

Stock Code: 6118



XANDER INTERNATIONAL CORP.

2023

Annual Report

For information about the Annual Report, visit: "Market
Observation Post System" <http://mops.twse.com.tw>

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V. Name of Trading Site for Securities Listed Overseas and How to Search for the Said Overseas Securities: None

VI. Company Website: www.xander.com.tw

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A. Letter to Shareholders

Dear Shareholders,

In 2023, the political and economic environment was be affected by geopolitical wars and global inflation, which led to the decrease of the disposable income of consumers. The demand turned the other way. The sluggish economy led to reduced demand for consumer electronics. According to the latest preliminary statistics released by the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate of 2023 was 1.31%. The economy growth was declining. The sales of the Company was impacted by the macro environment. Compared to 2022, the revenue reduced by 13.11% in 2023 and the gross profit dropped by 9.67%. The 2023 operating performance and the 2024 Business Plan of the Company are summarized as follows:

I. Operating Performance of 2023

(I)Business Plan Implementation Results:

Unit: In Thousands of New Taiwan Dollars

Fiscal year Entry	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating revenue	8,429,868	100.00%	9,701,804	100.00%
Gross profit	368,662	4.37%	408,129	4.21%
Net operating profit (loss)	3,613	0.04%	46,132	0.48%
Non-operating revenue and expenses	16,543	0.20%	(4,416)	(0.05%)
Net profit (loss) before tax	20,156	0.24%	41,716	0.43%
Net profit (loss) after tax	20,978	0.25%	33,350	0.34%

(II)Budget Implementation Status

The Company does not release financial forecasts to public and hence fulfillment of budget is not available.

(III)Analysis of Income, Expenditure and Profitability

	2023	2022
1.Financial Structure Analysis		
(1)Debt-to-assets ratio:	65%	69%
(2)Ratio of long-term capital to property, plant and equipment:	732%	694%
2.Solvency Analysis		
(1)Current ratio:	144%	137%
(2)Quick ratio:	83%	86%
3.Operating Capacity Analysis		
(1)Accounts receivable turnover (times):	6	7
(2)Days to collect receivables in cash:	63	52
(3)Inventory turnover (times):	8	10

	2023	2022
(4)Average days in sales	44	37
(5)Property, plant and equipment turnover (times):	56	64
4.Profitability analysis		
(1)Return on total assets:	1%	1%
(2)Return on shareholder equity:	2%	3%
(3)Net profit margin:	-	-
(4)Earnings (deficits) per share (NTD):	0.23	0.37

(IV)Status of Research and Development

The Company is in the electronics distribution business and hence there is no R&D plan.

II. Overview of 2024 Business Plan

(I)Operational Developments and Status

The overall strategic goals and operational themes of 2023 are positioned as “involvement” and “sharing”. “Teamwork”, which is the most important core value, is the guiding principle while efforts are made to secure greater competitive advantages so that the Company can fulfill its operational goals applying maximum efficiency. XANDER INTERNATIONAL’s consolidated revenue slightly declined in 2023 due to impact of the global economy, which is truly impressive.

For 2024, the geopolitics and global inflation will be the largest variables to the economy, impacting economic growths and consumers’ willingness to spend money. In light of this, XANDER INTERNATIONAL will be even more proactive and provide more heart-felt service in order to combine existing distribution channels of manufacturers and distributors while coping with various challenges and creating opportunities. The overall strategic goals and operational themes of 2024 are positioned as “keep track” and “proactive” to know more about effective improvement and dare to face the challenge with full energy to secure greater competitive advantages so that the Company can fulfill its operational goals. For respective operational departments, planning highlights are given below:

1.Logistics Department

(1)Product: Robust management proactive struggle

- Maximized ratios of developer products
- Secure new products
- Explore dealership of large and small home appliance brands

(2)Service: Build a home appliance service team

- Installation, transport, and service of TV sets
- Northern Taiwan → Southern Taiwan → Central Taiwan
- Demonstrate service value

(3)Customer: Keep track of mainstream Small instead of big

- Target progress of key customers
- Outlying number of prioritized products
- Explore new business

(4)Marketing: Perfect B2B

- Optimize respective features
- Grow B2B and VIP numbers
- Reasonable cost

2. Value-added Business Department

- (1) Product: Increase systems maintain peripherals
 - Relationship-building with the manufacturer in AM
 - Further advance PM for optimal inventory management
- (2) Service: Maximization and optimization
 - Maximize peripheral services and products
 - Optimize the SOP
 - Enhance manufacturer and customer dependency
- (3) Customer: Have the right person to do the right thing
 - Adjust business and run suitable customers
 - Keep track of the funnel
 - Develop OA
- (4) Marketing: Win the boss's heart
 - Distributor meeting
 - Golf gathering
 - Dining/birthday celebration/heartfelt gift

3. Commerce Department

- (1) Product: Focus on one good brand
 - PM: Fully interface with the developer's contact person
 - Coordinated sale: Hold onto key customers and support operations throughout Taiwan
- (2) Service: Grow a professional team
 - Technical license
 - Complete technical support service
 - Proactive efficiency
- (3) Customer: Do a proper job in business
 - Funnel
 - Main AM development of manufacturer
 - Be diligent in building connections with mainstream customers
- (4) Marketing: Act first
 - Effectively utilize the marketing resources of the developer
 - Quarterly distributor event

(II) Condition in the first quarter of 2024

Unit: In Thousands of New Taiwan Dollars

Item	Reviews performed by the CPAs for the first quarter	Percentage (%)
Operating revenue	2,075,532	100
Operating cost	1,971,366	95
Gross profit	104,166	5
Operating expense	98,587	5
Net operating profit (loss)	5,579	-
Non-operating revenue and expenses	(746)	-
Net profit (loss) before tax	4,833	-
Net profit (loss) after tax	4,167	-

III. Future Corporate Developmental Strategies

- (I) Continue to introduce new products for distribution in order to steadily grow the revenue.
- (II) Increase the introduction of large and small home appliances and new smart phones and deploy the distribution network.
- (III) Strictly control costs and enhance the ratio of high-profit products sold to bring up the sales profit.
- (IV) Reinforce the management over sales, purchases, inventories, credit, and accounts receivable and lower the ratio of inventories that are more than 60 days and carry the risk of being defaulted.

IV. Impacts from External Competition, Regulatory Setting, and Overall Operational Setting

External competition:

The Company deals with e-commerce. Given the fierce competition on the market for the sale of electronic products, the Company has been maintaining an optimal corporate image, abundant group resources, a rigid operational and management mechanism, and continuing to constantly eliminate old products and add new products to cope with the operational environment in the future.

Regulatory setting:

To cope with environmental changes, laws and regulations are constantly modified to cope with needs in reality. The Company, by the same token, will proactively prepare respective measures and guidelines in compliance with applicable regulatory requirements to achieve the compliance goal.

Overall operational setting:

In 2023, with impacts from the COVID-19 pandemic died out. Employment and terminal demand continue to recover. The geopolitical tension, however, pushed up global commodity prices. It is expected that the global economic growth rate in 2024 will be 3.43%, showing a gradual steady pace throughout the year.

For 2024, major economies in the world, to inhibit inflation, have followed one another in increasing their interest rates while manufacturing activities have obviously slowed down. Meanwhile, given the Russia-Ukraine war yet to see an end and the resurgence of the US-China tech war, the global economic outlook remains uncertain and the international systematic risk climbs. The momentum for spending and investments in our country are held back. The Company will continue to devote itself to respective operational improvements, with the hope to create steady profits and a happy workplace.

Finally, I wish all of you

Health and the best in all of your endeavors!

Chairman Wen-Chi Chen

General Manager Wen-Kang Chen

B. Company Profile

I. Date established: November 1, 1995

II. Company History:

November 1995	The Company was established, with a capital size of NTD 50 million.
February 1997	Transformed to be a neutral IT logistics distributor.
June 1997	Obtained dealership for Hitachi displays and NS central processing units.
September 1997	Formed Kaohsiung Operating Location.
October 1997	Obtained the dealership for IBM hard disk drives.
November 1997	Obtained the dealership for Yuan Hsin displays.
	Obtained the dealership for AMD boxed CPUs.
	Obtained the dealership for SOYO motherboards.
April 1998	Obtained the dealership for EDIMAX network products.
May 1998	Obtained the dealership for TUL multi-media products.
	Formed Taichung Operating Location.
August 1998	Obtained the dealership for YOU GOT International Decaview displays.
October 1998	Capital increase in cash worth NTD 149 million; the paid-in capital size came to NTD 199 million.
December 1998	Obtained the dealership for KINGMAX memory modules.
January 1999	Obtained the dealership for WD hard disk drives.
	Obtained the dealership for Leadtek motherboards.
May 1999	Obtained the dealership for Taiwan NEC displays.
July 1999	Capital reduction worth NTD 89 million and capital increase in cash worth NTD 190 million; the paid-in capital size came to NTD 300 million and the Company was approved by the Securities and Futures Institute for public offering of shares.
	Obtained the exclusive dealership for Castlewood mobile hard disk drives (ORB).
August 1999	Obtained the dealership for US Lexmark printers.
October 1999	Honored with the Excellence Award from IBM for the sale of its hard disk drives in the Asia-Pacific Region.
January 2000	Formed Taoyuan Operating Location.
	Formed Tainan Operating Location.
April 2000	Obtained the dealership for EDIMAX hubs, routers, and switches.
July 2000	Capital increase in cash worth NTD 80 million; the paid-in capital size came to NTD 380 million.
August 2000	Obtained the dealership for SAMSUNG displays.
October 2000	Obtained the dealership for INTEL networks and servers.
November 2000	Obtained the dealership for US MAXTOR hard disk drives and network storage equipment.
December 2000	Obtained the dealership for MSI motherboards.
	Formed the System Department.
March 2001	Obtained the dealership for IBM's Redundant Array of Inexpensive Disks (RAID) units and RAID cards.
July 2001	Obtained the dealership for Maxtor's Quantum-series of hard disk drives as a result of Maxtor acquiring Quantum.
September 2001	Earnings-transferred capital increase worth NTD 60 million; the paid-in capital size came to NTD 440 million.
October 2001	TPEX-listed and traded officially over the counter.
	Reinvested in OXSI Technology Inc.
November 2001	Reinvested in Yongping Investment Ltd.
December 2001	Introduced the self-owned brand desktop personal computers.

January 2002	Obtained the dealership for VIA motherboards.
February 2002	Obtained the right of sell for DDR memory modules (manufactured in the Southern Taiwan Science Park).
March 2002	Capital increase in cash worth NTD 160 million; the paid-in capital size came to NTD 600 million.
October 2002	Obtained the exclusive dealership for Elite Mobility PC (DeskNote). Merged with Tian Han Information Co., Ltd.; capital increase worth NTD 46,675,730 and the paid-in capital size came to NTD 646,675,730. And obtained the dealership for HP printers, CANON printers, PHILIPS displays, and AUTODESK graphics software, etc. Acquired the equity of PRESTO as a result of the merger with Tian Han Information.
November 2002	Formed Hsinchu Operating Location, the branch office in Taichung, and the branch office in Kaohsiung. Reinvested in and formed the wholly-owned subsidiary DINGHAN INTERNATIONAL CORP.
January 2003	Earnings-transferred capital increase worth NTD 34,333,800; the paid-in capital size came to NTD 681,009,530.
March 2003	Introduced the multi-media product - Desktop II series.
April 2003	Obtained the exclusive dealership in Taiwan for Dyn whole series of fonts. Merged with Shuji Co., Ltd, and obtained the split for Department of Trading of Visual Equipment of REALLUSION INC.; capital increase worth NTD 135,000,000. The paid-in capital size came to NTD 816,009,530. Obtained the dealership for HP and COMPAQ servers and notebook computers, CISCO and ACCTON network products, CA safety management, storage and backup management, SYMANTEC anti-virus software, APC and PHOENIXTEC POWER CO., LTD. UPS, whose dealership originally belonged to Shuji. Obtained the dealership for NEC, IBM, PANASONIC, SHARP, SAMSUNG, and Coretronic computer projectors, INFOCUS, NEC, SHARP, and Coretronic AV projectors, FUJI, and XEROX color laser printers, among other products that were originally dealt with by Department of Trading of Visual Equipment of REALLUSION INC. Acquired ADVANCED SYSTEM & STORAGE CORP. as a result of merging with Shuji.
June 2003	Obtained the dealership for the IBM R-series and G-series of NOTEBOOKs.
September 2003	Earnings-transferred capital increase worth NTD 8,160,100; the paid-in capital size came to NTD 824,169,630.
December 2003	Issued unsecured convertible corporate bonds for the first time in the nation that are worth NTD 310 million.
March 2004	Obtained the dealership for VIEWSONIC CRT and LCD displays.
April 2004	Obtained the dealership for IBM servers.
November 2004	Obtained the exclusive dealership for HP Compaq nc4010 ultra-thin nano Bluetooth notebook computers.
March 2005	Obtained the dealership for VIEWSONIC LCD TVs.
December 2005	Obtained the dealership for EPSON printers and consumables.
July 2006	Wrote off treasure stock shares worth NTD 770,000; the paid-in capital size came to NTD 823,399,630.
November 2006	Wrote off treasure stock shares worth NTD 49,670,000; the paid-in capital size came to NTD 773,729,630.
February 2007	Obtained the dealership for ALTINA satellite GPS.
March 2007	Corporate bonds-transferred shares worth NTD 65,971,530; the paid-in capital size came to NTD 839,711,160.
June 2007	Reinvested in Landi International Co., Ltd.

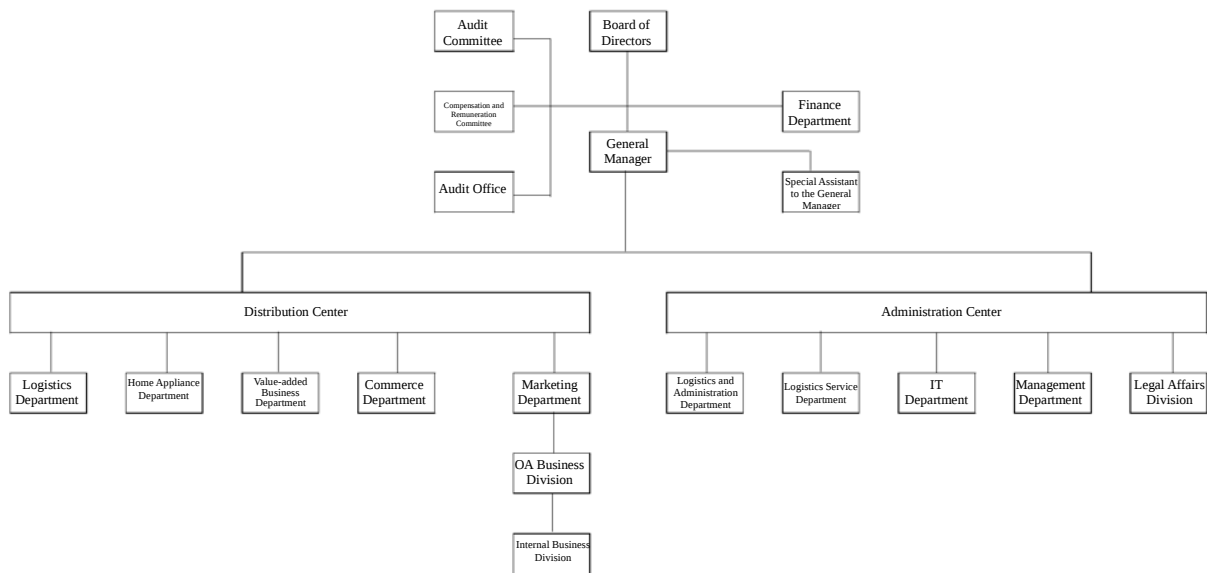
July 2007	Reinvested in Jiding International Co, Ltd.
August 2007	Issued the unsecured convertible corporate bonds worth NTD 300,000,000 for the second time in the country.
	Dealership for the distribution of TomTom One series GPS products.
October 2007	Dealership for HTC 3.5G Smart Phones and ultra-mobile mini computers (UMPCs).
February 2008	Dealership for BENQ projectors.
April 2008	Dealership for complete product lines of ADATA.
September 2008	Earnings-transferred capital increase worth NTD 25,191,030; the paid-in capital size came to NTD 864,892,190.
November 2008	Dealership for VIVITEC projectors.
	Dealership for BENQ LCD TVs.
January 2009	Dealership for MSI NBs and AIO.
April 2009	Dealership for add-on hard disk drives of Western Digital.
June 2009	Dealership for Galaxy display cards.
September 2009	Dealership for Team's ram modules and flash-related products.
October 2009	Earnings-transferred capital increase worth NTD 17,297,840; the paid-in capital size came to NTD 882,190,030.
January 2010	Dealership for AOC's LCD monitors.
February 2010	Dealership for Philips' monitors.
July 2010	Dealership for DELTA ELECTRONICS LED bulbs.
August 2010	Dealership for SAMSUNG LCD TVs.
	Dealership for Brother laser printers.
	Earnings-transferred capital increase worth NTD 26,465,700; the paid-in capital size came to NTD 908,655,730.
March 2011	Dealership for Dell home notebook computers.
	Dealership for Verbatin add-on hard disk drives.
May 2011	Dealership for Papago dashcams.
June 2011	Dealership for Tandberg video conference systems.
August 2011	Dealership for TP-Link network-related products.
December 2011	Dealership for AOC/Philip TVs.
January 2012	Dealership for Emerson UPS.
April 2012	Exercise of employee stock options with new shares issued worth NTD 240,000; the paid-in capital size came to NTD 908,895,730.
June 2012	Dealership for related products such as date core software products and support services.
July 2012	Dealership for SUNUP INTERNATIONAL GPS.
September 2012	Dealership for products such as Promise V Trak, Promise VessRAID. and others of PROMISE Technology.
	Dealership for DotHill Servers and Storages and other products.
July 2013	Dealership for TOM sports watch.
August 2013	Dealership for EPSON sports watches, NetAPP, big gorilla digital monitoring and image analytical software corporate servers.
October 2013	Dealership for JOYPLUX optical touch screens.
January 2014	Dealership for HEC Power Supply.
February 2014	Dealership for 3M humidifier, purifier, and Guider health watch.
August 2014	Dealership for Palo Alto Networks-related products.
March 2015	Dealership for Philips TV.
June 2015	Dealership for Seagate HDD.
August 2016	Dealership for Yuntu cloud tire pressure sensors series products.
September 2016	Dealership for Polaroid dashcams series products.
January 2017	Dealership for Lantic TV boxes, Bluetooth jukebox-related products.
March 2017	Dealership for Airmate fans, dehumidifiers, air purifiers, among other products.

