board of Directors for employees, directors, and supervisors and the estimated amount accrued for the fiscal year 2022. This difference primarily arises from accounting estimates made by the Company and has been recognized in the income statement for the fiscal year 2023.The amount of employee compensation approved by the Board of Directors for the fiscal year 2023 is consistent with the accrual amount in the individual financial statements for the fiscal year 2023. However, there is a difference of $600 thousand between the amount approved by the Board of Directors for director and supervisor remuneration and the accrual amount in the individual financial statements for the fiscal year 2023. This difference is primarily due to accounting estimates made by the company and has been recognized in the profit or loss for the fiscal year 2024. Relevant information can be found on the Taiwan Stock Exchange's website.

(q) Non-operating income and expenses

1. Other income

	For the Years Ended December 31, 2023	2022
Interest income	$ 3,391	1,462
Dividend income	303	291
Rental Income	1,097	1,098
	$ 4,791	**2,851**

2. Other gains and losses

	For the Years Ended December 31, 2023	2022
Foreign exchange gains (losses)	$ 2,738	17,514
Unrealized Gain on Disposal of Assets – Subsidiaries	-	(15,339)
Realized Gain on Disposal of Assets - Subsidiaries	1,673	-
Income from Manpower Support	1,695	4,542
Expenditure on Manpower Support	(1,695)	(4,542)
Profit on Disposal of Real Estate, Plant, and Equipment	-	3,998
Other	23	22,116
	$ 4,434	**28,289**

3. Finance costs

	For the Years Ended December 31, 2023	2022
Interest expense	**$ (576)**	**(1,115)**

(r)Financial instruments

1. Credit risk

(i) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(ii) Concentration of credit risk

The Company has a broad customer base and does not engage in significant transactions with any single customer. Additionally, its sales are geographically diversified. Therefore, there is no significant concentration of credit risk.

(iii) Receivables and debt securities

For credit risk exposure of trade receivables and notes receivable, please refer to note 6(c).

(Continued)

Other financial assets at amortized cost include other receivables. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. The fixed deposits held by the Company are transacted with and settled by financial institutions that have investment-grade ratings or above. Therefore, they are considered to have low risk.

The loss allowances were determined as follows:

	Other receivables
Balance at January 1, 2023	$ 36,992
Balance at December 31, 2023	$ 36,992
Balance at January 1, 2022	$ 36,992
Balance at March 31, 2022	$ 36,992

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Floating rate instruments	$ 15,000	15,143	5,095	10,048	-	-	-
Non-interest bearing liabilities	119,776	119,776	119,776	-	-	-	-
Lease liabilities(include non-current)	277	288	36	36	144	72	-
	$ 135,053	**135,207**	**124,907**	**10,084**	**144**	**72**	
December 31, 2022							
Non-derivative financial liabilities							
Floating rate instruments	$ 30,000	30,020	30,020	-	-	-	-
Non-interest bearing liabilities	109,244	109,244	109,244	-	-	-	-
Lease liabilities(include non-current)	214	252	252	-	-	-	-
	$ 193,458	**139,516**	**139,516**				

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Currency risk

(i) Exposure to foreign currency risk

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 3,893	30.705	119,535	5,847	30.710	179,561
Non-monetary items						
USD	1,371	30.705	42,090	1,245	30.710	38,229
Financial liabilities						
Monetary items						
USD	3,114	30.705	95,615	1,161	30.710	35,654

(ii) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 0.5%of the NTD against the USD, and HKD as at 2023 and 2022 would have increased (decreased) the net profit after tax by $96 thousand and $576thousand, and the equity by $168 thousand and $153thousand. The analysis is performed on the same basis.

(iii) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the Years Ended December 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $2,738 thousand and $17,514 thousand, respectively.

4. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Company’s net income would have increased / decreased by $60thousand and$120 thousand For the Years Ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Company’s borrowing at variable rates.