June 2017	Dealership for TouchIT large touch-screen displays-related products.
September 2017	Dealership for Zspace virtual reality/augmented reality-series products. Dealership for Logitech video conference related products.
October 2017	Dealership for PQI SSD series products. Dealership for Aftershokz Bone Conduction Headphones series products.
December 2017	Dealership for AOC TV series products.
February 2018	Dealership for VIA SSD series products.
April 2018	Dealership for Philips illumination series products.
June 2018	Dealership for NEO FORZA SSD and storage memory card-series products.
August 2018	Dealership for NAKIVO backup software products.
October 2018	Dealership for XROUND audio-effect engine series products.
November 2018	Dealership for Ruckus network series products.
February 2019	Dealership for Panasonic batteries series products.
August 2019	Dealership for Philips AV series products.
September 2019	Dealership for Philips LCD products.
November 2019	Dealership for iON health management products.
December 2019	Dealership for PNY storage cards and memories series products.
March 2020	Dealership for AREX products.
July 2020	Dealership for DirtDevil vacuum cleaners products.
October 2020	Dealership for CleanMate robot cleaners series products.
March 2021	Dealership for Gigabyte servers series products.
June 2021	Dealership for Altos workstations series products.
August 2021	Dealership for ASUSTOR NAS series products.
September 2021	Dealership for DigiKing TV series products.
October 2021	Dealership for Philips water series products.
December 2021	Dealership for Philips massage series products.
March 2022	Dealership for AMD CPUs series products.

C. Corporate Governance Report

I. Organization System

(I)Organizational Structure



(II) Major Departments and Their Scope of Operation

Department	Main responsibilities
Audit Committee	⊙ Appropriate expression of the Company's financial statements. ⊙ Selection (Dismissal) of CPAs and their independence and performance. ⊙ Effective implementation of the Company's internal control. ⊙ Compliance with applicable laws, regulations, and rules. ⊙ Control over existing or potential risks.
Compensation and Remuneration Committee	⊙ Periodically reflects upon the policies, systems, standards, and structures for the performance evaluation and compensation and remuneration for directors and managers. ⊙ Periodically evaluates and defines the compensation and remuneration for directors and managers.
General Manager's Office	⊙ Helps the General Manager plan the corporate operational policy. ⊙ Helps the General Manager keep track of operations at respective departments throughout the Company. ⊙ Helps the General Manager with external correspondences.
Audit Office	⊙ Promotes operational performance. ⊙ Helps the management team review internal control and enforce it. ⊙ Helps applicable enterprises with the overall strategic operational planning and implementation. ⊙ Enhances the reliability and integrity of information. ⊙ Effectively runs managerial control and accounting control and provides advice.
Distribution Center	⊙ Manages related operations at the Logistics Department, the Value-added Business Department, the Home Appliance Department, the Commercial Business Department, the Internal Service Division, and the Marketing Department. ⊙ Defines and enforces the marketing and distribution strategies for distributors and products dealt with. ⊙ Explores distributors, dealers, and customers for exceptional products and maintains customer relations. ⊙ Plans and enforces strategic marketing activities of distributors and products dealt with. ⊙ Plans and enforces marketing of developers' new products. ⊙ Plans and enforces various marketing events and promotions for the year. ⊙ Sets up the website and plans platform-based distribution and strategies, and promotes operations. ⊙ Industrial intelligence on the market and industrial dynamics investigation.
Logistics Department	⊙ Distributes hard disk drives, CPUs, memory modules, printers, personal computers, and displays, among other peripheral computer equipment and takes charge of the development and management of distribution networks. ⊙ Manages, collaboratively distributes, and distributes projectors, video conference equipment and LCD displays, servers, personal computers, and network equipment, among other products. ⊙ Comprehensively evaluates, introduces and sells computer products and develops and maintains dealerships. ⊙ Takes charge of planning and enforcing product marketing, advertising, public relations, and promotional documents and boosting the promotion of commodities.
Value-added Business Department	⊙ Takes charge of distributing value-added products and developing and managing distribution networks. ⊙ Comprehensively evaluates, introduces and sells computer products and develops and maintains dealerships. ⊙ Takes charge of planning and enforcing product marketing, advertising, public relations, and promotional documents and boosting the promotion of commodities.

Department	Main responsibilities
Commerce Department	◎ Takes charge of the sale of networks, information security, storage equipment, and software, among other commercial products and also the development and management of distribution networks. ◎ Takes charge of servicing and technical support for product lines.
Home Appliance Department	◎ Takes charge of distributing home appliance products and developing and managing home appliance distribution networks. ◎ Comprehensively evaluates, introduces and sells home appliance and develops and maintains dealerships. ◎ Takes charge of planning and enforcing product marketing, advertising, public relations, and promotional documents and boosting the promotion of commodities. ◎ Takes charge of the safety transport of home appliances and after-sales service for Philips TVs/AOC TVs/PHILIPS filters, among others.
OA Business Division	◎ Responsible for OA channel development. ◎ Responsible for promoting OA products. ◎ Responsible for introducing related products to OA channels.
Internal Business Division	◎ Responsible for peripheral small distributors business, distributor development, and customer relationship maintenance. ◎ Optimize the UI interface of dealer section on the official website, brainstorm activities. ◎ Assist in promoting strategic products, expanding the number of transactions.
Marketing Department	◎ Plans and enforces marketing events, analyzes data, and performs market surveys reflective of the internal needs of the Company and the needs of developers and customers and analyzes the benefits and provides advice. ◎ Communicates and coordinates internally and creates and plans external images, prepares corporate promotional documents and public relations press releases, approaches collaborators for talks, and plans accordingly. ◎ Plans and edits, designs, prepares, and updates the corporate website, B2B, FB, and Line@, among other media.
Administration Center	◎ Comprehensive management - administrative operations and management of the Logistics and Administration Department, Logistics Service Department, IT Department, Management Department, and Legal Affairs Division. ◎ Logistics - Takes charge of reviewing receipt for related purchase/sale/inventory processes and controlling indicators. ◎ Logistics service - Centrally takes care of warehousing, delivery, and after-sales service-related operations of products. ◎ IT - Plans the IT development/management, network environment and framework development for the Company. ◎ Management - Organize human resources work in the Company and handle the maintenance of equipment and resources. ◎ Legal affairs - Provide consultation, handle, or represent legal-related events.
Logistics and Administration Department	◎ Provides the operational management statements. ◎ Takes charge of reviewing and managing receipt for related purchase/sale/inventory processes. ◎ Takes charge of summarizing respective internal and external benchmark goals of respective PMs and calculating and managing the performance. ◎ Takes charge of managing the reviews of related costs submitted for approval. ◎ Comprehensively manages commodity archiving, procurement, order placement, receiving of materials, allocation of goods, and inventory control. ◎ Takes charge of controlling prices, handling developer accounts, and reviewing related expenses. ◎ Prepares the purchase/sale/inventory statements.
Logistics Service	◎ Comprehensively handles logistics such as warehousing, delivery, and

Department	Main responsibilities
Department	after-sales service of commodities, including the Warehouse Division, the Transport Division, and the Customer Service Division. ◎ Takes charge of planning the receiving/dispatching operating procedures, preparing the warehousing efficiency and quality indicators, and improving the overall process. ◎ Takes charge of ensuring safety on premises and safety of goods, managing and maintaining equipment, and managing the inventory of packaging materials for goods received and dispatched. ◎ Takes charge of allocating self-owned and contractor vehicles and planning the delivery routes to ensure timely shipments and deliveries and operational quality. ◎ Takes charge of approving and reporting subsidies for self-owned vehicles/costs of warehousing and costs of contractor shipments. ◎ Takes charge of customer service, service, RMA, and renovations, determining the operational time-efficiency and quality indicators, improving the overall process, and enhancing the level of customer service. ◎ Takes charge of discussing and confirming after-sales service contracts with suppliers in order to secure after-sales service resources and manage service lots and parts. ◎ Compiles, analyzes, and reports warehousing and customer service management statements.
IT Department	◎ Information system planning and management. ◎ Overall network construction and management. ◎ Information system design, development, and implementation. ◎ Information outsourcing business management. ◎ Manages the database. ◎ Daily maintenance of information systems.
Management Department	◎ Performs tasks inside the organization concerning human resources, including recruitment and screening, training and development, compensation/remuneration and welfare, employee relations, and performance evaluation, among others. ◎ Maintains and purchases the equipment and corporate resources inside the institution, beautifies the office setting, plans repairs, repairs utilities, manages public vehicles, telecommunications and mails, industrial safety and health, etc.
Legal Affairs Division	◎ Provide consultation, handle, or represent legal-related events. ◎ Collecting and organizing legal information, and assisting lawyers in handling major litigation cases. ◎ Establishment, maintenance, and inspection of legal records.
Finance Department	◎ Reviews annual budget and settlement. ◎ Creates and enforces the accounting system. ◎ Takes care of general accounting affairs. ◎ Plans and allocates company-wide funds and interactions with financial institutions, general cashier operations, etc. ◎ Takes charge of comprehensively managing corporate accounts and credit lines, among others.

II. Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers

(I) Information on Directors

April 18, 2023

Job title	Nationality or place of registration	Name	Gender age	Date of election (appointment)	Term of office	Commencement date of first term	No. of shares held at time of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Chairman	R.O.C.	Hung Mao Investment Co., Ltd. Representative: Wen-Chi Chen	Male 61 ~ 70 years old	20210720	3 years	19980309	22,989,868	25.29%	22,989,868	25.29%	0	0	0	0	Master in Electrical Engineering, California Institute of Technology General Manager of US SYMPHONY	Chairman and General Manager of VIA Technologies, Inc. Director of HTC Corporation Chairman of VIA Labs, Inc. Chairman of TVBS Media Inc. (Corporate Representative) Director of CW & ET Link Inc. Director of Way-Chih Investment Co., Ltd. Director of Hsin-Tong Investment Co., Ltd. Director of Kun-Chang Investment Co., Ltd. Director of Hung Mao Investment Co., Ltd. Director of Chuan Te Investment Co., Ltd. Director of Liwei Investment Co., Ltd. Director of Viveport Digital Corporation (Corporate Representative) Director of REIGN Technology Corporation (Corporate Representative) Director of DeepQ Technology Corp. (Corporate Representative) Director of VIVE Arts Corporation (Corporate Representative) Director of UOMO VITRUVIANO CORPORATION (Corporate Representative) Director of HungXu Technology Corporation (Corporate Representative) Director of HungYao Technology Co, Ltd. (Corporate Representative) Director of ASIAPLAY TAIWAN DIGITAL ENTERTAINMENT LTD. (Corporate Representative)	Directors Directors General Manager	Cher Wang Che Chen Wen-Kang Chen	Spouse Brother-in-law	Not applicable
	R.O.C.			20210720	3 years	19980309	4,834,147	5.32%	4,834,147	5.32%	3,584,748	3.94%	0	0						

Job title	Nationality or place of registration	Name	Gender age	Date of election (appointment)	Term of office	Commencement date of first term	No. of shares held at time of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Directors	R.O.C.	Hung Mao Investment Co., Ltd. Representative: Cher Wang	Female 61 ~ 70 years old	20210720	3 years	19980309	22,989,868	25.29%	22,989,868	25.29%	0	0	0	0	Department of Economics, University of California, Berkeley General Manager at the PC Department of First International Computer Chairman of VIA Technologies, Inc.	Chairman and General Manager of HTC Corporation Chairman of H.T.C. (B.V.I) Corp. (Corporate Representative) HTC Investment One (BVI) Chairman of Corporation (Corporate Representative) Chairman of HTC Investment Co., Ltd. (Corporate Representative) Director of High Tech Computer Asia Pacific Pte. Ltd. (Corporate Representative) Director of VIA Technologies, Inc. Director of VIA Labs, Inc. Director of TVBS Media Inc. (Corporate Representative) Director of Formosa Plastics Corporation Independent non-executive director of Lenovo Group Ltd. Director of CW & ET Link Inc. Director of Way-Chih Investment Co., Ltd. Director of Hsin-Tong Investment Co., Ltd. Director of Kun-Chang Investment Co., Ltd. Director of Hung Mao Investment Co., Ltd. Director of Chuan Te Investment Co., Ltd. Director of Liwei Investment Co., Ltd. Chairman of Viveport Digital Corporation (Corporate Representative) Chairman of REIGN Technology Corporation (Corporate Representative) Chairman of DeepQ Technology Corp. (Corporate Representative) Director of VIVE Ants Corporation (Corporate Representative) Chairman of UOMO VITRUVIANO CORPORATION (Corporate Representative) Chairman of HungXu Technology Corporation (Corporate Representative) Chairman of HungYao Technology Co, Ltd. (Corporate Representative) Director of ASIAPLAY TAIWAN DIGITAL ENTERTAINMENT LTD. (Corporate Representative)	Chairman Directors General Manager	Wen-Chi Chen Che Chen Wen-Kang Chen	Spouse In-law In-law	Not applicable
	R.O.C.			20210720	3 years	20170616	3,584,748	3.94%	3,584,748	3.94%	4,834,147	5.32%	0	0						

Job title	Nationality or place of registration	Name	Gender age	Date of election (appointment)	Term of office	Commencement date of first term	No. of shares held at time of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Directors	R.O.C.			20210720	3 years	19980309	2,694,647	2.96%	2,694,647	2.96%	0	0	0	0		Chairman of INTUMIT INC. (Corporate Representative) Director of POWER RADIO CO., LTD. (Corporate Representative) Director of Neweb Technologies Co., Ltd. (Corporate Representative) Director of Chander Electronics Corp. (Corporate Representative) Director of TVBS Media Inc. (Corporate Representative) Independent Director of Ledlink Optics, Inc. Supervisor of CW & ET Link Inc. Supervisor of Way-Chih Investment Co., Ltd. Supervisor of Hsin-Tong Investment Co., Ltd. Supervisor of Kun-Chang Investment Co., Ltd. Supervisor of Hung Mao Investment Co., Ltd. Supervisor of Chuan Te Investment Co., Ltd. Supervisor of Liwei Investment Co., Ltd.	None	None	None	Not applicable
	R.O.C.	Chuan Te Investment Co., Ltd. Representative: Yuh-Ta Chang	Male 51 ~ 60 years old	20210720	3 years	20160329	0	0	0	0	0	0	0	0	Graduate Institute of Finance, National Taiwan University					
Directors	R.O.C.	Chuan Te Investment Co., Ltd. Che Chen	Male 71 ~ 80 years old	20210720	3 years	19980309	2,694,647	2.96%	2,694,647	2.96%	0	0	0	0	Ph.D in Chemical Engineering, University of Florida, USA Assistant Manager at the Doors/Windows Department of Nan Ya Plastics Corporation	None	Chairman Directors	Wen-Chi Chen Cher Wang	Brother In-law	Not applicable
				20210720	3 years	19980309	918,763	1.01%	918,763	1.01%	9,763	0.01%	0	0						
Independent directors	R.O.C.	Dao-Song Chen	Male 61 ~ 70 years old	20210720	3 years	20150602	0	0	0	0	0	0	0	0	Department of Business Administration, National Taipei University of Business CPA at Deryu Certified Public Accountants	Independent Director of Chander Electronics Corp. Independent Director of VATE TECHNOLOGY CO., LTD. Independent Director of HLJ TECHNOLOGY CO., LTD. CPA at Deryu Certified Public Accountants	None	None	None	Not applicable
Independent directors	R.O.C.	Hsuan-Hsuan Chen	Male 71 ~ 80 years old	20210720	3 years	20150602	0	0	0	0	0	0	0	0	Department of Electronics Computer Engineering, Tamkang University Associate Research Fellow at the ERSO of ITRI Associate Manager	Chairman of DiD Social Enterprise Co., Ltd. Taipei Chairman of the Taipei Parents' Association for the Visually Impaired	None	None	None	Not applicable

Job title	Nationality or place of registration	Name	Gender age	Date of election (appointment)	Term of office	Commencement date of first term	No. of shares held at time of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
															at the Marketing Department of United Microelectronics Corporation General Manager of the Branch Office in the US of Accton					
Independent directors	R.O.C.	Wen-Hua Liao	Male 41 ~ 50 years old	20210720	3 years	20210720	0	0	0	0	0	0	0	0	Chairman of ROC House of Dreams Association	Chairman of ROC House of Dreams Association Independent Director of Acer Synergy Tech Corp. Independent Director of Acer Gaming Inc.	None	None	None	Not applicable

Major shareholders of corporate shareholders

April 22, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
Hung Mao Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (19.9%), VIA Faith and Love Charity Foundation (19.9%), Charitable Trust Social Welfare Fund (19.9%), New Taiwan Peace Foundation (19.9%)
Chuan Te Investment Co., Ltd.	Chinese Christian Faith and Love Foundation (19.9%), VIA Faith and Love Charity Foundation (19.9%), Charitable Trust Social Welfare Fund (19.9%), New Taiwan Peace Foundation (19.9%)

Note: All the major shareholders who are corporate shareholders as mentioned above are charity groups that do not have their own shareholders and hence no names of their major shareholders are provided.

Information on Directors (2)

I. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualification Name	Professional qualifications and experience	Independence analysis (Note 1)	No. of other public companies at which the person concurrently serves as an independent director
Directors Wen-Chi Chen	1.With engineering background and professional managerial skills as high-ranking officer. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Not applicable	0
Directors Cher Wang	1.With economics and sales backgrounds and professional managerial skills as high-ranking officer. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Not applicable	0
Directors Yuh-Ta Chang	1.With the work experience needed for commercial, financial, or corporate operations. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Not applicable	1
Directors Che Chen	1.With the work experience needed for commercial or corporate operations. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Not applicable	0
Independent directors Dao-Song Chen	1.With the work experience needed for commercial, financial, or corporate operations and none of the conditions under Article 30 of the Company Act. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Fulfillment of all conditions about independence analysis in (1) ~ (4)	3
Independent directors Hsuan-Hsuan Chen	1.With the work experience needed for commercial or corporate operations and none of the conditions under Article 30 of the Company Act. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Fulfillment of all conditions about independence analysis in (1) ~ (4)	0
Independent directors Wen-Hua Liao	1.With the work experience needed for commercial or corporate operations and none of the conditions under Article 30 of the Company Act. 2.For the education and experience, refer to the information provided under “Information about the Directors, Supervisors, General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers” for details.	Fulfillment of all conditions about independence analysis in (1) ~ (4)	2

Note 1: The independence analysis is as follows:

- (1) Including, without limitation, the person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates.