5. Other market price risk

For the Years Ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

	For the Years Ended December 31,			
	2023		2022	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
0.5% increase	$ 78	-	80	-
0.5% decrease	$ (78)	-	(80)	-

6. Fair value of financial instruments

(i) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Foreign corporate bonds	42,090	-	42,090	-	42,090
Stocks in unlisted companies	15,546	-	15,546	-	15,546
Subtotal	57,636	-	57,636	-	57,636
Financial assets measured at amortized cost					
Cash and cash equivalents	67,998	-	-	-	-
Trade receivables and notes receivable (including related parties)	59,235	-	-	-	-
Other receivables	1,308	-	-	-	-
Guarantee deposits paid(Recognition of other non-current assets)	187				
Subtotal	128,728				
Total	$ 186,364	-	57,636		57,636
Financial liabilities measured at amortized cost					
Bank loans	$15,000	-	-	-	-
Trade payables	98,870	-	-	-	-
Other payables	20,906	-	-	-	-
Lease liabilities (including non-current)	277	-	-	-	-
Total	$ 135,053				

(Continued)

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Foreign corporate bonds	38,229	-	38,229	-	38,229
Stocks in unlisted companies	16,000		16,000		16,000
Subtotal	54,229		54,229		54,229
Financial assets measured at amortized cost					
Cash and cash equivalents	88,578	-	-	-	-
Trade receivables and notes receivable (including related parties)	122,639	-	-	-	-
Other receivables	2,075	-	-	-	-
Guarantee deposits paid(Recognition of other non-current assets)	661	-	-	-	-
Subtotal	213,953	-	-	-	
Total	$ 268,182	-	54,229		54,229
Financial liabilities measured at amortized cost					
Bank loans	$30,000	-	-	-	-
Trade payables	90,058	-	-	-	-
Other payables	19,186	-	-	-	-
Lease liabilities (including non-current)	214	-	-	-	-
Total	$ 139,458				

(ii) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

(iii) Transfers between Level 1 and Level 2

There were no transfers from level 2 to level 1 For the Years Ended December 31, 2023 and 2022.

(Continued)

(s) Financial risk management

1. Overview

The Company has exposure to the following risks from its financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Structure of risk management

The company's Financial Management Department provides services to various business units, coordinating access to domestic and international financial markets. It supervises and manages the financial risks related to the company's operations by analyzing internal risk reports according to the level and breadth of risk. Internal auditors continuously review compliance with policies and exposure limits. The company does not engage in trading financial instruments (including derivative financial instruments) for speculative purposes.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities.

(i) Accounts receivable and other receivables

The company's policy is to transact only with reputable counterparties and, where necessary, to obtain collateral to mitigate the risk of financial loss due to defaults. The company transacts only with entities rated equivalent to investment grade. This information is provided by independent rating agencies. In cases where such information is not available, the company uses other publicly available financial information and transaction records to assess the creditworthiness of major customers. The company continuously monitors credit exposures and the credit ratings of counterparties. It diversifies total transaction amounts among counterparties with qualifying credit ratings and controls credit exposures through annual review and approval of counterparties' credit limits.

As the company has a broad customer base, does not significantly concentrate transactions with any single customer, and operates in diversified sales regions, the credit risk associated with accounts receivable is not significantly concentrated. To further mitigate credit risk, the company regularly assesses the financial condition of its customers but typically does not require collateral.

(ii) Investment

The credit risk exposure for the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company do not have compliance issues and no significant credit risk.

(iii) Guarantee

The company's policy dictates that financial guarantees can only be provided to wholly-

(Continued)

owned subsidiaries. As of December 31, 2023, and December 31, 2022, the company has not provided any endorsements or guarantees.

4. Liquidity risk

The company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of fluctuations in cash flows. Management oversees the utilization of bank financing facilities and ensures compliance with loan agreement terms.

Bank borrowings are an important source of liquidity for the company. As of December 31, 2023, and December 31, 2022, the unused portion of the short-term bank borrowing facilities amounted to $385,000 thousand and $370,000 thousand, respectively.

5. Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The company is exposed to exchange rate risk arising from sales and purchases denominated in currencies other than the functional currency of each respective group entity. The primary currencies involved in these transactions are TWD and USD.

(ii) Interest rate risk

The company is exposed to cash flow risk due to its borrowings at floating interest rates. To manage this interest rate risk, the company maintains an appropriate portfolio of floating-rate instruments.

(t) Capital management

The company's capital management objective is to safeguard its ability to continue operations, thereby ensuring the provision of returns to shareholders and other stakeholders, while maintaining an optimal capital structure to minimize the cost of capital.

To maintain or adjust its capital structure, the company may adjust dividend payments to shareholders, reduce capital and return it to shareholders, issue new shares, or sell assets to repay liabilities.

Similar to its peers, the company manages its capital based on the debt-to-capital ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total liabilities reported in the balance sheet minus cash and cash equivalents. Total capital includes all components of equity (i.e., share capital, capital surplus, retained earnings, and other equity) plus net debt.

The company's capital management policy in 2023 remained consistent with that of 2022, maintaining a debt-to-capital ratio between 8% and 7%, ensuring the ability to finance at reasonable costs. The debt-to-capital ratios as of December 31, 2023, and December 31, 2022, are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 212,575	231,659
Less: cash and cash equivalents	(67,998)	(88,578)
Net debt	144,577	143,081
Total equity	1,775,597	1,849,040
Adjusted equity	**$ 1,920,174**	**1,992,121**
Debt-to-equity ratio	**8%**	**7%**

As of December 31, 2023, the company's capital management approach remained unchanged from the previous year.

(Continued)

7. Related-party transactions

(a) Names and relationship with the Company

The following are related parties that had transactions with the Company during the periods covered

Name of related party	Relationship with the Company
Rectron (China) Limited (Rectron China)	A subsidiary of the Company
Zhejiang Rectron Electronic Co.,LTD. (Zhejiang Rectron)	A subsidiary of the Company
RECTRON ELECTRONIC ENTERPRISES,INC (REEI)	A subsidiary of the Company
CHU-TING ENTERPRISE CO., LTD. (Chu-Ting)	A subsidiary of the Company
PU HWUA ENTERPRISE CO., LTD.(Pu Hwua)	Other related parties
JuyangXingye Industrial Co., Ltd. (JuyangXingye)	Other related parties
Juiye Enterprise Co., Ltd.(Juiye Enterprise)	T Other related parties
LIN, WEN-TENG	Director of this company

in the non-consolidated financial statements.

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the Years Ended December 31,	
	2023	**2022**
Subsidiaries:		
Rectron China	$ -	245
REEI	24,118	64,024
Zhejiang Rectron	2,819	29,912
	$26,937	**94,181**

(i) The company sells goods to related parties at cost plus an agreed-upon profit margin. The credit terms for related parties are determined based on the product type and the location of the related entities, with an average credit period of approximately 30 to 120 days. For regular customers, the credit period is approximately 30 to 75 days. Actual transactions may require adjustments based on factors such as order quantity, product quality, and market conditions.

(Continued)

(ii) The unrealized losses on unsold inventory with subsidiaries for the fiscal years 2023 and 2022 amounted to $901 thousand and $58 thousand, respectively. These losses are recognized under investments accounted for using the equity method.

2. Purchase

The amounts of significant purchase by the Company to related parties were as follows:

	For the Years Ended December 31,	
	2023	**2022**
Subsidiaries:		
Rectron China	**$ 281,071**	**337,793**

The company's purchases from related parties are primarily based on the cost of finished goods plus an agreed-upon profit margin, and the payment terms for these purchases range from 90 to 120 days. For regular customers, the payment terms are approximately 30 to 90 days. Actual payment terms may be adjusted considering the overall fund allocation within the group.

3. Receivables from related parties

(i) The receivables from related parties were as follows:

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Trade receivables	Subsidiaries-REEI	$ 4,658	14,358
Trade receivables	Subsidiaries- Zhejiang Rectron	2	-
		$4,660	14,358

The company's credit policy for related parties is based on mutually agreed upon payment terms.

(ii) Other Receivables from related parties

The other receivables from related parties were as follows:

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Other receivables	Subsidiaries- Chu-Ting	$ 82	208
Other receivables	Subsidiaries- Rectron China	166	-
		$ 248	208

4. Payables to related parties

(i) The payables to related parties were as follows:

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Accounts payable	Subsidiaries-Rectron China	$ 77,716	49,863

(Continued)

(ii) Other payable

Account	Relationship	December 31, 2023	December 31, 2022
Other payable	Subsidiaries-Rectron China	$ 101	81
Other payable	Subsidiaries- Chu-Ting	29	19
Other payable	Subsidiaries- Pu Hwua	108	51
		$ 238	151

(iii) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	2023		2022	
	Disposal price	**Gain (loss) on disposal**	**Disposal price**	**Gain (loss) on disposal**
Subsidiaries-Zhejiang Rectron	**$ -**	**-**	**9,646**	**4,233**

The unrealized gains on transactions of real estate, buildings, and equipment with subsidiaries for the fiscal years 2023 and 2022 amounted to $3,417 thousand and $3,835 thousand, respectively. An amount of $418 thousand of these gains was realized in the current period and is recognized under investments accounted for using the equity method.