- (2) The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company.
- (3) No a director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 3 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
- (4) The amount of rewards received for commercial, legal, financial, or accounting services provided to the Company or its affiliates in the most recent 2 years.

II. Diversification and Independence of Board of Directors:

(I)Diversification of Board of Directors:

The diversification policy on directors is already specified in Article 20 of the “Corporate Governance Best-Practice Principles” approved by the Company’s Board of Directors:

The Company’s Board of Directors shall guide the Company on strategies, supervise the management, report to the Company and the shareholders, and shall ensure compliance with the requirements in laws and regulations and the Articles of Incorporation or decisions made during the shareholders’ meeting while exercising its functions in respective operations and arrangements about the corporate governance system.

The Company’s Board of Directors shall consist of a suitable number of directors between 5 to 7 reflective of the corporate operational scale and the shareholding status of respective major shareholders and taking practical operational demand into consideration.

Diversification shall be taken into consideration for the composition of the Board of Directors. Besides the fact that the number of directors who are also the Company’s managers may not account for more than one-third of all directors, a suitable diversification policy shall be prepared reflective of its function, operational pattern, and developmental demand. It shall include, without limitation, the following two major criteria:

I. Basic criteria and values: Gender, age, nationality, race or ethnicity, and culture, etc.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

Members of the Board of Directors shall possess the knowledge, skills, and attainments needed to perform their duties. The capabilities expected of the Board of Directors as a whole for the sake of achieving the ideal goals of corporate governance are as follows:

I. Operational judgment.

II. Accounting and financial analysis.

II. Operation and management skills.

IV. Crisis management skills.

V. Industrial knowledge.

VI. International market views.

VII. Leadership skills.

VIII. Decision-making skills.

In order for directors to consist of different professional backgrounds, the target is to have at least 30% of the directors specializing in finance and accounting; currently there are 2 directors specializing in finance and accounting (29%). None of the directors are the Company’s employees. The Company values gender equality in the composition of its Board of Directors. There is one female director. Female directors account for 14% of all directors.

Diversification project	Nationality	Gender	age			Industrial experience			Professionalism	
Names of Directors			60 years old and younger	61 ~ 70 years old	71 ~ 80 years old	Finance and accounting	Operation and management	Leadership	Finance and accounting	Risk management
Hung Mao Investment Co., Ltd. Representative: Wen-Chi Chen	R.O.C.	Male		√		√	√	√		√
Hung Mao Investment Co., Ltd. Representative: Cher Wang	R.O.C.	Female		√		√	√	√		√
Chuan Te Investment Co., Ltd. Representative: Yuh-Ta Chang	R.O.C.	Male	√			√	√	√	√	√
Chuan Te Investment Co., Ltd. Representative: Che Chen	R.O.C.	Male			√	√	√	√		√
Dao-Song Chen	R.O.C.	Male		√		√	√	√	√	√
Hsuan-Hsuan Chen	R.O.C.	Male			√	√	√	√		√
Wen-Hua Liao	R.O.C.	Male	√			√	√	√		√

(II) Independence of Board of Directors:

The Company's Board of Directors consists of 7 directors in total, including 3 independent directors. The independent directors account for 43% of all directors. Members of the Board of Directors are independent and are free of the conditions specified in Paragraphs 3 and 4 under Article 26-3 of the Securities and Exchange Act. Among the members, only Director Wen-Chi Chen and Director Cher Wang are the spouse of each other. Other independent directors or directors are not the spouse or a relative within the second degree of kinship of one another.

(II) Information about the General Managers, Assistant General Managers, Assistant Managers, and Departmental and Branch Officers:

April 18, 2023

Job title	Nationality	Name	Gender	Date of election (appointment)	Number of shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held in any other company	Other manager(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
General Manager	R.O.C.	Wen-Kang Chen	Male	2016.10.11	0	0	0	0	0	0	College/university Manager of Cathay Pacific Airways	Chairman of DINGHAN INTERNATIONAL CORP.	None	None	None	Not applicable
Executive Vice President	R.O.C.	Hsun-Long Huang	Male	2018.01.01	0	0	0	0	0	0	Department of Business Administration, Lunghwa University of Science and Technology Product Manager of TECO Corporation Sales Manager of Hung Chi Network Co., Ltd. Assistant Manager of Xander International Products Assistant General Manager of Xander International Products	Director of DINGHAN INTERNATIONAL CORP.	None	None	None	Not applicable
Vice President	R.O.C.	Cai-Rong Lin	Female	2023.01.01	6,720	0.01%	0	0	0	0	Department of International Trade, Ming Chuan University Sales Assistant, Homlan International Corporation Forwarding Administrator, Yubang Trade Shuji Co., Ltd, Internal Business Supervisor	None	None	None	None	Not applicable
Senior Assistant Manager	R.O.C.	Chi-Ting Lee	Female	2023.01.01	3,215	0.00%	0	0	0	0	Department of Electronic Data Processing, National Taichung University of Science and Technology Project Associate Manager, Genuine C&C, Inc. Procurement of CHANCE PRESENT CO.	None	None	None	None	Not applicable
Assistant Manager	R.O.C.	Ying-Ji Lee	Male	2016.10.01	0	0	598	0.00%	0	0	Department of Computer Science, Chinese Culture University Sales Representative of Han Feng Technology Co., Ltd. Sales Representative of Jialun Technology	None	None	None	None	Not applicable

Job title	Nationality	Name	Gender	Date of election (appointment)	Number of shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held in any other company	Other manager(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relationship	
Assistant Manager (Financial Officer/ Accounting Officer/ Corporate Governance Officer)	R.O.C.	Bin-Hai He	Male	2019.08.06	0	0	0	0	0	0	Master in Business Administration, National Taiwan Normal University Chief Financial Officer of BAUI Biotech Co., Ltd. Assistant Manager at the Finance Department of PTSC	Director of DINGHAN INTERNATIONAL CORP.	None	None	None	Not applicable
Assistant Manager	R.O.C.	Guo-Kun Chen	Male	2018.04.01	0	0	0	0	0	0	Department of Business Administration, Tunghai University EMBA, Tunghai University Manager of TAIWAN ARIES CO., LTD.	None	None	None	None	Not applicable
Assistant Manager	R.O.C.	Chen-Hua Huang	Female	2023.01.01	0	0	0	0	0	0	Department of General Commerce, Qiang Shu High School Procurement of WRESELE CO., LTD. Procurement of TAIRONE Energy Saving Technology Co., Ltd.	None	None	None	None	Not applicable
Senior Assistant Manager	R.O.C.	Shih-Yu Fang	Male	2023.01.01	0	0	0	0	0	0	Division of Mechanical Engineering, Ming Chi University of Technology Manager of FUJIFILM Business Innovation Taiwan Co., Ltd. Assistant Manager of FUJI XEROX ASIA PACIFIC PTE LTD TAIWAN BRANCH (SINGAPORE)	None	None	None	None	Not applicable
Assistant Manager	R.O.C.	Yu-Ze Chang	Male	2023.01.01	0	0	0	0	0	0	Department of Mechanical Engineering, Hwa Hsia University of Technology Sales Representative of Taiwan Jih Jia Co., Ltd. Sales Representative of BETTER GROUP CO., LTD.	None	None	None	None	Not applicable
Assistant Manager	R.O.C.	Yi-Fan Liu	Male	2021.01.01	0	0	0	0	0	0	Executive Master of Business Administration, National Taiwan Normal University Project Associate Manager of MITAC INCORPORATED Project Associate Manager of D-Link Corporation	None	None	None	None	Not applicable

III. Remuneration to Directors, General Managers and Assistant General Managers in the Most Recent Year:

(I) Remuneration to Ordinary Directors and Independent Directors

2023; Unit: NTD thousand/thousand shares

Job title	Name	Remuneration to directors								Sum of A + B + C + D and ratio to net income after tax (%)		Remuneration received by directors for concurrent service as an employee								Sum of A + B + C + D + E + F + G and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company	
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)							
		The Com- pany	All consoli- dated entities	The Com- pany	All consoli- dated entities	The Com- pany	All consoli- dated entities	The Com- pany	All consoli- dated entities	The Com- pany	All consoli- dated entities	The Com- pany	All consoli- dated entities	The Com- pany	All consoli- dated entities	The Company		All consolidated entities		The Company	All consoli- dated entities		
																Amount in cash	Amount in stock	Amount in cash	Amount in stock				
Chairman	Hung Mao Investment Co., Ltd.																						
	Representative Wen-Chi Chen	0	0	0	0	31	31	0	0	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	None	
Directors	Hung Mao Investment Co., Ltd.																						
	Representative Cher Wang	0	0	0	0	31	31	2	2	0.16	0.16	0	0	0	0	0	0	0	0	0.16	0.16	None	
Directors	Chuan Te Investment Co., Ltd.																						
	Representative Yuh-Ta Chang	0	0	0	0	31	31	10	10	0.20	0.20	0	0	0	0	0	0	0	0	0.20	0.20	None	
Directors	Chuan Te Investment Co., Ltd.																						
	Representative Che Chen	0	0	0	0	31	31	10	10	0.20	0.20	0	0	0	0	0	0	0	0	0.20	0.20	None	
Independent directors	Dao-Song Chen	240	240	0	0	31	31	25	25	1.41	1.41	0	0	0	0	0	0	0	0	1.41	1.41	None	
Independent directors	Hsuan-Hsuan Chen	240	240	0	0	31	31	20	20	1.39	1.39	0	0	0	0	0	0	0	0	1.39	1.39	None	
Independent directors	Wen-Hua Liao	240	240	0	0	31	31	20	20	1.39	1.39	0	0	0	0	0	0	0	0	1.39	1.39	None	
*The remuneration to the Company's independent directors includes the costs of transportation and payment for attendance in Board of Directors meetings and the meetings of functional committees, the fixed compensation payable to members of functional committees, and the remuneration to directors set aside as required by the Articles of Incorporation. The above-said fixed compensation is to be advised by the Company's Compensation and Remuneration Committee having referred to the counterpart levels and the time devoted by and the responsibilities undertaken by respective independent directors and is finalized upon approval by the Board of Directors. *Besides those disclosed in the above table, remuneration paid to directors in the most recent year for the services provided (such as working as a consultant who is not an employee at the parent company/all affiliates/reinvested businesses included in the financial statements): None. *The remuneration disclosed herein differs from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.																							

(II) Remuneration to the General Manager and Assistant General Manager

2023; Unit: NTD thousand/thousand shares

2023; Unit: NTD thousand/thousand shares

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A + B + C + D and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
General Manager	Wen-Kang Chen	11,042	11,042	0	0	0	0	0	0	0	0	52.64	52.64	None
Executive Vice President	Hsun-Long Huang													
Vice President	Cai-Rong Lin													

Note: 1. The actual retirement and pension paid was NTD 0 thousand and that set aside came to NTD 291 thousand.

Remuneration Range Table

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Names of General Manager(s) and Assistant General Manager(s)	
	The Company	All consolidated entities
Less than NTD 1,000,000	-	-
NTD 1,000,000 (incl.) ~ NTD 2,000,000 (excl.)	Cai-Rong Lin	Cai-Rong Lin
NTD 2,000,000 (incl.) ~ NTD 3,500,000 (excl.)	Hsun-Long Huang	Hsun-Long Huang
NTD 3,500,000 (incl.) ~ NTD 5,000,000 (excl.)	-	-
NTD 5,000,000 (incl.) ~ NTD 10,000,000 (excl.)	Wen-Kang Chen	Wen-Kang Chen
NTD 10,000,000 (incl.) ~ NTD 15,000,000 (excl.)	-	-
NTD 15,000,000 (incl.) ~ NTD 30,000,000 (excl.)	-	-
NTD 30,000,000 (incl.) ~ NTD 50,000,000 (excl.)	-	-
NTD 50,000,000 (incl.) ~ NTD 100,000,000 (excl.)	-	-
NTD 100,000,000 or above	-	-
Total	3 people	3 people

(III) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company:

2023; Unit: NTD thousand/thousand shares

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A + B + C + D and ratio to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock					
General Manager	Wen-Kang Chen	6,260	6,260	0	0	0	0	0	0	0	0	29.84	29.84	None
Executive Vice President	Hsun-Long Huang	2,945	2,945	0	0	0	0	0	0	0	0	14.04	14.04	None
Assistant Manager (Financial Officer/Accounting Officer/Corporate Governance Officer)	Bin-Hai He	2,076	2,076	0	0	0	0	0	0	0	0	9.90	9.90	None
Assistant Manager	Yi-Fan Liu	2,047	2,047	0	0	0	0	0	0	0	0	9.76	9.76	None
Assistant Manager	Chen-Hua Huang	1,940	1,940	0	0	0	0	0	0	0	0	9.25	9.25	None

Note: 1. The actual retirement and pension paid was NTD 0 thousand and that set aside came to NTD 423 thousand.

(IV) Names of Managers Entitled to Remuneration to Employees and Distribution Status:

2023; Unit: NTD thousand

	Job title	Name	Amount in stock	Amount in cash	Total	Ratio of sum to net income after tax (%)
Manager	General Manager	Wen-Kang Chen	0	0	0	0
	Executive Vice President	Hsun-Long Huang				
	Vice President	Cai-Rong Lin				
	Senior Assistant Manager	Chi-Ting Lee				
	Senior Assistant Manager	Shih-Yu Fang				
	Assistant Manager (Financial Officer/Accounting Officer/Corporate Governance Officer)	Bin-Hai He				
	Assistant Manager	Yi-Fan Liu				
	Assistant Manager	Guo-Kun Chen				
	Assistant Manager	Ying-Ji Lee				
	Assistant Manager	Chen-Hua Huang				
	Assistant Manager	Yu-Ze Chang				

- (V) Respectively compare and describe the analysis of the proportion of total remuneration paid to the Company's Directors, Supervisors, General Manager and Assistant General Manager by the Company and all the companies listed in the consolidated statements in the most recent two years to the Net Income After Tax in individual financial statements, and describe the policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk:

	Ratio of Total Remuneration of 2023 to Net Income After Tax		Ratio of Total Remuneration of 2022 to Net Income After Tax	
	The Company	All companies included in the Consolidated Statement	The Company	All companies included in the Consolidated Statement
Directors	4.90%	4.90%	3.70%	3.70%
General Managers and Assistant General Managers	52.64%	52.64%	33.11%	33.11%

1. The independent directors of the Company receive fixed remuneration monthly. If the Company is profitable for the year, director's remuneration not exceeding 1% of the annual profit shall be allocated in accordance with Article 19 of the Company's Articles of Incorporation. This takes into account the Company's operating performance, financial condition, and director's responsibilities, and is linked to operational performance and profitability. After review by the Compensation and Remuneration Committee, it is submitted to the Board of Directors for resolution.
2. Remuneration to managers includes the salary and bonus. The salary, in particular, takes into reference counterpart levels and the title, position, education and experience, professionalism, and responsibilities and follows the Salary Payment Criteria of the Company while the bonus is highly linked to operational performance and includes financial indicators (such as corporate revenue and net profit fulfillment rate) and non-financial indicators (such as the prevention against operational risk or major deficiencies) for its payment. In addition, the Company already set up its Compensation and Remuneration Committee on December 27, 2011 to periodically discuss the compensation and remuneration policy and structure of the Company's directors and managers.

IV. Status of Corporate Governance

(I) Operation of the Board of Directors:

1. Operation of the Board of Directors

The Board of Directors met 4 times in the most recent year and the attendance (seating) of directors in the meetings was as follows:

Job title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) [B/A]	Remarks
Chairman	Hung Mao Investment Co., Ltd. Representative: Wen-Chi Chen	0	4	0%	None
Directors	Hung Mao Investment Co., Ltd. Representative: Cher Wang	1	3	25%	None
Directors	Chuan Te Investment Co., Ltd. Representative: Yuh-Ta Chang	4	0	100%	None
Directors	Chuan Te Investment Co., Ltd. Representative: Che Chen	4	0	100%	None
Independent directors	Dao-Song Chen	4	0	100%	None
Independent directors	Hsuan-Hsuan Chen	4	0	100%	None
Independent directors	Wen-Hua Liao	3	1	75%	None

Other information required to be disclosed:

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
 - (I) Any matter under Article 14-3 of the Securities and Exchange Act: The Company has the Audit Committee in place; the requirement under Article 14-3 of the Securities and Exchange Act does not apply. For related information, please refer to the Operation of the Audit Committee herein.
 - (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any Board resolution: This did not happen.
- II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: This did not happen.
- III. For a TWSE or TPEX-listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Implementation of Evaluations of the Board of Directors:
The Company already completed the 2023 Board of Directors evaluation before the first quarter of 2024, the Board of Directors as a whole, the functional committees (Compensation and Remuneration Committee and Audit Committee) and respective directors were evaluated. The fulfillment rates of both self or peer evaluations were above 90%; that is, operations in all respects were optimal. The results were reported to the Board of Directors on 2024/3/7.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	Board of Directors, Respective Directors, and Functional Committees (Compensation	1. Internal self-assessment of Board of Directors 2. Self-assessment of directors 3. The evaluation is performed by an	1. Board of Directors Performance Evaluation: involvement in corporate operations, enhanced decision-making quality of the Board of Directors, composition and structure

			and Remuneration Committee and Audit Committee)	external professional independent organization or external expert team once every three years	of the Board of Directors, election and continuing education of directors, internal control 2. Individual Directors Performance Evaluation: keeping track of the Company's goals and missions, awareness of the duties of directors, involvement in the Company's operation, internal relations management and communication, professional and continuing education for directors, internal control 3. Audit Committee Performance Evaluation: involvement in the Company's operation, awareness of the duties of Audit Committee, enhanced decision-making quality of Audit Committee, composition and member election of Audit Committee, internal control 4. Compensation and Remuneration Committee Performance Evaluation: involvement in the Company's operation, awareness of the duties of Compensation and Remuneration Committee, enhanced decision-making quality of Compensation and Remuneration Committee, composition and member election of Compensation and Remuneration Committee, internal control
IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof: Give an evaluation of the company's targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years and the implementation status, please refer to "(II) Operation Status of the Audit Committee", "(III) Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons", and "(IV) Composition, Responsibilities, and Operations of the Compensation and Remuneration Committee, If Available" of "Status of Corporate Governance" herein.					