(iv) Disposed Restricted Assets

The disposals Restricted Assets to related parties are summarized as follows:

	2023		2022	
	Disposal price	**Other revenue**	**Disposal price**	**Other revenue**
Subsidiaries-Zhejiang Rectron	**$ -**	**-**	**23,051**	**23,051**

The unrealized gains on transactions of restricted assets with subsidiaries for the fiscal years 2023 and 2022 amounted to $10,249 thousand and $11,504 thousand, respectively. An amount of $1,255 thousand of these gains was realized in the current period and is recognized under investments accounted for using the equity method.

5. Leases

(i) The company leased factory buildings to its subsidiaries, reporting rental income from external leasing activities of $1,097 thousand for the fiscal year 2023 and $1,098 thousand for the fiscal year 2022.

(ii) The company leased investment properties to other related parties, reporting operating lease income of $1,719 thousand for the fiscal year 2023 and $225 thousand for the fiscal year 2022. The related security deposits for the above were $405 thousand and $16 thousand, respectively.

6. Others

(i) Please refer to Note 6(h) for details on the company's registration of real estate in the names of other related parties.

(ii) The company's subsidiary, Chu-Ting entered into outsourcing manufacturing and service contracts with the company to provide manpower assistance to manufacture and promote medical products. The revenue generated from these contracts for the fiscal years 2023 and 2022 amounted to $1,695 thousand and $4,542 thousand, respectively (recognized under other income and expenses).

(Continued)

(iii) Operating expenses for subsidiaries for the fiscal years 2023 and 2022 amounted to NT$696 thousand and $353 thousand, respectively. Operating expenses for other related parties for the fiscal years 2023 and 2022 amounted to $2,608 thousand and $740 thousand, respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31, 2023	For the Years Ended December 31, 2022
Short-term employee benefits	$ 2,353	3,062
Post-employment benefits	95	124
	$ 2,448	3,186

8. Assets pledged as security

The carrying amounts of **assets pledged as security** were as follows:

Assets pledged as security	Liabilities secured by pledge	December 31, 2023	December 31, 2022
Property, plant and equipment	Long-term borrowings	$232,298	235,480
Investment property	Long-term borrowings	50,605	51,703
		$282,903	287,183

9. Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

As of December 31, 2023, December 31, 2022, and March 31, 2022, the detailed amounts of the contract prices for equipment and construction projects entered into by the Company with suppliers are as follows:

	December 31, 2023	December 31, 2022
Signed-contract	$9,900	21,257
Paid-price	$ 6,974	9,821

10. Losses due to major disasters: none

11. Subsequent events: none

12. Others

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item / By function	2023 Cost of sales	2023 Operating expenses	2023 Total	2022 Cost of sales	2022 Operating expenses	2022 Total
Employee benefits						
Salary	12,262	23,219	35,481	15,092	16,551	31,643
Labor and health insurance	1,366	1,815	3,181	1,439	1,629	3,068
Pension	527	891	1,418	555	917	1,472
Remuneration of directors		3,305	3,305		2,944	2,944
Others	1,231	1,215	2,446	897	1,038	1,935
Depreciation	14,964	3,273	18,237	15,855	3,729	19,584
Amortization	174	2,368	2,542	214	2,372	2,586

(Continued)

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company is as follows:

	2023	2022
Numbers of employees	55	56
Numbers of directors (non-employee)	7	4
Average employee benefit expenses	886	733
Average employee salary expenses	739	609
Percentages of average employee salary expense	21.35%	(11.87)%
Remuneration of supervisors	-	58

The Company's salary and remuneration policy information (including directors, managers and employees) is as follows:

(b) Independent Directors:

(i) Independent directors' remuneration shall be paid at least every six months regardless of the company's operating profit or loss, based on their level of participation and the value of their contributions to the company.

(ii) Independent directors do not participate in the distribution of directors' remuneration or other bonus allocations.

(c) Other Directors:

(i) Remuneration for other directors is determined based on their level of participation and the value of their contributions to the company, taking into account industry standards.

(ii) Directors' remuneration is allocated according to the rates stipulated in the company's articles of association.

(iii) Car and miscellaneous expenses are provided as needed for actual business execution.

(d) Executives:

(i) Monthly fixed salaries are determined based on the salary standards for each position.

(ii) Performance bonuses are distributed based on performance evaluation results.

(iii) Year-end bonuses are distributed based on employee performance evaluation results.

(iv) Employee compensation is allocated according to the rates stipulated in the company's articles of association.

(v) Relevant allowances and subsidies are provided based on job duties and standards.

(e) Other Employees:

Employee salaries are determined according to the principles of salary grading for each position. Employee compensation is generally divided into regular and irregular income.

Regular income includes basic salary, managerial allowances, position allowances, meal subsidies, and other subsidies.

(Continued)

13. Other disclosure items

(a) Information on significant transaction:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company For the Years Ended December 31, 2023:

1. Lending to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	CHU-TING	Other receivables	Yes	100,000	-	-	-	2 (note 3)	-	Operation Requirements	-	-	-	177,560	710,239
1	Rectron China	CHU-TING	Other receivables	Yes	53,442	13,817	13,817	-	2 (note 3)	-	Operation Requirements	-	-	-	155,260	194,075

Note 1: For business transactions with counterparties, the business transaction amount is determined based on the cumulative sales (or purchases) amount between the two parties over the preceding twelve months.

Note2: According tour policy, the calculation for the maximum total amount of loans granted are as follows:

(1) The Company

Individual counterparty funding limit = Shareholders' equity x 10% = $1,775,597thousand x 10% = $177,560thousand.

The maximum funding limit for an individual counterparty = Shareholders' equity x 40% = $1,775,597thousand x 40% = $710,239 thousand.

(2) Rectron Electronics (China)

Individual counterparty funding limit = Shareholders' equity x 40% = $388,149thousand x 40% = $155,260thousand.

The maximum funding limit for an individual counterparty = Shareholders' equity x 50% = $388,149thousand x 50% = $194,075 thousand.

Note 3: (1) Business transaction with counterparts exists.

(2) Short-term funding is necessary.

2. Guarantees and endorsements for other parties: None.

3. Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(Amounts in Thousands of New Taiwan Dollar)

Company holding securities	Security type and name	Relationship with the Company	Account	December 31, 2023				Remark
				Shares	Carrying value	Percentage of ownership (%)	Market value (or net value)	
The Company	Stock - Sunny Bank	-	Non-current financial assets at fair value through other comprehensive income	1,515,198	15,546	0.05%	15,546	
The Company	Corporate bonds – Apple	-	Non-current financial assets at fair value through other comprehensive income	-	25,735	-%	25,735	
The Company	Corporate bonds – AT&T	-	Non-current financial assets at fair value through other comprehensive income	-	9,144	-%	9,144	
The Company	Corporate bonds – Pfizer	-	Non-current financial assets at fair value through other comprehensive income	-	4,121	- %	4,121	
The Company	Corporate bonds – SocGen	-	Non-current financial assets at fair value through other comprehensive income	-	3,090	- %	3,090	
CHU-TING	Fund - Yuanta High Dividend 0056	-	Current financial assets at fair value through profit or loss	21,000	785	-%	785	
CHU-TING	Stock - OXY	-	Current financial assets at fair value through profit or loss	8,000	14,670	-%	14,670	
CHU-TING	Stock - TSMC	-	Current financial assets at fair value through profit or loss	6,000	3,558	- %	3,558	
CHU-TING	Stock - RTX	-	Current financial assets at fair value through profit or loss	6,000	15,504	- %	15,504	

4. Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company’s paid-in capital: None.