(II) Operation of the Board of Directors

The Audit Committee met 4 times in the most recent year (A) and the attendance (seating) of independent directors in the meetings was as follows:

Job title	Name	Number of actual attendance (B)	No. of meetings attended by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent directors	Dao-Song Chen	4	0	100%	-
Independent directors	Hsuan-Hsuan Chen	4	0	100%	-
Independent directors	Wen-Hua Liao	3	1	75%	-

Other information required to be disclosed:

I. If the Audit Committee has any of the following circumstances, the date and session number of the meeting of the Audit Committee, proposal contents, independent directors' dissenting opinions, reservation, or major recommendations, the resolution made by the Audit Committee and the Company's reactions towards the Audit Committee's opinions shall be specified.

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

Audit Committee Period/Date	Contents of the proposal	Independent directors' proposal contents, dissenting opinions, reservation, or major recommendations	Resolution made by the Audit Committee	Company's reactions towards the Audit Committee's opinions
No. 7 of the first intake 20230315	1.The Company's 2022 self-evaluation of internal control system findings and Internal Control Declaration.	None	The proposal was approved as is unanimously by all Audit Committee members	The case was brought forth to the Board of Directors and was approved by all attending directors
	2.The Company's 2022 Business Report and Financial Statements.			
	3.The Company's 2022 Earnings Distribution Proposal.			
	4.CPA replacement due to internal adjustment in the accounting firm.			
	5.Evaluation of the independence and suitability of the CPAs.			
	6.Revision of some provisions of the Company's "Articles of Incorporation".			

	7.Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements.				
No. 8 of the first intake 20230509	1.Financial statements for the first quarter of 2023.	None	The proposal was approved as is unanimously by all Audit Committee members	The case was brought forth to the Board of Directors and was approved by all attending directors	
	2.Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements.				
	3.Delegation and compensation of CPAs for the Company’s financial statements.				
No. 9 of the first intake 20230804	1.Financial statements for the second quarter of 2023.	None	The proposal was approved as is unanimously by all Audit Committee members	The case was brought forth to the Board of Directors and was approved by all attending directors	
	2.Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements.				
No. 10 of the first intake 20231108	1.Financial statements for the third quarter of 2023.	None	The proposal was approved as is unanimously by all Audit Committee members	The case was brought forth to the Board of Directors and was approved by all attending directors	
	2.As of September 30, 2023, the overdue receivables of the Company are not in the nature of fund loans.				
	3.Formulate the “Ethical Corporate Management Best Practice Principles” of the Company.				
	4.Formulate the “Codes of Ethical Conduct” of the Company.				

	5.Revision of some provisions of the “Process Management of Accounting Professional Judgment Procedures, Accounting Policies, and Estimate Changes”.				
	6.Revision of some provisions of the “Management of Financial Statement Preparation Procedure”.				
	7.Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements.				
	8.Revision of some provisions of the Company’s “Articles of Incorporation”.				
	9.2024 Audit Plan.				
(II) Besides those mentioned in the foregoing, other resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee: This did not happen. II. The status of implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director’s name, the content of the motion, the cause for recusal, and whether and how the director voted: This did not happen. III. Communication among independent directors, internal audit supervisors and CPAs (including important matters, methods, and results of the Company’s finance and business conditions): 1. The Company’s internal audit officer periodically submits the audit report to the independent directors and the Internal Audit Operation Report, the Annual Audit Plan, and the Amendment to the Internal Control System, among other proposals during the Audit Committee and the Board of Directors meetings so that independent directors can fully keep track of how operational internal control is enforced throughout the Company. The independent directors did not show any opposing or qualified opinion regarding each of the proposals. Communications regarding the audit operation is optimal. 2. Before the Company issues its financial statements, the independent directors and CPAs communicate with each other in advance and reach consistent conclusions. The most recent communications were about clarifications by the CPAs on key audit matters regarding the 2023 Statements. In other words, the Company’s independent directors and CPAs are communicating with each other smoothly.					

(III) Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has prepared its “Corporate Governance Best-Practice Principles” with reference to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reflective of the practical operation of the Company and such information is disclosed in the “Market Observation Post System (MOPS)” and on the corporate website as required by laws and regulations for enhanced information transparency in order to protect the rights of shareholders and stakeholders.	No significant difference.
II. Shareholding Structure and Shareholders’ Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(1) The Company already has the spokesperson, acting spokesperson, and shareholder service units, among other specialist organizations to take care of shareholder advice or disputes, etc.	No significant difference.
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		(2) The Company keeps track of the shareholding status of its directors, managers, and major shareholders holding at least 10% of its shares and declares the shares held by major shareholders on schedule.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		(3) All interactions between the Company and any of its affiliates follow applicable regulatory requirements and the internal control system of the Company.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		(4) The Company has defined the “Anti-Insider Trading Management Guidelines” to prevent against insider trading.	
III. Composition and responsibilities of the board of directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(1) The Company already specified in its “Corporate Governance Best-Practice Principles” that members of the Board of Directors shall be selected according to their professional background, skills, and industrial experience and shall possess the knowledge, skills, and attainments required to fulfill their duties that will help with corporate developments and operation to a certain extent. At present, the Company’s Board of Directors consists of 7 directors; three of which are independent directors and the members are experienced in and specialize in finance, administration, and technology, among others. For the fulfillment of diversification, refer to Page 19 herein.	No significant difference.
(2) Has the Company voluntarily established other functional committees in addition to the compensation and remuneration committee and the audit committee?		✓	(2) Except for the Compensation and Remuneration Committee, which is set up as required by law, the remainder corporate governance operations are the responsibilities of respective departments; no other functional committees have been set up yet.	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and	✓		(3) The Company already approved the establishment of the Board of Directors Performance Evaluation Guidelines and the evaluation method on 2020/3/12 and has performed the evaluations as required each year and results of the performance evaluations have been reported to the Board of Directors and referred to for the	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? (4) Does the Company regularly evaluate its external auditors' independence?	✓		compensation and remuneration determined for and the nomination for a subsequent term in office of individual directors. The 2023 Board of Directors Performance Evaluation will be submitted to the board on March 7, 2024. (4) The Company's Finance Department evaluates the independence of CPAs spontaneously regularly each year. For the independence and suitability of CPAs evaluation criteria submitted to the Board of Directors for review in 2023, refer to the notes for details.	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing Board of Directors meetings and shareholders' meetings as required by law, and compiling minutes of Board of Directors meetings and shareholders' meetings)?	✓		The Company already approved the setup of its Corporate Governance Officer through the Board of Directors meeting on August 5, 2022. The Officer will take charge of corporate governance-related affairs, including providing information necessary for directors to perform their duties, aiding directors in complying with laws and regulations, organizing Board of Directors meetings and shareholders' meetings as required by law, and compiling minutes of Board of Directors meetings and shareholders' meetings. The Company's Corporate Governance Officer completed 14 hours of continuing education in 2023.	No significant difference.
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has the spokesperson and acting spokesperson in place to communicate externally and to contact and speak with stakeholders directly.	No significant difference.
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company delegates the professional shareholder service agency - Registrar of CTBC - to take care of respective shareholder affairs and operational control for the shareholder service is defined in the internal control system to govern related affairs.	No significant difference.
VII. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified	✓ ✓ ✓		(1) The Company has established a corporate website to periodically disclose information regarding its financial, business, and corporate governance. The website is http://www.xander.com.tw/ . (2) The Company has someone in place to take charge of collecting and disclosing information and adequately disclosing related information properly as required in the "Market Observation Post System"; the website is: https://mops.twse.com.tw/mops/web/index . The Company has the spokesperson and acting spokesperson in place to consolidate the spokesperson system. (3) The Company has not announced or declared its annual statements within two months after the end of the fiscal year but it announces and declares them by the specified deadline and also announces and declares its financial statements for the first, second, and third quarters as well as its operating statements for each month	No significant difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
deadlines?			before the specified deadlines.	
VIII.Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?		✓	(1) Employee rights: The Company protects the fundamental rights of its employees as required by the Labor Standards Act. (2) Employee care: Employees may fully express issues they have encountered in life and at work through the official or non-official communication channels available in the Company and someone will provide them with necessary assistance. (3) Investor relations: The Company has the spokesperson to take charge of addressing opinions from shareholders. (4) Supplier relations: The Company has been in an optimal collaborative relationship with suppliers. (5) Rights of stakeholders: Stakeholders may communicate with the Company in order to protect their expected legal rights. (6) Continuing education of directors: The Company's directors take part in professional continuing education on finance and business from time to time. In 2023, directors and independent directors completed a total of 57 hours of such continuing education. (7) Implementation of Risk Management Policies and Risk Measurement Standards: The Company has been adhering to the principle of robust operation and does not get involved in high-risk opportunistic behavior. (8) Implementation of Customer Policies: The Company has always prioritized providing customers with products of optimal, reliable, and stable quality. (9) Liability Insurance for the Company's Directors: The Company has renewed liability insurance for directors, independent directors, and managers starting from May 1, 2023, with a coverage amount of USD 3,000,000, and reported the insurance situation to the Board of Directors on May 9, 2023.	No significant difference.
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: 1.Improvements already made: * The Board of Directors Evaluation Guidelines were approved by the Board of Directors and evaluations have been performed accordingly. The evaluation process and findings are disclosed on the corporate website and in the Annual Report. * The Company set up the Corporate Governance Officer in August 2022 to reinforce corporate governance operations. 2.Priorities and measures: * The actual attendance rate in the Board of Directors meetings by all directors in the year of evaluation reached more than 85%.				

Note: Criteria for assessing the independence and suitability of CPAs

Item No.	Evaluation item	Evaluation outcome	Fulfillment of independence
1	Do the CPAs have direct or indirect significant financial interests in the Company?	No	Yes
2	Are the CPAs in financing or guarantee relationships with the Company or the Company's director(s)?	No	Yes
3	Are the CPAs in a close business relationship and potential employer-employee relationship with the Company?	No	Yes
4	Are the CPAs or members on their audit team current directors, managers, or holding positions with significant impacts on the audit task or have they served such positions over the most recent two years?	No	Yes
5	Are the CPAs providing the Company with non-audit service items that may impact the audit task directly?	No	Yes
6	Are the CPAs brokering the shares or other securities issued by the Company?	No	Yes
7	Are the CPAs the Company's defendants or coordinating with other third parties on behalf of the Company over incurred conflicts?	No	Yes
8	Are the CPAs relatives of the Company's directors, managers, or other people with significant impacts on the audit task?	No	Yes
9	Have the CPAs received valuable give-aways or gifts from the Company or the Company's directors, managers, or major shareholders?	No	Yes

Evaluator: Board of Directors

Date of evaluation: March 15, 2023

Conclusion of evaluation: CPA Chien-Ming Tseng and CPA Wen-Ya Hsu of Deloitte & Touche Taipei, Taiwan Republic of China fulfill the independence and suitability criteria and can serve as the CPAs of the Company.

(IV) If the Company has set up the Compensation and Remuneration Committee, it shall disclose the composition, responsibilities and operation thereof:

Profile of Members of the Compensation and Remuneration Committee

2023

Qualification Status Name		Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as a member of the Compensation and Remuneration Committee
Independent directors	Dao-Song Chen	Department of Business Administration, National Taipei University of Business CPA at Deryu Certified Public Accountants	1. The person, the spouse, or a relative within the second degree of kinship does not serve as the director, supervisor, or employee of the Company or any of its affiliates 2. The person, the spouse, or a relative within the second degree of kinship (or anyone else whose name is used) does not hold shares of the Company 3. Not a director, supervisor, or employee of a company related to the Company in a specific way 4. The amount of rewards received for commercial, legal, financial, or accounting services not provided to the Company or its affiliates in the most recent 2 years	3
Independent directors	Hsuan-Hsuan Chen	Department of Electronics Computer Engineering, Tamkang University Associate Research Fellow at the ERSO of ITRI Associate Manager at the Marketing Department of United Microelectronics Corporation General Manager of the Branch Office in the US of Accton		0
Independent directors (Convener)	Wen-Hua Liao	Chairman of ROC House of Dreams Association		2

Duties of the Compensation and Remuneration Committee

The Company's Compensation and Remuneration Committee evaluates the compensation and remuneration policy and system of the Company's directors, members of the Audit Committee, and managers in a professional and objective way and provides the Board of Directors with advice for reference while the Board of Directors makes a decision.

Information on the Operational of the Compensation and Remuneration Committee

- I. The Company's Compensation and Remuneration Committee consists of 3 members in total.
- II. Current members will serve a term from July 20, 2021 to July 19, 2024. The Compensation and Remuneration Committee met 2 times in the most recent year. The eligibility and attendance of members are as follows:

Job title	Name	No. of actual attendance	No. of meetings attended by proxy	Actual attendance rate (%)	Remarks
Convener	Wen-Hua Liao	1	1	50%	None
Member	Dao-Song Chen	2	0	100%	None
Member	Hsuan-Hsuan Chen	2	0	100%	None

Other information required to be disclosed:

- I. If the Board of Directors does not adopt or amend the recommendations made by the Compensation and Remuneration Committee, the date and session of the Board of Directors' meeting, details of the resolutions, voting results and the Company's response to the opinions of the Remuneration Committee shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Compensation and Remuneration Committee, the differences and reasons shall be stated): This did not happen.
- II. Regarding resolutions of the Compensation and Remuneration Committee, if there is any written record or statement pertaining to members' objections or qualified opinion, the date and session of the Compensation and Remuneration Committee meeting, details of the resolution, and all members' response to the opinions of the members shall be stated: This did not happen.
- III. Proposals discussed and resolutions made by the Compensation and Remuneration Committee over the most recent year are shown in the table below:

Compensation and Remuneration Committee Period/Day	Contents of the Proposal and Subsequent Treatment	Resolution	Company's reactions towards the Compensation and Remuneration Committee's opinions
No. 4 of the fifth intake 2023.3.15	- The distribution of 2022 remuneration to employees and that to directors and supervisors. - Reflection upon the fulfillment of operational performance by managers of the Company for 2022 and review of the managers' compensation and remuneration. - Annual Promotion Plan for managers. - Review of the Annual Salary Adjustment Plan for managers.	The proposal was approved as is unanimously by all attending members following inquiries by the chairperson	The case was brought forth to the Board of Directors for discussion and was approved by all attending directors
No. 5 of the fifth intake 2023.11.08	- Implementation status of reflection upon fulfillment of operational performance by directors, supervisors, and managers and allocation of bonus. - Discussion of the Action Plan of the Company's Compensation and Remuneration Committee for the next year.	The proposal was approved as is unanimously by all attending members following inquiries by the chairperson	The case was brought forth to the Board of Directors for discussion and was approved by all attending directors

(V) Promotion of Sustainable Development - Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		The Company has developed its “Sustainable Development Best Practice Principles” upon the resolution at a board of directors meeting on 2022.08.05. A dedicated unit was not established for the relevant activities; instead, the Sustainable Development Team formed by employees from each department is responsible for putting forward the implementation of sustainable development when the need arises.	No material difference
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		The Company has yet to develop relevant risk management policies, but efforts have been made in the following directions: (1) Environment: Improve the efficiency in energy and water conservation, reduce the Company’s impacts to the environment, and become an environmentally friendly corporate citizen. (2) Society: Create a positive and happy workplace with a comprehensive system being put in place to protect the rights of the employees and retain top talent for the Company, as well as match the right talent to the right roles. (3) Corporate governance: Demonstrate operational stability and efficiency, while look forward to creating social value with the Company’s customers.	No material difference
III. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		The Company’s business is located in New Taipei City, and has no prior records of any violation of environmental laws and regulations or material violation. The Company has also created a comfortable environment to be a great place for the employees to work according to law.	No material difference
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		The Company is engaged in the distribution of electronic products, and has little possibility of generating pollution. Furthermore, to conserve energy efficiently is a rule abided by all the employees of the Company. The Company is also moving towards to digitalized workflows which have cut down the resources spent on relevant consumables.	No material difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business	✓		The air-conditioner temperature setting is adjusted as appropriate within the office when the employees are at work.	No material difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
now and in the future and adopted relevant measures to address them?			When repair or maintenance is performed for the air conditioning units, the need for their replacement shall be examined as well. The Company also purchases green, low-carbon products whenever it is possible.	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		Although the Company did not collect the data on its greenhouse gas emissions, water consumption, and total waste weight for the past 2 years, many efforts have been put on energy conservation. The Company has taken the measures below: 1. Turn off the lights at public spaces during rest breaks, and increase the awareness of the employees to turn off the lights whenever they are not needed. 2. Promote the use of digitalized systems to reduce paper consumption.	Not applicable
IV. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		The Company adheres to all applicable labor laws including the Labor Standards Act (LSA) as well as to the International Bill of Human Rights to protect the rights to which the Company's employees are legally entitled. These include the prohibitions on the hiring child labor and on all forms of forced labor, the elimination of employment discrimination, and ensuring equal employment opportunity and equality of remuneration and opportunities of training and job promotion at the workplace.	No material difference
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		The Company has put work rules and human resource policies in place, which ensure that the Company's requirements relating to base salary, hours of work, and paid leaves are in compliance with the LSA. An employee welfare committee was also established to implement and provide all kinds of benefits for the employees. The Company's remuneration policy is designed to reflect the performance of an employee based on his/her skills and contribution to the Company. Further, the remunerations are positively related to the business performance of the Company.	No material difference
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		1. The Company and its work areas are equipped with tight security and a 24-hour surveillance system. Access to the work areas requires authentication of an identification card to protect the safety of the employees at work. 2. Periodic health check is performed.	No material difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			3. Periodic fire drills are performed.	
(4) Has the Company established effective career development training programs for employees?	✓		To nurture and cultivate career skills for the employees, the Company encourages the employees to participate in external training so they can fully utilize their talents and enhance the quality of their work.	No material difference
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The Company provides services for its products, and is committed to provide quality and services that can satisfy its customers. Communication channels are also provided on the Company website to handle customer complaints and grievances.	No material difference
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		The Company places great importance on the financial ability and product quality of a supplier before entering into a transaction with the supplier. The Company has a long-term relationship with most of its suppliers. The Company may terminate or cancel its agreement with a supplier if the Company finds that the supplier has an adverse impact on the environment or the occupational safety and health or labor rights of its employees.	No material difference
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		✓	The Company did not prepare a sustainability report; the report will be prepared upon the performance of the business and the request of the competent authority, if required.	Not applicable
VI.If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has developed its "Sustainable Development Best Practice Principles", and they are implemented in observance with the spirit and principles as defined in the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".				
VII.Other important information to facilitate better understanding of the company's promotion of sustainable development: None.				