(Continued)

5. Information regarding acquisition of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

6. Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital:

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually received	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Zhejiang Rectron	Land, Buildings, and Structures	2023.9.22	90.08	177,168 (Note 1)	691,875 (Note 2)	356,849 (Note 3)	(Note 4)	Jiashan Economic Development Assets Management Co., Ltd.	None	To align with organic renewal and industry transformation and upgrading	Appraisal Report	(Note 5)

Note 1:RMB40,925 thousand
Note 2:RMB161,653 thousand
Note 3:RMB80,827 thousand
Note 4: Profit and loss shall be confirmed after all relocation procedures are completed.
Note 5: According to the agreed terms, after signing the relocation compensation agreement with Zhejiang Rectron, 50% of the total compensation will be received. Additionally, within 20 days after the completion of equipment relocation and factory vacating by June 30, 2024, 30% of the total compensation will be received. The remaining 20% of the total compensation will be received within 20 days after the cancellation of land and property certificates.

7. Information regarding related-party purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

(Amounts in Thousands of New Taiwan Dollar)

Company name	Related party	Nature of relationship	Transaction details				Abnormal transaction		Trade receivables (payables) and notes receivable (payable)		Remark
			Item	Amount	Percentage of the purchases (sales) (%)	Payment term	Unit price	Payment terms	Ending balance	Percentage of total receivables (payables)	
The Company	Rectron China	Parent-subsidiary relationship	Purchase	281,071	67%	Normal	Normal	90-120 Days	(77,716)	(79)%	
Rectron China	The Company	Parent-subsidiary relationship	Sales	(281,071)	(100))%	Normal	Normal	90-120 Days	77,716	100%	
Rectron China	Zhejiang Rectron	Investee companies that are also evaluated using the equity method by the Company	Purchase	245,492	100%	Normal	Normal	120 Days	(15,647)	(100)%	
Zhejiang Rectron	Rectron China	Investee companies that are also evaluated using the equity method by the Company	Sales	(245,492)	(82)%	Normal	Normal	120 Days	15,647	71%	

8. Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid-in capital: None.

9. Information regarding trading in derivative financial instruments: None.

(b) Information on investments:

The followings are the information on investees For the Years Ended December 31, 2023:

(Amounts in Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2023			Net income (loss) of the investee	Investment income (loss) recognised by the Company	Remark
				December 31, 2023	December 31, 2022	Shares	Percentage	Carrying value			
The Company	REEI	USA	Sales of rectifiers, etc. Electronic components	142,264	142,264	205,000	100.00%	16,604	(5,818)	(5,818)	
The Company	Rectron China	Hong Kong	Sales of rectifiers, etc. Electronic components	607,273	607,273	20,000	100.00%	388,149	20,831	20,831	
The Company	CHU-TING	Taiwan	Wholesale of tobacco and alcohol products and manufacturing and sales of medical equipment.	109,987	109,987	14,500,000	100.00%	156,875	5,950	5,950	

(Continued)

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(Amounts in Thousands of New Taiwan Dollar)

Investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Zhejiang Rectron	Manufacturing and sales of rectifiers and other electronic components.	409,029 USD12,000	NOTE 1(3)	409,029 USD12,000	-	-	409,029 USD12,000	21,144	100.00%	21,144	267,052	-

(ii) Upper limit on investment in Mainland China:

(Amounts in Thousands of New Taiwan Dollar)

Accumulated investment in Mainland China as of December 31, 2023	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment
368,460 USD 12,000	490,359 USD 15,970	1,065,358

Note 1: Investment methods are categorized into the following three types, simply indicated by their types:
(1)Direct investment in mainland China.
(2)Investment in Mainland China through a third-party company in another region (please specify the investment company in that third region).
(3)Others method.

Note 2: In the investment gains/losses recognized in this period column:
(1)If it is under preparation and there are no investment gains/losses yet, it should be noted.
(2)The basis for recognizing investment gains/losses is the financial statements audited and certified by the certified public accountant of the Taiwan parent company.

Note 3: According to the limits set forth in the "Principles for the Review of Investment or Technical Cooperation in Mainland China".