Climate-Related Information of TWSE/TPEX Listed Company

1.The risks and opportunities that climate change poses to companies and the relevant response measures taken by companies

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Report to the board of directors on the greenhouse gas inventory and verification schedule planning for each quarter in 2023, and formulate talent training, strategic objectives, control mechanisms, and internal verification planning.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Still under consideration.
3. Describe the financial impact of extreme weather events and transformative actions.	Still under consideration.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Still under consideration.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Scenario analysis has not been conducted yet.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The relevant transition plan for risk assessment has not been implemented yet.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Internal carbon pricing has not been established yet.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Climate-related goals have not been set yet.
9. Greenhouse gas inventory and assurance status (separately fill out in 1-1).	Please see the table below.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NTD million), and data coverage of greenhouse gases in the most recent 2 fiscal years

In 2023, greenhouse gas inventory operations have been planned, with the inventory boundary being within the scope of the Company, excluding reinvestment in subsidiaries.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Currently, external institution assurance has not been carried out yet, and the assurance operation will be completed according to the schedule of the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE/TPEX Listed Company".

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The paid-in capital of the Company has not reached NTD 5 billion. According to the regulations of the Financial Supervisory Commission, the Company should complete the disclosure of inventory information by 2027 and the disclosure of assurance information by 2029. There are no relevant plans for this year.

(VI) Ethical Corporate Management - Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies? (3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓ ✓ ✓		(1) On November 8, 2023, the Board of Directors of the Company established the “Ethical Corporate Management Best Practice Principles”, engaging in commercial activities based on the principles of fairness, honesty, and transparency. To implement the ethical corporate management policy and actively prevent unethical conduct, senior management actively implements the commitment to the corporate management policy. (2) During the orientation training, new employees will be informed of the Company’s ethical requirements and code of conduct. Relevant policies will also be developed to reflect actual business operations. (3) To ensure ethical corporate management is strictly implemented, the Company has established effective accounting systems and internal control systems, with periodic review being conducted by internal auditors on the compliance with the internal controls.	No significant difference.
II. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on	✓ ✓		(1) For the purpose of establishing the integrity of counterparties, the Company makes inquiries on the website of the Department of Commerce, Ministry of Economic Affairs before transactions. The credit status of the counterparties is also verified through a variety of other channels to confirm their business ethics. (2) The Company did not set up an exclusively (or concurrently) dedicated unit to be responsible for raising awareness on ethical corporate management. Relevant activities are currently being	No significant difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? (5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	✓		conducted by the audit department and Board of Directors which serve in supervisory and counseling roles. (3) In order to establish a corporate culture of ethical corporate management and sustainable development, the Company has formulated the Codes of Ethical Conduct to prevent conflicts of interest, and provided appropriate channels for directors, managers, and all employees to proactively disclose any potential conflicts of interest with the Company. (4) To ensure ethical corporate management is strictly implemented, the Company has established effective accounting systems and internal control system, with periodic review being conducted by internal auditors on the compliance with the internal controls. (5) New employees will be informed of the Company's policy on ethical corporate management during their orientation training. It is also being promoted at meetings from time to time to ensure its implementation.	
III. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓	✓	(1) The Company has established an employee conduct and discipline policy. In the event of a violation of the ethical corporate management policy by an employee, it will be reviewed by the responsible department head to determine relevant disciplinary actions for the employee, with the details of the misconduct being disclosed to the whole company via a notice sent by the human resource department. (2) Upon a discovery or receipt of a report of the involvement of unethical conduct by any of the Company personnel, and if, after investigation, it is found that such conduct is indeed a violation, the Company will immediately ask the personnel to cease such conduct, and appropriate disciplinary actions shall be given to, and, if necessary, compensations may be requested from the personnel	No significant difference.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		through legal proceedings in order to protect the Company's reputation and interests. (3) The Company ensures the individual who made the report of misconduct will be protected in a confidential manner throughout the reporting procedure, and will not suffer any disciplinary actions as a result of his/her report.	
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company's website provides financial, business-related information, and corporate governance information for shareholders' reference. The Company implements the norms of ethical corporate management by disclosing them on the Company's website and in the annual report. The Company also discloses the "Ethical Corporate Management Best Practice Principles" on the website, regularly promotes the relevant provisions of the ethical corporate management principles, actively implements integrity, honesty, and moral values, and has not engaged in any unethical conduct.	No significant difference.
V. If the company has adopted its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any deviations between the principles and their implementation: In order to establish a corporate culture of integrity, the Company has formulated its "Ethical Corporate Management Best Practice Principles and Operating Procedures" by referring to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and operates in accordance with the Principles without any differences.				
VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies: None.				

- (VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles should be disclosed:

The Company's website has an investor section - corporate governance, providing access to corporate governance related regulations, the URL is
<https://www.xander.com.tw/user2/investor-zone/Investor-zone02-new.aspx>.

- (VIII) Other information material to the understanding of status of corporate governance: None.

- (IX) The following matters on the implementation status of the internal control system should be disclosed:

1. Internal Controls Declaration

XANDER INTERNATIONAL CORP.

Internal Control System Declaration

Date: March 7, 2024

Based on the findings of a self-assessment, Xander International Corp. (Xander) states the following with regard to its internal control system for the year 2023:

- I. Xander is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and manager. Xander has established such a system. The aim is to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of Xander contains self-monitoring mechanisms, and Xander takes corrective actions whenever a deficiency is identified.
- III. Xander evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the "Regulations" identify five components of internal control based on the process of management control: 1. control environment, 2. risk assessment and response, 3. control activities, 4. information and communication, and 5. monitoring. Each component further contains several items. Please refer to the "Regulations" for details.
- IV. Xander has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, Xander believes that, on December 31, 2023, its internal control system (including its supervision and management of subsidiaries), as well as its internal control system to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
- VI. This Declaration will be an integral part of Xander's Annual Report and Prospectus, which will be made available to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This Declaration has been passed by the Board of Directors in their meeting held on March 7, 2024, with zero of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Declaration.

XANDER INTERNATIONAL CORP.

Chairman: Wen-Chi Chen (Signature/seal)

General Manager: Wen-Kang Chen (Signature/seal)

2.If CPA was engaged to conduct a special audit of internal control system, the audit report should be disclosed: None.

- (X) The listing of penalties, major deficits, and state of any efforts to make improvements, arising from any legal penalties imposed by regulatory authorities on the Company or its employees, or any company punishment toward employees for violating internal control system rules, where such penalties or punishments may have material impacts on shareholders' interests or securities prices, in the most recent year and as of the date of this annual report: None.

- (XI) In the most recent year and as of the date of this annual report, major resolutions approved at shareholders' meetings and board of directors meetings are summarized below:

Date of meeting	Major resolution approved at shareholders' meetings	Implementation status
20230616	1. The Company's 2022 Business Report and Financial Statements. 2. The Company's 2022 Earnings Distribution Proposal. 3. Revision of some provisions of the Company's "Articles of Incorporation". 4. Revision of some provisions of the "Rules of Procedure for Shareholders' Meetings".	The amendment to the Company's Articles of Incorporation were completed and registered with the Ministry of Economic Affairs on July 4, 2023.

Date of meeting	Major resolution approved at board of directors meetings
No. 8 of the eleventh intake on 20230315	1. 2023 Business Plan and Budget
	2. The Company's 2022 self-evaluation of internal control system findings and Internal Control Declaration
	3. The Company's 2022 Business Report and Financial Statements
	4. The distribution of 2022 remuneration to employees and that to directors
	5. The Company's 2022 Earnings Distribution Proposal
	6. The fulfillment of operational performance by managers of the Company for 2022 and remuneration
	7. Manager promotion for the year
	8. Annual Salary Adjustment for managers
	9. CPA replacement due to internal adjustment in the accounting firm
	10.Evaluation of the independence and suitability of the CPAs
	11.Revision of some provisions of the Company's "Articles of Incorporation"
	12.Revision of some provisions of the "Rules of Procedure for Shareholders' Meetings"
	13.Revision of some provisions of the "Rules and Procedures of Board of Directors Meetings"
	14.Established the "Standard Operating Procedures for Handling Requests from Directors"
	15.Revision of the "Authorization Requirements and Responsibility Table" and applicable operational requirements
	16.Determined the date, place, and reasons for convening of 2023 Shareholders' Regular Meeting
	17.Received shareholders proposals for 2023 Shareholders' Regular Meeting
No. 9 of the eleventh intake on	1.Financial statements for the first quarter of 2023
	2.Revision of some provisions of the "Rules of Procedure for Shareholders' Meetings"

Date of meeting	Major resolution approved at board of directors meetings
20230509	3.Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements
	4.Delegation of the Information Security Officer
	5.Delegation and compensation of CPAs for the Company’s financial statements
No. 10 of the eleventh intake on 20230804	1. Financial statements for the second quarter of 2023
	2. Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements
	3. Application for a business line of credit
No. 11 of the eleventh intake on 20231108	1. Financial statements for the third quarter of 2023
	2. As of September 30, 2023, the overdue receivables of the Company are not in the nature of fund loans
	3. Formulate the “Ethical Corporate Management Best Practice Principles” of the Company
	4. Formulate the “Codes of Ethical Conduct” of the Company
	5. Revision of the “Authorization Requirements and Responsibility Table” and applicable operational requirements
	6. Revision of some provisions of the “Process Management of Accounting Professional Judgment Procedures, Accounting Policies, and Estimate Changes”
	7. Revision of some provisions of the “Management of Financial Statement Preparation Procedure”
	8. Revision of some provisions of the Company’s “Articles of Incorporation”
	9. 2024 Audit Plan
	10.Application for a business line of credit
No. 12 of the eleventh intake on 20240307	1. 2024 Business Plan and Budget
	2. The Company’s 2023 self-evaluation of internal control system findings and Internal Control System Declaration
	3. The Company’s 2023 Business Report and Financial Statements
	4. The distribution of 2023 remuneration to employees and that to directors
	5. The Company’s 2023 Earnings Distribution Proposal
	6. The fulfillment of operational performance by managers of the Company for 2023 and remuneration
	7. Revision of some provisions of the “Rules and Procedures of Board of Directors Meetings”
	8. The Company plans to issue 2024 employee stock option warrants
	9. Comprehensive Election of Directors
	10.List of director candidates nominated for approval by the Board of Directors
	11.Discussion to approve the lifting of new appointed director and its representative of non-competition restrictions
	12.Determined the date, place, and reasons for convening of 2024 Shareholders’ Regular Meeting
	13.Received shareholders proposals for 2024 Shareholders’ Regular Meeting and nomination for director (including independent director) candidates
	14.Application for a business line of credit

(XII) Major issues of record or written statements made by any director or supervisor dissenting to important resolutions passed by the Board of Directors in the most recent year and as of the date of this annual report: This did not happen.

(XIII) Resignation or dismissal of the Company Chairperson, General Manager, and heads of accounting, finance, internal audit officer, corporate governance officer and R&D officer in the most recent year and as of the date of this annual report: This did not happen.

V. Information on CPA Professional Fees:

Unit: In Thousands of New Taiwan Dollars

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche Taipei, Taiwan Republic of China	Chien-Ming Tseng	2023	2,450 thousand	620 thousand	3,070 thousand	
	Wen-Ya Hsu	2023				

- (I) If there is a replacement of the accounting firm and the audit fees for the year in which the replacement occurred are less than those for the prior year, the amounts paid for audit fees before and after the replacement as well as the reason for the fee reduction should be disclosed: This did not happen.
- (II) If there is a 10% or more reduction in the audit fees compared to those for the prior year, the amount and percentage of reduction as well as the reason for the audit fee reduction should be disclosed: This did not happen.

VI. Information on Replacement of CPAs:

(I) Information regarding the former CPAs

Date of replacement	2023.03.15		
Reason for replacement and explanation	Due to the internal job rotation of the accounting firm, the CPAs Shu-Lin Liu and Wen-Ya Hsu will be replaced by Chien-Ming Tseng and Wen-Ya Hsu starting from 2023 Q1, who shall be responsible for the audit of the Company’s financial reports.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties		
	Circumstances	CPAs	The Company
	Terminated the engagement	Not applicable	
No longer accepted (discontinued) the engagement			
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other

	None	V	
	Specify details		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	Not applicable		

(II) Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche Taipei, Taiwan Republic of China
Names of CPAs	Chien-Ming Tseng, Wen-Ya Hsu
Date of engagement	Approved by the Board of Directors on 2024.03.15
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not applicable.

VII. For the Company's Chairman of the Board, General Managers, or any manager in charge of financial or accounting operations who has, in the most recent year, held a position at the accounting firm of its CPA or its related companies, the name, title, and duration of service in the firm that the CPAs belong to or its affiliate shall be disclosed: This did not happen.

VIII. Transfer and pledge of equity among directors, supervisors, managers, and shareholders with a holding ratio exceeding 10% in the most recent year and up to the date the Annual Report was printed

Job title	Name	2023		As of April 22 of the current fiscal year	
		Increase (decrease) in share held	Increase (decrease) in share pledged	Increase (decrease) in share held	Increase (decrease) in share pledged
Chairman	Hung Mao Investment Co., Ltd. Representative: Wen-Chi Chen	0	0	0	0
Directors	Hung Mao Investment Co., Ltd. Representative: Cher Wang				
Shareholder with 10% shareholdings or more	Hung Mao Investment Co., Ltd.				
Directors	Chuan Te Investment Co., Ltd. Representative: Che Chen	0	0	0	0
Directors	Chuan Te Investment Co., Ltd. Representative: Yuh-Ta Chang				
Independent directors	Dao-Song Chen	0	0	0	0
Independent directors	Hsuan-Hsuan Chen	0	0	0	0
Independent directors	Wen-Hua Liao	0	0	0	0
General Manager	Wen-Kang Chen	0	0	0	0
Executive Vice President	Hsun-Long Huang	0	0	0	0
Vice President	Cai-Rong Lin	0	0	0	0
Assistant Manager	Ying-Ji Lee	0	0	0	0
Senior Assistant Manager	Chi-Ting Lee	0	0	0	0
Assistant Manager	Guo-Kun Chen	0	0	0	0
Assistant Manager/Financial Officer/Accounting Officer/Corporate Governance Officer	Bin-Hai He	0	0	0	0
Assistant Manager	Yi-Fan Liu	0	0	0	0
Senior Assistant Manager	Shih-Yu Fang	0	0	0	0
Assistant Manager	Yu-Ze Chang (Inauguration date: 2023/01/01)	0	0	0	0
Assistant Manager	Chen-Hua Huang (Inauguration date: 2023/01/01)	0	0	0	0

IX. Information of relationship among Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship

Name	Number of shares held by the person		Shares held by spouse and minor children		Total shares held through nominees		Name and relationship of among Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship.		Re- marks
	Number of shares	Share-holding ratio	Number of shares	Share-holding ratio	Number of shares	Share-holding ratio	Name	Relation ship	
Hung Mao Investment Co., Ltd. Representative: Su-Lan Chiang	22,989,868	25.29%	-	-	-	-	Kun-Chang, Chuan Te, Hsin-Tong, Chinese Christian Faith and Love Foundation	Note	-
	-	-	-	-	-	-			
Wen-Chi Chen	4,834,147	5.32%	3,584,748	3.94%	-	-	Cher Wang Che Chen	Spouse Brother In-law	-
VIA Technologies, Inc. Representative: Wen-Chi Chen	4,558,870	5.02%	-	-	-	-	-	-	-
	4,834,147	5.32%	3,584,748	3.94%	-	-			
Kun-Chang Investment Co., Ltd. Representative: Su-Lan Chiang	4,172,179	4.59%	-	-	-	-	Hung Mao, Chuan Te, Hsin-Tong, Chinese Christian Faith and Love Foundation	Note	-
	-	-	-	-	-	-			
Cher Wang	3,584,748	3.94%	4,834,147	5.32%	-	-	Wen-Chi Chen Che Chen	Spouse In-law	-
Mu-Chuan Lin	3,162,000	3.48%	-	-	-	-	-	-	-
Chuan Te Investment Co., Ltd. Representative: Su-Lan Chiang	2,694,647	2.96%	-	-	-	-	Hung Mao, Kun-Chang, Hsin-Tong, Chinese Christian Faith and Love Foundation	Note	-
	-	-	-	-	-	-			
Hsin-Tong Investment Co., Ltd. Representative: Su-Lan Chiang	1,635,436	1.80%	-	-	-	-	Hung Mao, Kun-Chang, Chuan Te, Chinese Christian Faith and Love Foundation	Note	-
	-	-	-	-	-	-			
Chinese Christian Faith and Love Foundation Responsible person: Su-Lan Chiang	1,271,226	1.40%	-	-	-	-	Hung Mao, Kun-Chang, Chuan Te, Hsin-Tong	Note	-
	-	-	-	-	-	-			
Che Chen	918,763	1.01%	9,763	0.01%	-	-	Wen-Chi Chen Cher Wang	Brother- In-law	-

Note: A company where the Company's Chairperson or General Manager or any of their spouses or relatives within second degree of kinship also serve as the company chairperson or general manager.

X. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company:

December 31, 2023

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio	Number of shares (thousand shares)	Shareholding ratio
Dinghan International Corp.	3,200	100%	0	0%	3,200	100%

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

D. Financing

I. Capital and Shares:

(I)Source of share capital:

1.Capitalization:

Unit: In New Taiwan Dollars; Share

____ mm ____ yyyy	Issue	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital paid in by assets other than cash	Other
October 1995	10	5,000,000	50,000,000	5,000,000	50,000,000	Establishment	None	-
September 1998	10	19,900,000	199,000,000	19,900,000	199,000,000	Capital increase in cash NTD 149,000,000	None	-
July 1999	10	30,000,000	300,000,000	30,000,000	300,000,000	Capital reduction NTD 89,000,000 Capital increase in cash (Note 1) NTD 190,000,000	None	-
July 2000	10	60,000,000	600,000,000	38,000,000	380,000,000	Capital increase in cash (Note 2) NTD 80,000,000	None	-
September 2001	10	60,000,000	600,000,000	44,000,000	440,000,000	Earnings-transferred capital increase (Note 3) NTD 60,000,000	None	-
March 2002	10	60,000,000	600,000,000	60,000,000	600,000,000	Capital increase in cash (Note 4) NTD 160,000,000	None	-
October 2002	10	78,000,000	780,000,000	64,667,573	646,675,730	Capital increase after merger (Note 5) NTD 46,675,730	None	-
January 2003	10	78,000,000	780,000,000	68,100,953	681,009,530	Earnings-transferred capital increase (Note 6) NTD 34,333,800	None	-
April 2003	10	104,000,000	1,040,000,000	81,600,953	816,009,530	Capital increase after merger and spin-off (Note 7) NTD 135,000,000	None	-
September 2003	10	104,000,000	1,040,000,000	82,416,963	824,169,630	Earnings-transferred capital increase (Note 8) NTD 8,160,100	None	-
June 2004	10	154,000,000	1,540,000,000	82,416,963	824,169,630	(Note 9)	None	-
July 2006	10	154,000,000	1,540,000,000	82,339,963	823,399,630	Wrote off treasury stock shares (Note 10) NTD 770,000	None	-
November 2006	10	154,000,000	1,540,000,000	77,372,963	773,729,630	Wrote off treasury stock shares (Note 11) NTD 49,670,000	None	-
March 2007	10	154,000,000	1,540,000,000	83,970,116	839,701,160	Corporate bonds-transferred shares (Note 12) NTD 65,971,530	None	-
September 2008	10	154,000,000	1,540,000,000	86,489,219	864,892,190	Earnings-transferred capital increase (Note 13) NTD 25,191,030	None	-
October 2009	10	154,000,000	1,540,000,000	88,219,030	882,190,030	Earnings-transferred capital increase (Note 14) NTD 17,297,840	None	-
August 2010	10	154,000,000	1,540,000,000	90,865,573	908,655,730	Earnings-transferred capital increase (Note 15) NTD 26,465,700	None	-
April 2012	10	154,000,000	1,540,000,000	90,889,573	908,895,730	Employee stock options with new shares issued (Note 16) NTD 240,000	None	-
August 2020	10	170,000,000	1,700,000,000	90,889,573	908,895,730	(Note 17)	None	-

- Note 1: This capital increase was approved by the Securities and Futures Commission, Ministry of Finance (SFC) with the official letter (88) SFC (I) No. 63860 dated July 19, 1999.
- Note 2: This capital increase was approved by the Securities and Futures Commission, Ministry of Finance (SFC) with the official letter (89) SFC (I) No. 58689 dated July 10, 2000.
- Note 3: This earnings-transferred capital increase was approved by the SFC with the official letter (90) SFC (I) No. 148897 dated July 27, 2001.
- Note 4: This capital increase was approved by the Securities and Futures Commission, Ministry of Finance (SFC) with the official letter (90) SFC (I) No. 175481 dated December 27, 2001.
- Note 5: This capital increase after merger was approved by the SFC with the official letter SFC I No. 0910142915 dated August 12, 2002.
- Note 6: This earnings-transferred capital increase was approved by the SFC with the official letter SFC I No. 0910160459 dated November 12, 2002.
- Note 7: This capital increase after merger and spin-off was approved by the SFC with the official letters SFC I No. 0910169557 and SFC I No. 09100169556 dated January 20, 2003.
- Note 8: This earnings-transferred capital increase was approved by the SFC with the official letter SFC I No. 0920134423 dated July 30, 2003.
- Note 9: Raised the authorized capital issuance of employee stock option warrants and retaining convertible corporate bonds for the exchange of new shares.
- Note 10: The registration for wrote off treasury stock shares was approved by the Ministry of Economic Affairs (MOEA) with the official letter MOEA DOC No. 09501138820 dated July 6, 2006.
- Note 11: The registration for wrote off treasury stock shares was approved by the Ministry of Economic Affairs (MOEA) with the official letter MOEA DOC No. 09501254110 dated November 10, 2006.
- Note 12: The registration for corporate bonds-transferred shares was approved by the MOEA with the official letter MOEA DOC No. 09601056380 dated March 21, 2007.
- Note 13: This earnings-transferred capital increase was approved by the FSC with the official letter FSC Security I No. 0970037909 dated July 25, 2008.
- Note 14: This earnings-transferred capital increase was approved by the FSC with the official letter FSC Security Issuance No. 0980041767 dated August 19, 2009.
- Note 15: This earnings-transferred capital increase was approved by the FSC with the official letter FSC Security Issuance No. 0990033829 dated June 30, 2010.
- Note 16: This employee stock options with new shares issued was approved by the MOEA with the official letter MOEA DOC No. 10101067710 dated April 16, 2012.
- Note 17: The authorized capital was increased by the amendments to the Articles of Incorporation and approval at the Shareholders' Regular Meeting on June 13, 2005. It was further approved by the MOEA with the official letter MOEA DOC No. 10901123490 dated August 10, 2020.

2.Type of shares:

Unit: Shares

Type of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	90,889,573	79,110,427	170,000,000	8,000,000 shares which can be purchased with stock option warrants

(II)Composition of shareholders:

April 22, 2024

Composition of shareholders	Government agencies	Financial institutions	Other legal entities	Foreign institutions and foreigners	Domestic individuals	Treasury shares	Total
Number of shareholders	0	0	21	17	10,830	0	10,868
Number of shares held	0	0	38,740,648	1,142,670	51,006,255	0	90,889,573
Shareholding percentage %	0%	0%	42.62%	1.26%	56.12%	0%	100.00%

(III)Distribution of shareholding:

April 22, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage %
1-999	2,565	422,153	0.46%
1,000-5,000	6,721	13,611,392	14.98%
5,001-10,000	876	6,976,522	7.68%
10,001-15,000	274	3,525,045	3.88%
15,001-20,000	142	2,658,445	2.92%
20,001-30,000	122	3,137,805	3.45%
30,001-40,000	62	2,227,736	2.45%
40,001-50,000	27	1,262,632	1.39%
50,001-100,000	48	3,214,614	3.54%
100,001-200,000	18	2,652,108	2.92%
200,001-400,000	2	545,000	0.60%
400,001-600,000	0	0	0.00%
600,001-800,000	0	0	0.00%
800,001-1,000,000	2	1,753,000	1.93%
Over 1,000,001 shares	9	48,903,121	53.80%
Total	10,868	90,889,573	100.00%

(IV)List of major shareholders:

April 22, 2024

No.	Account number	Name of major shareholder	Number of shares held	Shareholding percentage %
1	14	Hung Mao Investment Co., Ltd.	22,989,868	25.29%
2	8	Wen-Chi Chen	4,834,147	5.32%
3	1	VIA Technologies, Inc.	4,558,870	5.02%
4	3	Kun-Chang Investment Co., Ltd.	4,172,179	4.59%
5	9	Cher Wang	3,584,748	3.94%
6	33546	Mu-Chuan Lin	3,162,000	3.48%
7	4	Chuan Te Investment Co., Ltd.	2,694,647	2.96%
8	7	Hsin-Tong Investment Co., Ltd.	1,635,436	1.80%
9	13001	Chinese Christian Faith and Love Foundation	1,271,226	1.40%
10	11	Che Chen	918,763	1.01%

(V) Market price, net worth, earnings, dividends per share, and related information for the last two years

Unit: In New Taiwan Dollars

Fiscal year		2022	2023	2024 As of March 31
Item				
Market price per share	Highest	51.5	43.5	29.55
	Lowest	20.75	25.10	23.45
	Average	38.41	35.88	25.59
Net worth per share	Before distribution	11.49	11.73	-
	After distribution	11.49	11.73	-
Earnings per share (Note 2)	Weighted average share (thousand shares)	90,890	90,890	90,890
	Before retrospective adjustments	0.37	0.23	-
	After retrospective adjustments	-	-	-
Dividends per share	Cash dividends	-	-	-
	Stock divide -nds	-	-	-
		-	-	-
	Accumulated unappropriated dividends	-	-	-
Return on investment	Price/earnings ratio (Note 3)	103.81	156.00	-
	Price/dividend ratio (Note 4)	-	-	-
	Cash dividend yield (Note 5)	-	-	-

Note 1: The figures for after distribution above are based on the resolution for appropriation approved at the Shareholders' Regular Meeting in the year that follows; however, the Shareholders' Regular Meeting for 2024 has yet to be convened.

Note 2: The earnings per share before and after adjustment are shown due to the retrospective adjustments made with respect to circumstances including stock dividends.

Note 3: Price/earnings ratio = average price for the year/earnings per share.

Note 4: Price/dividend ratio = average closing price for the year/cash dividends per share.

Note 5: Cash dividend yield = cash dividends per share/average closing price per share for the year.

(VI) Dividend policy and its implementation:

1. Dividend policy:

The Company's dividend policy shall be based on the distributable earnings and the demand for funds for the current year of the Company and dividends are distributed to shareholders as required by the competent authority. The ratio of the dividends in cash, however, may not be less than 20% of the overall dividends available for distribution.

Earnings concluded by the Company for the year, if any, shall be distributed in the following sequential order.

I. Pay taxes.

II. Offset prior deficits.

III. 10% is retained to be the legal reserve unless the statutory legal reserve as reached the total capital size of the Company.

IV. The special reserve is allocated or reversed by law.

V. Following the distribution sequentially as mentioned in Paragraphs I through IV above, along with the accumulated undistributed earnings, the Board of Directors shall prepare the earnings distribution proposal and submit it to the shareholders' meeting for a decision on distribution of dividends to shareholders.

2. The proposal on the distribution of dividends at the current year's shareholder meeting:
(Has yet to be determined by the shareholder meeting this year)

**XANDER INTERNATIONAL CORP.
2023 Earnings Distribution Table**

Unit: In New Taiwan Dollars

Unappropriated retained earnings at the start of the period	58,356,948
Add: Net income after tax for 2023	20,977,917
Less: Remeasurements of defined benefit plans are recognized under retained earnings	(60,455)
Provision of 10% as the legal reserve	(2,091,746)
Unappropriated retained earnings at the end of the period	77,182,664

- (VII) The effects of the stock dividends approved at the current year's shareholder meeting on the Company's business performance and earnings per share: Not applicable.

- (VIII) Remuneration to employees and that to directors:

1. The proportion or ranges with respect to remuneration to employees and that to directors as set forth in the Company's Articles of Incorporation:
If the Company makes profits for the year, remuneration to employees at no less than 5% shall be set aside. It shall be distributed in stock or in cash as determined by the Board of Directors. Eligible employees include employees of its subsidiaries that meet certain criteria. With the foregoing profits, the Company may decide to set aside the remuneration to directors at no higher than 1% resolved by the Board of Directors. The proposal for the remuneration to employees and that to directors shall be presented during the shareholders' meeting. In cases of further accumulated deficits, on the other hand, the Company shall first retain the amount sufficient to offset the deficits and then set aside the remuneration to employees and that to directors according to the ratios indicated in the foregoing.
2. The basis for the estimation of the amounts of remuneration to employees and that to directors accrued for the period and for the calculation of the number of shares to be distributed as employee profit-sharing, as well as the accounting treatment for the discrepancy, if any, between the appropriated and accrued amounts:
 - (1) The basis for the estimation of the amounts of remuneration to employees and that to directors accrued for the period: Estimation is made in accordance with the requirements set forth in the Articles of Incorporation and with reference to previous experiences on the appropriation.
 - (2) The basis for the calculation of the number of shares to be distributed as employee profit-sharing, as well as the accounting treatment for the discrepancy, if any, between the appropriated and accrued amounts: The Company distributes the profit sharing to its employees in the form of cash.
3. The approval from the Board of Directors on the sharing of profit:
 - (1) The amounts of the remuneration to employees and that to directors in the form of cash or shares:
 - ① Remuneration to employees in cash: NTD 1,072,071.
 - ② Remuneration to employees in shares: None.
 - ③ Remuneration to directors: NTD 213,785.
 - (2) The amount of remuneration to employees in the form of shares, and the proportion of such amount to the aggregate amount of net income after tax and total employee remuneration in the parent company only financial reports or standalone financial

reports for the period: None.

4. The appropriation of remuneration to employees and that to director and supervisor for the prior year (including the number, monetary amount, and price, of the shares distributed), and, if there is any discrepancy between the appropriation and recognition of remuneration to employees, director and supervisor, the discrepancy and its cause as well as its treatment should be disclosed:

The appropriation of remuneration to employees for the prior year was NTD 2,218,950 and to director and supervisor were NTD 443,790, which were identical to the amounts recognized without any discrepancy.

(IX) Buyback of the Company's stocks: This did not happen.

II. Corporate Bonds Processing Status: None.

III. Preferred Stock Processing Status: None.

IV. Global Depository Receipts (GDRs) Processing Status: None.

V. Employee Stock Option Warrants Processing Status: None.

VI. Restricted Stock Award Processing Status: None.

VII. Issuance of New Shares in Connection with Mergers and Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation Status of Capital Utilization Plan: None.

E. Operational Overview

I. Scope of Operation:

(I) Business scope:

1. Main business operations:

Audiovisual multimedia, DIY components, computer peripherals, computer systems, storage devices, networking/surveillance/software, household appliances, office equipment, smart lighting, as well as project planning, maintenance, bidding, and other related services.

2. Proportion of business:

The revenue breakdown of our main products for year 2023 is as follows:

Unit: In Thousands of New Taiwan Dollars

Product item	Operating revenue	Proportion of business
Sales revenue	8,421,792	99.90%
Service income	8,076	0.10%
Total	8,429,868	100.00%

3. Current product (service) the company offers:

Audiovisual multimedia - LCD TV - projector - digital camera - audio equipment - headphones	DIY components - microprocessor - motherboards and graphics cards - computer memory - CD-ROM drive - Power supply unit	Computer peripherals - Printer/consumables - LCD monitor - Scanner - Keyboard and mouse - UPS
Computer system - Notebook computer - Personal computer (PC) - Server	Storage device - USB flash drive - Memory card - HDD - SSD - Commercial storage	Network/monitoring/software - Switch - Wireless products - Enterprise network - Data center - Backup software
Home appliances - Small appliances - Large appliances - Smart home - Healthcare	Office equipment - Paper shredder - Laminator - Banknote detector - Time clock - Wireless telephone	Smart lighting - LED light bulb - Ceiling light - Panel light - Smart lighting

4. Planned new products and services:

Consumer market	Enterprise market
- Under-counter Instant Heating RO Water Purifier - Health and stress relief related products - Increase safety and maintenance services - Expand IoT product sales - Large size (75" and 85") LCD display products	- Expand the commercial AI laptop product line to target small and medium-sized enterprises, education, and medical markets - Integrate medical solutions - Integrate the development of enterprise market for distribution goods - Cybersecurity products - Commercial wireless network equipment - Taiwan-made monitoring equipment

(II) Industry overview:

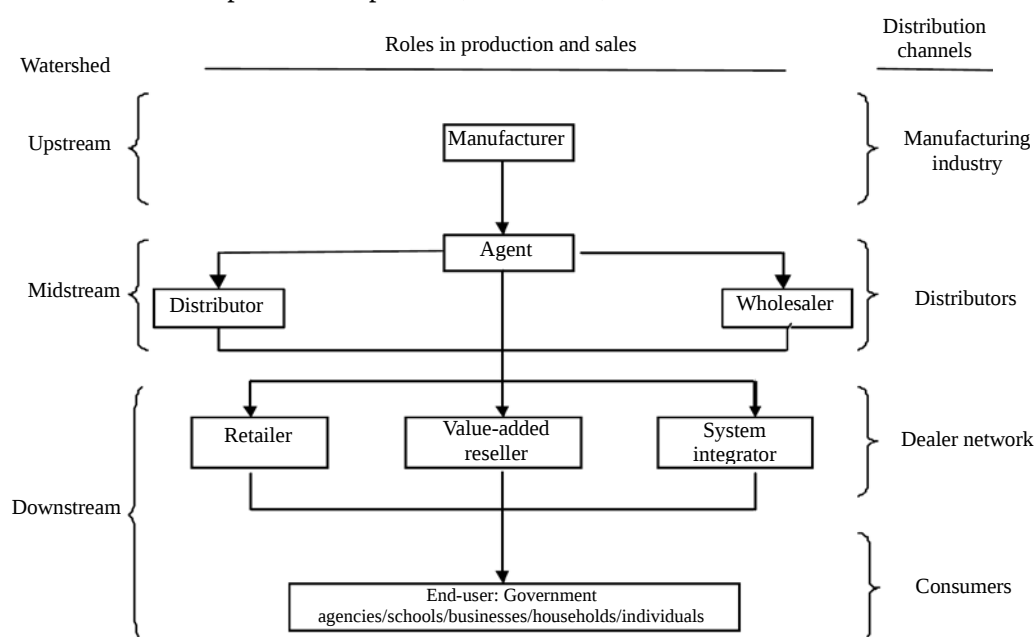
1. Current situation and development of the industry

- (1) The inventory of the notebook computer market has returned to a normal level in the second quarter of 2023, benefiting from the continuous improvement in demand for notebooks in the second half of 2023, so the YoY performance of notebook shipments began to return to a year-on-year growth trend in the fourth quarter of 2023. According to TrendForce's expectations, the demand for notebook computers in 2024 will gradually improve each quarter, and the global notebook computer market will show moderate growth, with a shipment annual growth rate of about 3.6%, reaching 172 million units. In addition, the AI PC issue became the focus of attention at CES 2024, with chip giants such as Intel and AMD taking the lead in cooperating with notebook brands to launch a series of new products with built-in AI acceleration engines. The addition of Neural Processing Unit (NPU) means that personal computers no longer rely solely on CPU or GPU to demonstrate performance. Through AI functions, it can more accurately calculate workloads, share the overall power consumption of the machine, and with the Microsoft Windows 11 operating system's Copilot shortcut keys, bring consumers an efficient and energy-saving user experience.
- (2) After VGA reaching a low point in the fourth quarter of last year, the inventories of major customers have been significantly reduced. Growth in 2024 exceed that of 2023. According to a Dell'Oro research report, GPU production value is expected to grow by 70% annually in 2024. Although NVIDIA currently dominates this market, the emergence of new competitive products from AMD and Intel, as well as custom AI accelerators for hyperscale cloud service providers, poses potential challenges.
- (3) Online products: As 5G technology gradually becomes popular, the development vision and application scenarios of 6G have emerged one after another. The combination of technologies such as low-orbit satellites, cloud computing, artificial intelligence, and the Internet of Things has ushered the global telecommunications industry into the next era of rapid development. Akuei Hsu, manager of the Industry, Science and Technology International Strategy Center (ISTI) of ITRI, pointed out that the generative AI and cloud migration of the telecommunications industry, coupled with enterprise digital transformation, will lead to a 5.08% growth in the global communication market in 2023, with a value of USD 2.32 trillion. It is estimated that the global communication industry's annual growth rate will further increase to 7.2% in 2024, with a production value of USD 2.49 trillion.
- (4) LCD displays: In the past three years, due to the impact of the epidemic, remote (remote work, learning, medical care, etc.) and stay-at-home economy (online entertainment, consumption, etc.) have flourished. However, after the epidemic, the consumption in the 3C market weakened, and hot money shifted to tourism (domestic travel, overseas travel, etc.) and investment (stocks, virtual currency, etc.).
- (5) The HDD market remains stable, with unit price increases, capacity increases, and quantity decreases.
- (6) Monitoring Products: Due to the government's de-sinicization policy, "Made in Taiwan" has become one of the necessary conditions in the current bidding market. In addition, monitoring systems will apply more artificial intelligence and image analysis technologies, and high-definition (HD) and ultra-high-definition (UHD) monitoring equipment will become more popular, leading to a demand for "M-shaped" development in the government project and general consumer markets in Taiwan.
- (7) Commercial displays are divided into commercial displays and touch displays. Commercial displays are currently mainly used for image transmission functions, mostly used in shopping malls, advertising, factory displays, etc. Touch displays are currently most widely used in the education market. K12 schools have a policy of large screens in every classroom. There is a demand for meeting rooms in commercial use, which can be used for remote video conferencing, etc.
- (8) The cybersecurity product industry is a rapidly developing industry. According to

Gartner's report, global cybersecurity product and service spending reached USD 173 billion in 2022.