Note 4: According to the "Principles for Reviewing Investment or Technical Cooperation in Mainland China," there are limits to the amount of investment.
Equity net worth × 60% = $1,775,597 thousand × 60% = $1,065,358thousand.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of Parent Company Only Financial Statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

Unit: Share

Shareholding / Shareholder’s Name	Shares	Percentage
Juiye Enterprise Co., Ltd.	42,788,288	25.72%
Bigwig Perfect International Co., Ltd.	38,141,792	22.93%

Note: The shareholder information in this table is provided by the Taiwan Depository & Clearing Corporation (TDCC) and is based on the calculation of the total number of common shares and preferred shares held by shareholders, excluding treasury shares, as of the last business day of each quarter. The data includes shareholders whose holdings account for more than 5% of the total shares outstanding. Please note that there may be differences between the reported share capital in the company's financial statements and the actual number of shares held by shareholders, due to different calculation methods or other factors.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(Continued)

Rectron Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Begining balance		Addition		Decrease		Decrease		Market value or net assets value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Unit price	Amount	
REEI	205,000	21,394		1,028 Note1		5,818 Note2	205,000	16,604	75.93	16,604	None
Rectron China	20,000	393,781		22,504 Note3		28,136 Note4	20,000	388,149	20,188.55	388,149	None
CHU-TING	13,000,000	153,925	1,500,000	5,950 Note5		3,000 Note6	14,500,000	156,875	10.82	156,875	None
合計		569,100		29,482		36,954		561,628		561,628	

Note1 Deferred credit recognized under the equity method, including intercompany profits of $981 thousand and foreign currency translation adjustments of $47 thousand.

Note2 Investment income of $5,818 thousand recognized under the equity method.

Note3 Recognition of investment income totaling $20,831 thousand dollars under the equity method, along with realized gains of $1,673 thousand dollars from asset disposals.

Note4 Foreign currency translation adjustment of $27,998 thousand and deferred credit from intercompany profits of $138 thousand recognized under the equity method.

Note5 Recognition of stock dividends amounting to $15,000 thousand dollars and investment income of $5,950 thousand dollars under the equity method.

Note6 Recognition of cash dividends received amounting to 3,000 thousand dollars under the equity method.

(Continued)

Rectron Ltd.

Statement of Changes in Property, Plant and Equipment
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note6(f) for more information.

Statement of Changes in Investments accounted for using equity method

Please refer to Note6(h) for more information.

Statement of Operating Revenue

Item	Quantity	Amount	Note
Diode Division			
Rectifier Division	967,934KPCS	$536,452	
Less: Sales returns and allowances		(8,597)	
subtotal		527,855	
Property Management Division			
Rent revenue		20,926	
Total		548,781	

(Continued)

Rectron Ltd.

Statement of Operating Costs
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Diode Division		
Raw material		
Rawmaterial,January1		$ 1,884
Add: Purchase		28,144
Add: Work in process transferred in		2,049
Less: Transferred to expenses or others		(37)
Less: Ending materials inventory		(2,568)
Direct material consumption		29,472
Direct labor		8,206
Manufacturing overhead		31,298
Manufacturing cost		68,976
Add: Beginning work in process		3,051
Transferred to finished goods		503
Purchased work in process		2,553
Ending work in process		(2,462)
Less: Transferred to materials		(2,049)
Cost of finished goods		70,572
Add: Beginning finished goods		36,513
Purchased finished goods		352,950
Less: Ending finished goods and goods in transit		(53,909)
Transferred to work in process		(503)
Transferred to research and development department expenses or others		234
Cost of goods sold for finished goods		405,857
Cost of goods produced and sold		405,857
Revenue from sale of scraps and waste materials		(1,121)
Lease costs (Note)"		8,113
		$ 412,849

Note: Lease costs include depreciation of $6,521 thousand.

(Continued)

Rectron Ltd.

Statement of manufacturing overhead
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expenses		2,651	
Utilities		$2,508	
Depreciation		8,443	
Material costs		3,394	
Packaging expenses		2,696	
Outsourcing fees		6,194	
Other expenses		5,412	
Total		31,298	

Statement of Selling Expenses

Item	Selling Expenses	Administrative Expenses	Research and development expenses	Total
Salary and wages expenses	4,798	20,909	817	26,524
Freight	5,322	14		5,336
Entertainment expenses	32	4,147		4,179
Depreciation	16	3,257		3,273
Service fees		2,911		2,911
Other expenses	3,062	16,162	184	19,408
Total	13,230	47,400	1,001	61,631

(Continued)