- (9) In 2023, with the large-scale commercial use of 5G and the surge of GAI, data centers are in a prominent stage of development. The analyst at the ISTI of ITRI pointed out, "From the edge to space, the applicable scenarios vary depending on the location." Common applicable scenarios in edge data centers are low-latency applications ranging from 10 to 40 milliseconds, such as video streaming, IoT applications, cloud gaming, connected vehicles, etc.; for enterprise network applications, the latency is between 1 to 5 milliseconds. Related technological developments include optimizing network low-latency technologies, information security, improving computing performance with AI chips, real-time analysis, etc.

2. The relationship between upstream, midstream, and downstream industries



3. Various trends and competitive situations in product development

- (1) In 2024, gaming laptops will be promoted towards smaller sizes, built-in graphics cards, and high cost-performance value. In addition, MSI Wintel handheld gaming devices will drive the market, with entry-level office and productivity creator models focusing on the business market.
- (2) Currently, the main force of graphics cards is still dominated by N cards, and AMD is still lagging behind in the GPU consumer market. There are currently no new AMD graphics cards available in Taiwan.
- (3) Although the economic situation in the macro environment has not significantly improved, enterprises continue to apply and procure IT. With the continuous expansion of network applications, the number of related devices is increasing. In addition to switches and routers, more and more enterprises are adding devices such as firewalls, virtual private networks, intrusion detection, content filtering, etc. After enterprises purchase many devices with different functions, they also face many management issues. Emphasizing functional integration is the future direction of network devices.
- (4) LCD displays: Although the current consumer market is weak, it is expected that the market will pick up from the fourth quarter of 2024 to 2025, with increasing demand for commercial displays in the future.
- (5) Seagate's global HDD market share is still expected to maintain the first place, while competitors WD and Powerchip are going through a restructuring period, with Taiwanese

competitor Transcend focusing more on SSD.

- (6) The current market for video monitoring products is moving towards intelligent equipment, efficient imaging, and secure transmission networks. Individual product sales models have gradually lost their advantages and competitiveness, and comprehensive IoT solutions with higher integration requirements are the current market trend.
 - (7) Commercial Display: Xander's former main brand BenQ, competing brands Samsung, LG, according to different customer needs, BenQ has medical certification advantages in the medical field, while competitors Samsung and LG themselves have brand advantages for display equipment and complete product lines. Touch Display: Xander's main brands BenQ, ViewSonic, GeneTouch, Sarp, competing brands are Rich Source, JECTOR, LG... etc., the current largest market is the education system (school centralized procurement, self-procurement), Taiwanese brands compete in a low-price manner.
 - (8) Water purification series: The main product line focuses on the functionality of cooling and heating, and develops multifunctional products including coffee brewing, ice making, and soda machines.
 - (9) Competition situation of various development trends of cybersecurity products:
 - Cloud Security:** In the field of cloud security, traditional cybersecurity vendors such as Cisco, Juniper Networks, Palo Alto Networks, Fortinet, Check Point, etc., have launched their own cloud security products. In addition, some cloud vendors have also introduced their own cloud security products, such as Amazon Web Services (AWS) AWS Identity and Access Management (IAM) and Microsoft Azure's Azure Active Directory (AD).
 - Internet of Things (IoT) Security:** In the field of IoT security, traditional cybersecurity vendors such as Cisco, Fortinet, Check Point, and Trend Micro have introduced their own IoT security products. In addition, some IoT device manufacturers have also launched their own IoT security products, such as Cisco's Cisco Firepower Management Center (FMC) and Fortinet's FortiGate.
 - Artificial Intelligence and Machine Learning:** In the field of artificial intelligence and machine learning, major cybersecurity vendors are actively exploring the application of artificial intelligence and machine learning technologies in the cybersecurity field. Vendors such as Cisco, Palo Alto Networks, Fortinet, Check Point, etc., have introduced cybersecurity products that utilize artificial intelligence and machine learning technologies.
- Overall, the cybersecurity product industry is a dynamic industry with broad development prospects. With the continuous evolution of cybersecurity threats, the demand for cybersecurity products will continue to grow. The cybersecurity product industry will continue to develop rapidly to meet the growing cybersecurity needs.

(III) Technical and R&D Overview: Our company does not have an R&D department, so this assessment is not applicable.

(IV) Long-term and Short-term Business Development Plans:

1. Short-term plan:

For 2024, we plan to focus on two primary strategies: “Keep track” and “Proactive”.



2. Long-term plan:

Organize the company into four business units (BUs) based on product and channel attributes: Distribution Business Group, Home Appliance Business Group, Value-added Business Group, and Commercial Business Group. Through the independent operation of these four business groups, actively develop a dual-axis development trend in both consumer and commercial markets.

Distribution: Increase the growth rate of online platforms, expand cooperation with main customers, and increase the number of peripheral customers.

Home Appliances: Develop a wide range of small appliances, expand multiple sales channels, and increase project-based customers and safety and maintenance services.

Value-added: Leverage peripheral technology services, integrate medical solutions, and deeply cultivate core customers.

Commercial: Focus on key brands and target customer management.

Product Strategy: As new products emerge in the industry, gradually increase the agency and distribution rights for competitive products.

Marketing channel strategy: Fully cooperate between virtual and physical channels and complement each other to expand the business scale.

Operation and management strategy: Strengthen management information systems, improve employee skills and personal contribution, implement digital management, and improve operational efficiency.

Financial planning strategy: Seek low-cost funding channels and strengthen the financial structure.

II. Market and Production/Distribution Overview:

(I) Market analysis:

1. Sales regions of main products:

Unit: NTD thousand; %

sales area	2023		2022	
	Amount	%	Amount	%
Export	5,017	0.06%	0	0.00%
Domestic sales	8,416,775	99.84%	9,693,907	99.92%
Maintenance and service income	8,076	0.10%	7,897	0.08%
Operating revenue	8,429,868	100.00%	9,701,804	100.00%

2. Market share: Overview of the market share of our main product lines

Consumer market	Enterprise market
- MSI laptop market share is about 8% ~ 9% (GFK) - MSI graphics card market share is about 40% - AOC + Philips market share is about 3rd or 4th - The market share of external hard drives in the main channels remains at 30%, or even exceeds 30% - Water purification series - 40% of Countertop type - 37% of Under-counter type	- Currently, HI SHARP represented by the Company maintains the top sales market share of general merchandise in Taiwan. - Commercial Display: Samsung + LG account for about 30%, BenQ about 10% - Touch Display: 30% Rich Source, 20% JECTOR, 20% Viewsonic, 10% BenQ - According to official data from OWL Cyber Defense, the Company's unidirectional gateway products hold approximately 10% of the global market share. - Dell/SuperMicro server market share is 36% - Dell Technologies has a storage equipment market share of 40% - Dell Technologies has a global market share of 35% in hyper-converged equipment - Dell Technologies has held the No.1 position globally for 21 consecutive quarters

3. Market future supply and demand situation and growth prospects:

- The e-sports industry is growing steadily. For graphics cards, Nvidia updates its GPU every two years. AI PC keeps innovating and developing. The ICT industry will benefit from them.
- If the graphics card supply stabilizes in the future, it is expected to challenge higher market share again. ASUS has raised prices for various flagship models in March.
- Network equipment is expected to experience a new wave of growth due to the renovation or construction of old factories, offices, hotels, and stores.
- LCD displays have seen a surge in consumer purchases over the past three years due to the pandemic, and it is estimated that replacement demand will pick up from the fourth quarter of 2024 to 2025 as usage patterns.
- The HDD market remains stable, with growth driven by new channel development, increased capacity, and prices.
- The current market supply and demand for monitoring equipment show polarization. Project market demand is not affected much, but the demand for general sales products has slowly declined compared to previous years due to the overall economic impact.
- Commercial Display: With the increasing demand for large LED equipment, projectors are being replaced
- Touch Display: The current education market continues to grow and will develop towards commercial meeting rooms
- Water purification equipment: In response to space, convenience, and energy-saving considerations, the under-counter instant heating RO water purifier has a promising future growth.
- For server products, leveraging Dell Technologies' unique End to End competitive advantages to grasp AI and make good use of AI.
- There is a demand for cybersecurity products. According to the Market Research

Future report, the global unidirectional gateway market size is USD 1.75 billion in 2022 and is expected to reach USD 3.52 billion by 2028, with a compound annual growth rate of 12.3%. The future of the OWL cybersecurity product market has high growth potential. The main reasons are as follows: Cybersecurity threats continue to evolve: Cybersecurity threats continue to evolve, and unidirectional gateways as an important cybersecurity product will continue to grow in demand. Increasing demands for cloud security and IoT security: Cloud security and IoT security are important development trends in the field of information security. OWL's unidirectional gateway products can provide strong security protection for cloud and IoT environments, so the demand will continue to grow.

Applications of artificial intelligence and machine learning technologies: OWL is actively exploring the application of artificial intelligence and machine learning technologies in the field of cybersecurity. OWL plans to adopt artificial intelligence and machine learning technologies in its unidirectional gateway products to enhance cybersecurity capabilities, hence the demand will continue to grow.

4. Competitive niche:

- (1) Xander is the agent for the complete MSI product line, and component sales will help develop the e-sports ecosystem TOTAL SOLUTION.
- (2) Xander is the agent for TP-LINK network equipment, providing high cost-performance value network and monitoring equipment for venues, with their niche points.
- (3) AOC monitors still have price advantages in consumer perception, and despite price competition from Acer, they still have a market. Due to the brand positioning, PHILIPS monitors are relatively weak in price, but they have developed MIT products with their niche points.
- (4) The trend of the SSD market depends on the price gap with HDD. In terms of market direction, this year the gap is gradually increasing, which is beneficial to the HDD market.
- (5) With Xander's new distributor of monitoring products, using the sales agent experience and customer base of Taiwan's local brands, further obtaining the international global brand agency rights in Taiwan.
- (6) Commercial displays integrate peripherals to provide complete educational solutions, meet one-stop procurement solutions, and have close relationships with manufacturers and dealers, with good cooperation.
- (7) The sales agent of PHILIPS water purifier products has a well-known brand reputation, a variety of product types, high flexibility in pricing, complete product price range, and a sound after-sales team.
- (8) The competitive niche of OWL cybersecurity products are mainly as follows:
Focus on unidirectional gateway: OWL is a leading global unidirectional gateway manufacturer. Unidirectional gateways are important cybersecurity products used to protect data security. OWL's unidirectional gateway products have the following advantages: ①Provide strong security protection ②Easy to deploy and manage ③ Scalable to meet the needs of different organizations ④Innovative Technology: OWL continues to innovate, incorporating multiple innovative technologies into its unidirectional gateway products, such as: Deep Packet Inspection (DPI), Adaptive Anomaly Detection (AAD), Sandbox Analysis.
Global Deployment: OWL has offices and partners around the world to provide quality service and support to global customers.
- (9) Provide the most complete and diverse Partner Program (DTPP) Partner First for Storage solution, creating a win-win situation.

5. Favorable and unfavorable factors and coping strategies for future development:

- Computer system products are mature. MSI brand reputation is increasing year by year, helping market customers promote. High inflation competitive products compete leads

to decrease of unit price. Creating economies of scale to maintain profitability is required.

- After the release of ChatGPT, GPUs are not only used in the gaming field, but can also be applied in the emerging field of AI in data centers. However, MSI's main focus is still on the consumer market.
- Favorable: TP-LINK network devices comply with NDAA regulations.
Unfavorable: TP-LINK is a mainland Chinese brand and cannot supply to government agencies.
- Liquid crystal displays have a short product life cycle. It is advised to selectively reduce low-value items and focus on high-efficiency products. In addition to representing main products, introduce and cultivate potential products at the right time to optimize the product mix. In the era of low profits, low gross profit margins and difficult to increase, actively solve the sales problems of dealers, reduce customer inventory, and create value quickly and through service.
- The HDD market is stable, although SSD demand is increasing, costs are rising, enterprises still mainly use HDDs, leading to longer delivery cycles and the need to plan inventory stocking in advance.
- Because the local monitoring brand is not through the agent channel sales model, there will be situations where the original factory operates projects directly and dealers, so our strategy is to provide customers with solutions from different industries as a comprehensive supplier, using the integration of other agency brand equipment within the Company, providing customers with one-stop advice and sales model.
- Commercial Display: Mainly from the unfavorable factor of white-label competition
- Water purification equipment:
Favorable: High willingness of cooperative partners, many available channels for cooperation, numerous opportunities for cross-border cooperation, large market demand
Unfavorable: There are many competing brands, high product substitutability, and shorter time to market
- Favorable and unfavorable factors and coping strategies for future development of OWL cybersecurity products

Favorable factors:

- Cybersecurity threats continue to evolve: Cybersecurity threats continue to evolve, and unidirectional gateways as an important cybersecurity product will continue to grow in demand.
- Increasing demands for cloud security and IoT security: Cloud security and IoT security are important development trends in the field of information security. OWL's unidirectional gateway products can provide strong security protection for cloud and IoT environments, so the demand will continue to grow.
- Applications of artificial intelligence and machine learning technologies: OWL is actively exploring the application of artificial intelligence and machine learning technologies in the field of cybersecurity. OWL plans to adopt artificial intelligence and machine learning technologies in its unidirectional gateway products to enhance cybersecurity capabilities, hence the demand will continue to grow.

Unfavorable factor

- Competitive landscape: Other cybersecurity vendors may also introduce unidirectional gateway products, intensifying market competition.
- Product price: The price of OWL's unidirectional gateway products is higher, which may affect the purchasing intention of some customers.
- Market awareness: OWL is a relatively new company, and its market awareness still needs to be further improved.

Coping strategies

- Continuous Innovation: OWL should continue to increase research and

development investment, continuously launch new products and services to maintain its leading position in the market.

- Expand the market: OWL should actively expand overseas markets and strengthen the development of small and medium-sized enterprise customers.
- Enhance brand reputation: OWL should increase brand promotion efforts to enhance its market awareness.

(II)The important usage and production processes of the main products:

1. Main product usage:

Product line	Goods and service items	Important usage or function
Information products	Product types: • Hard disk drive • Central processing unit • Computer memory module • Display • Printer • Scanner • Personal computer (PC) • projector • Personal computer components (motherboards, graphics cards, case, mouse, keyboards)	• To assist computer users in expanding or updating their peripheral devices as needed. • Providing various peripheral application technical support services.
system equipment	Product types: • Server and private cloud solutions • Storage solutions • Backup solutions • Backup and disaster recovery solutions	• IT infrastructure solution integration.
Internet Product	Product types: • Wireless routers • Switch • Wireless network card • Network camera • Smart home devices (outlets, light bulbs)	• Connect to wide area network and local area network. • Connect to user's network environment exchange equipment. • Use network card to connect to wireless network. • Use network to connect to IP Cam for real-time viewing. • Use network to connect to smart home devices and control via APP.
Monitoring products	• Monitoring host system • Monitoring peripherals • Monitoring camera	• Integrated monitoring system solution.
Software	Product types: • VPN secure network • Network management • Big data solutions • AI artificial intelligence solutions • Cloud service solutions	• Network performance and security management. • Big data solution applications for data collection, integration, and analysis. • AI artificial intelligence solution applications. • Solutions for public cloud, private cloud, and hybrid cloud.
Maintenance service	Service items: • Troubleshooting and repair services • Hardware consultation	• Ensure the normal operation of customer-related equipment. • Provide customer after-sales maintenance services.

2. Manufacturing process of main products: N/A (Our company is not a manufacturing industry).

(III) Supply status of main raw materials:

1. Our company is not a manufacturing industry, so there is no problem with the supply of raw materials.
2. Our company belongs to the information and communication services industry, and our suppliers are primarily large domestic and foreign manufacturers with good quality and reputation in this industry. We have had years of business dealings with them and maintain a good and stable cooperative relationship. As a result, the supply of our primary purchased goods is still steady, and we maintain relationships with at least two suppliers to ensure a stable supply source. Therefore, we do not expect any shortage of supply.

(IV)The customers who accounted for more than 10% of the total sales or purchases in any of the past two years:

1.Information on the major suppliers in the past two years

Unit: NTD thousand

	2022				2023				Fiscal 2024 as of the previous quarter			
Item	Name	Amount	Percentage of net purchase amount for the entire year (%)	Relationship with Issuer	Name	Amount	Percentage of net purchase amount for the entire year (%)	Relationship with Issuer	Name	Amount	Percentage of net purchases as of the end of the previous quarter of the current fiscal year (%)	Relationship with Issuer
1	A Company	2,567,893	26.98%	None	A Company	2,283,258	27.21%	None	A Company	644,584	29.56%	None
2	B Company	1,484,247	15.59%	None	B Company	1,229,248	14.65%	None	B Company	265,567	12.18%	None
3	C Company	1,159,089	12.18%	None	C Company	986,930	11.76%	None	C Company	219,434	10.06%	None
	Other	4,306,258	45.25%	-	Other	3,891,625	46.38%	-	Other	1,051,098	48.2%	-
	Net Purchase	9,517,487	100.00%	-	Net Purchase	8,391,061	100.00%	-	Net Purchase	2,180,683	100.00%	-

2.Main sales customers data in the past two years

Unit: NTD thousand

	2022				2023				Fiscal 2024 as of the previous quarter			
Item	Name	Amount	Percentage of net purchase amount for the entire year (%)	Relationship with Issuer	Name	Amount	Percentage of net purchase amount for the entire year (%)	Relationship with Issuer	Name	Amount	Percentage of net purchases as of the end of the previous quarter of the current fiscal year (%)	Relationship with Issuer
1	A Customer	1,377,920	14.20%	None	A Customer	1,151,330	13.66%	None	A Customer	222,660	10.73%	None
	Other	8,323,884	85.80%	-	Other	7,278,538	86.34%	-	Other	1,852,872	89.27%	-
	net sales	9,701,804	100.00%	-	net sales	8,429,868	100.00%	-	net sales	2,075,532	100.00%	-

(V)Recent production volume and values for the past two years:

Our company is not a manufacturing industry, so we present the purchase volume and values as follows:

Unit: In Thousands of New Taiwan Dollars; pcs

Production volume and values Main Product	Fiscal year	2022			2023		
		Production capacity	Purchase quantity	Purchase value	Production capacity	Purchase quantity	Purchase value
Personal computer (PC)		-	209,203	3,657,408	-	164,906	3,077,219
Display		-	131,452	1,619,660	-	114,650	1,650,308
Online products		-	801,598	1,091,073	-	762,218	773,185
Hard disk drive		-	121,495	329,475	-	68,531	228,418
Graphics cards		-	248,441	1,484,582	-	231,120	1,157,500
Printer		-	46,850	286,626	-	48,659	314,574
projector		-	787	562	-	1,268	5,300
Printer consumables		-	344,763	366,621	-	367,990	384,009
Other		-	1,482,194	681,480	-	1,276,503	800,548
Total		-	3,386,783	9,517,487	-	3,035,845	8,391,061

Note: Our company is not a manufacturing industry and therefore we do not have production capacity issues.

(VI)Recent sales volume and values for the past two years:

Unit: In Thousands of New Taiwan Dollars; pcs

Sales volume and values Main Product	Fiscal year	2022				2023			
		Domestic sales		Export		Domestic sales		Export	
		Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Personal computer (PC)		132,571	3,378,128	-	-	113,524	2,902,741	-	-
Display		353,695	2,338,361	-	-	316,972	2,254,027	114	1,111
Online products		728,857	1,136,241	-	-	700,797	748,406	-	-
Hard disk drive		126,864	316,106	-	-	72,796	210,718	-	-
Graphics cards		52,586	641,002	-	-	26,884	332,808	99	3,906
Printer		46,036	299,815	-	-	48,604	322,783	-	-
projector		27,982	272,366	-	-	14,432	236,180	-	-
Printer consumables		377,726	485,063	-	-	396,570	497,014	-	-
Other		1,400,799	834,722	-	-	1,278,237	920,174	-	-
Total		3,247,116	9,701,804	-	-	2,968,816	8,424,851	213	5,017

III. Data on the number of employees in the past two years:

Fiscal year		2022	2023	As of April 25 of the year 2024
Number of employee	Sales personnel	122	139	128
	Administrative personnel	24	30	82
	Customer service personnel	81	59	22
	Technical personnel	23	32	35
	Total	250	260	267
Average age		42.49	43.38	43.5
Average years of service (in years)		8.41	8.92	8.45
Educational background distribution ratio	Doctoral degree	0.00%	0.00%	0.00%
	Master degree	2.40%	2.40%	1.80%
	College/university	76.80%	76.80%	80.00%
	High school degree or equivalent	19.20%	19.20%	17.10%
	Less than high school degree	1.60%	1.60%	1.10%

IV. Condition on Environmental Protection Expenditure:

- (I) Losses incurred due to environmental pollution in the most recent year and up to the date the Annual Report was printed should be specified (including compensation, violation of environmental protection laws and regulations as well as relevant penalty dates, case numbers, articles violated, contents of violations and penalties imposed): None.
- (II) Estimation of current and future possible losses and coping strategies:
 1. The company has commissioned the Waste Resources Recycling Management Fund Management Committee to coordinate the recycling and removal of waste resources and to pay the fund at a monthly price stipulated by the Environmental Protection Foundation.
 2. The European Union Restriction of Hazardous Substances Directive (RoHS) and its impact on the company's financial business:
The company is a distributor of information products, not a manufacturer, and does not directly export products to the European region, so RoHS has no direct impact on the company.

V. Labor-Management Relations:

- (I) Employee welfare measures, continuing education, training, retirement system, and implementation status, as well as labor-management agreements and employee rights protection measures:
 1. Employee welfare measures and implementation status
To enhance employee welfare, our company has established an employee welfare committee following the law and allocated a certain proportion of welfare funds. The main welfare measures are as follows:
 - (1) Employee profit sharing and stock options.
 - (2) Providing health and labor insurance for employees.
 - (3) Group insurance for employees, their spouses, and children.
 - (4) Mid-Autumn Festival and Dragon Boat Festival bonuses.
 - (5) Meal subsidies.
 - (6) Year-end banquet and lucky draw activities.
 - (7) Subsidies for travel and medical examinations.
 - (8) Subsidies for club activities.

- (9)Employee travel activities, birthday parties, ball games, and Mid-Autumn Festival gifts.
- (10)Provide subsidies for employees' marriage, funeral, childbirth, and hospitalization.
- (11)Complete education and training courses.

2.Implementation of employee training and development programs

2023

Item	Number of shifts	Total number of employees	Total hours	Total cost (NTD)
New employee training	46	73	276	0
Professional skills training	15	15	160	67,281

3.Retirement system and implementation status

Our company established the Labor Retirement Reserve Supervisory Committee on April 13, 1999, to establish retirement procedures for handling employee retirement matters, and follows relevant labor laws and regulations such as the Labor Standards Act and the Labor Retirement Pension Act, respecting basic labor rights and protecting the rights and interests of colleagues. In addition, we have established both old and new retirement pension systems and set aside retirement funds every month to provide reasonable protection for the retirement life of our colleagues.

(1)Old system:

Following the provisions of the "Labor Standards Act", our company has established a retirement system which applies to the length of service of all regular employees before the implementation of the "Labor Pension Act" on July 1, 2005, as well as to the subsequent length of service of employees who choose to continue to apply the "Labor Standards Act". For employees subject to the old retirement pension payment system, for those with less than fifteen years of service, two bases are given for each full year of service rendered. For those with over fifteen years of service, one base is given for each full year of service rendered. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. The total number of bases shall be no more than 45 and is calculated based on the average monthly salary at the time of retirement approval. Each month, 2% of the total salary is contributed to the retirement fund, which is deposited and managed in the Bank of Taiwan's account for the labor retirement reserve based on old system.

(2)New system:

Since July 1, 2005, following the "Labor Pension Act", our company has established a retirement policy. Employees who joined the company after July 1, 2005, or chose to apply for the new system, are subject to the retirement pension system specified in the "Labor Pension Act". The company deducts 6% of the employee's monthly salary as the labor pension and deposits it into the employee's personal account at the Bureau of Labor Insurance. The payment of retirement benefits is either in monthly installments or in a lump sum, depending on the employee's labor pension account and accumulated earnings, and is collected from the Bureau of Labor Insurance.

4.Agreements between labor and management and measures to protect employee rights

Our company has always adhered to the management philosophy of coexistence and mutual prosperity of labor and management in dealing with labor and management issues. We attach great importance to the opinions of our employees. Employees can express their problems in their daily lives and work through formal or informal communication channels provided by the company at any time. We can consolidate our consensus and create excellent results through this understanding and mutual consideration. As a result, there have been no major labor disputes between labor and management so far. In addition, we held labor-management elections in 2000 and regular labor-management meetings to coordinate the opinions of both sides and promote labor-management harmony.

5.Work environment and employee safety protection measures and implementation status

(1)Access control safety:

A strict access control monitoring system is in place 24/7, and a security company maintains

safety during nights and holidays. The company is also connected to the police department for emergency response.

(2) Equipment maintenance and inspection:

Following the Fire Services Act, external contractors conduct annual fire safety inspections. Various equipment undergoes periodic maintenance and inspections, with elevators and water dispensers inspected monthly, high and low-voltage electrical equipment inspected every six months, and air conditioning equipment and firefighting appliances maintained and inspected annually.

(3) Disaster prevention measures:

A fire prevention and disaster response team has been established, and fire safety training and drills are conducted annually.

(4) Physical and mental health:

Following government regulations, smoking is prohibited in the workplace, and no smoking signs are posted to remind employees not to smoke to maintain the work environment's quality. Regular employee health check-ups are arranged, and the office environment is regularly cleaned and disinfected to maintain employees' physical and mental health. Employee feedback and complaint mailbox is established to provide channels for employees to express their opinions and for communication and resolution. A sexual harassment prevention and response policy is established, which sets out related complaint-handling procedures.

(5) Insurance:

The company is legally required to purchase labor insurance (including occupational accident insurance) and national health insurance. In addition, the company has contacted insurance companies to provide its employees and their families with discounted rates for accident insurance, accidental medical insurance, and cancer insurance.

(II) Regarding the company's losses due to labor disputes in the most recent year and up to the date the Annual Report was printed, as well as estimated losses and corresponding measures that may occur in the future: the company has not experienced any major labor disputes.

VI. Important Contracts:

Contracting Party	Contract Period	Main Content
Lenovo Technology B.V. Taiwan Branch (Netherlands)	2022.10.01 ~ 2024.09.30	Dealership for Lenovo related products.
HEWLETT-PACKARD Taiwan LTD	2010.12.17 ~ Either party may terminate this agreement by providing written notice at least 30 days in advance. Otherwise, it will be continually extended.	Dealership for HP related products.
Dell B.V. Taiwan Branch	2022.07.29 ~ 2023.07.28 2023.07.29 ~ 2024.07.28	1. Dealership for Dell related products. 2. The contract can be automatically extended for one year upon expiration.
Seagate Singapore International Headquarters Pte. Ltd.	2015.05.27 ~ Either party may terminate this agreement by providing written notice at least 30 days in advance. Otherwise, it will be automatically extended	Dealership for Seagate related products.
ViewSonic International Corporation	2024.01.01 ~ 2024.12.31	1. Dealership for projectors, smart touch products, and LCD/LED displays. 2. one-year contract renewal.
Samsung Electronics Taiwan Co., Ltd	2024.01.01 ~ 2024.12.31	1. Dealer products: Computer monitors, printers, home appliances, and accessory consumables. 2. The contract can be automatically extended for one year upon expiration.
Brother International Taiwan Ltd.	2022.07.01 ~ 2023.06.30 2023.07.01 ~ 2024.06.30	1. Dealer products: Printer and consumables. 2. The contract can be automatically extended for another year upon expiration.
Canon Marketing Taiwan Co., Ltd	2024.01.01 ~ 2024.12.31	1. Dealer products: Printer. 2. The contract can be automatically extended for one year upon expiration.
Sunup International Payment Solutions Inc.	2022.07.04 ~ 2023.07.03 2023.07.04 ~ 2024.07.03	1. Dealer products: Satellite navigator. 2. The contract can be automatically extended for one year upon expiration.
Advanced Micro Devices, Inc.	2022.02.22 ~ Either party may terminate this agreement by providing written notice at least 30 days in advance. Otherwise, it will be continually extended.	Dealership for CPU, APU and AMD series products.

F. Financial Overview

I. Condensed Balance Sheet and Statement of Comprehensive Income in the Most Recent Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet - Combination

Unit: In Thousands of New Taiwan Dollars

Fiscal year Item		Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2024 of the current fiscal year
		2019	2020	2021	2022	2023	
Current assets		2,212,882	2,384,269	2,462,367	3,122,389	2,815,689	2,894,279
Property, Plant and Equipment		134,082	144,039	149,078	147,633	148,147	145,560
Intangible assets		1,817	1,009	431	342	1,172	1,028
Other assets		65,967	62,822	70,490	60,168	76,307	72,299
Total assets		2,414,748	2,592,139	2,682,366	3,330,532	3,041,315	3,113,166
Current liabilities	Before distribution	1,449,658	1,590,040	1,615,285	2,271,598	1,957,381	2,027,093
	After distribution (Note 2)	1,449,658	1,590,040	1,642,552	2,271,598	1,957,381	-
Non-current liabilities		16,804	18,734	28,818	14,418	17,440	15,412
Total liabilities	Before distribution	1,466,462	1,608,774	1,644,103	2,286,016	1,974,821	2,042,505
	After distribution (Note 2)	1,466,462	1,608,774	1,671,370	2,286,016	1,974,821	-
Equity attributable to owners of the parent company		948,286	983,365	1,038,263	1,044,516	1,066,494	1,070,661
Share capital		908,896	908,896	908,896	908,896	908,896	908,896
Capital surplus		67,418	67,418	67,418	67,418	67,418	67,418
Retained earnings	Before distribution	(25,743)	9,530	64,814	71,191	92,108	96,275
	After distribution (Note 2)	(25,743)	9,530	37,547	71,191	92,108	-
Other equity		(2,285)	(2,479)	(2,865)	(2,989)	(1,928)	(1,928)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	948,286	983,365	1,038,263	1,044,516	1,066,494	1,070,661
	After distribution (Note 2)	948,286	983,365	1,010,996	1,044,516	1,066,494	-

Note 1: All the financial information presented above has been audited or reviewed by CPA.

Note 2: The figures for after distribution above are based on the resolution for appropriation approved at the shareholders meeting in the year that follows; however, the Shareholders' Regular Meeting for 2024 has yet to be convened.

(2)Condensed Balance Sheet - Standalone

Unit: In Thousands of New Taiwan Dollars

Fiscal year Item		Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		2,198,492	2,371,366	2,447,547	3,109,840	2,803,705
Property, Plant and Equipment		134,082	144,039	149,078	147,633	148,147
Intangible assets		1,817	1,009	431	342	1,172
Other assets		76,067	73,901	81,551	71,336	87,418
Total assets		2,410,458	2,590,315	2,678,607	3,329,151	3,040,442
Current liabilities	Before distribution	1,445,368	1,588,216	1,611,526	2,270,217	1,956,508
	After distribution	-	-	1,638,793	-	-
Non-current liabilities		16,804	18,734	28,818	14,418	17,440
Total liabilities	Before distribution	1,462,172	1,606,950	1,640,344	2,284,635	1,973,948
	After distribution	-	-	1,667,611	-	-
Share capital		908,896	908,896	908,896	908,896	908,896
Capital surplus		67,418	67,418	67,418	67,418	67,418
Retained earnings	Before distribution	(25,743)	9,530	64,814	71,191	92,108
	After distribution	-	-	37,547	-	-
Other equity		(2,285)	(2,479)	(2,865)	(2,989)	(1,928)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	948,286	983,365	1,036,263	1,044,516	1,066,494
	After distribution	-	-	1,008,996	-	-

Note 1: All the financial information presented above has been audited by CPA.

Note 2: The figures for after distribution above are based on the resolution for appropriation approved at the shareholders meeting in the year that follows; however, the Shareholders' Regular Meeting for 2024 has yet to be convened.

2. Condensed Statement of Comprehensive Income

(1) Condensed Statement of Comprehensive Income - Combination

Unit: In Thousands of New Taiwan Dollars (Except EPS: NTD)

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years					Financial information as of March 31, 2024 of the current fiscal year
	2019	2020	2021	2022	2023	
Operating revenue	7,290,920	8,507,056	9,437,223	9,701,804	8,429,868	2,075,532
Gross profit	288,115	368,884	413,227	408,129	368,662	104,166
Operating income (loss)	(28,208)	31,628	43,498	46,132	3,613	5,579
Non-operating revenue and expenses	(50)	7,372	27,883	(4,416)	16,543	(746)
Net profit (loss) before tax	(28,258)	39,000	71,381	41,716	20,156	4,833
Net income (loss) for the period	(25,966)	36,121	54,330	33,350	20,978	4,167
Other comprehensive income (loss) for the period (net of Income Tax)	298	(1,042)	568	170	1,000	-
Total comprehensive income for the period	(25,668)	35,079	54,898	33,520	21,978	4,167
Net income attributable to owners of parent company	(25,966)	36,121	54,330	33,350	20,978	4,167
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	(25,668)	35,079	54,898	33,520	21,978	4,167
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	-	-
Earnings (loss) per share	(0.29)	0.40	0.60	0.37	0.23	0.05

Note: All the financial information presented above has been audited or reviewed by CPA.

(2) Condensed Statement of Comprehensive Income - Standalone

Unit: In Thousands of New Taiwan Dollars (Except EPS: NTD)

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Operating revenue	7,276,936	8,502,837	9,433,464	9,700,185	8,428,608
Gross profit	287,993	368,702	413,040	407,995	368,548
Operating income (loss)	(28,154)	31,598	43,465	46,139	3,635
Non-operating revenue and expenses	(222)	7,402	27,916	(4,423)	16,521
Net profit (loss) before tax	(28,376)	39,000	71,381	41,716	20,156
Net income (loss) for the period	(25,966)	36,121	54,330	33,350	20,978
Other comprehensive income (loss) for the period (net of Income Tax)	298	(1,042)	568	170	1,000
Total comprehensive income for the period	(25,668)	35,079	54,898	33,520	21,978
Earnings (loss) per share	(0.29)	0.40	0.60	0.37	0.23

Note: All the financial information presented above has been audited by CPA.

(II)CPAs' names and audit opinions for the last five years

Fiscal year	Name of accounting firm	Names of CPAs	Audit opinion
2019	Deloitte & Touche Taipei, Taiwan Republic of China	Shu-Lin Liu, Wen-Ya Hsu	An unqualified opinion
2020	Deloitte & Touche Taipei, Taiwan Republic of China	Shu-Lin Liu, Wen-Ya Hsu	An unqualified opinion
2021	Deloitte & Touche Taipei, Taiwan Republic of China	Shu-Lin Liu, Wen-Ya Hsu	An unqualified opinion
2022	Deloitte & Touche Taipei, Taiwan Republic of China	Shu-Lin Liu, Wen-Ya Hsu	An unqualified opinion
2023	Deloitte & Touche Taipei, Taiwan Republic of China	Chien-Ming Tseng, Wen-Ya Hsu	An unqualified opinion

II. Financial Information in the Most Recent Five Years

(I) Financial analysis - Combination

Item \ Fiscal year		Financial Information in the Most Recent Five Years					As of March 31, 2024 of the current fiscal year
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	61	62	61	69	65	66
	Ratio of long-term capital to property, plant and equipment	720	696	716	694	732	746
Solvency (%)	Current ratio	153	150	152	137	144	143
	Quick ratio	80	81	76	86	83	79
	Times interest earned	(3)	8	28	8	3	3
Operating performance	Accounts receivable turnover (times)	6	7	8	7	6	2
	Average collection days	60	51	46	52	63	58
	Inventory turnover (times)	8	9	10	10	8	2
	Accounts payable turnover (times)	9	10	11	9	8	2
	Average days in sales	46	39	37	37	44	49
	Property, plant and equipment turnover (times)	54	61	64	64	56	14
	Total asset turnover (times)	3	3	4	3	3	1
Profitability	Return on total assets (%)	(1)	2	2	1	1	0
	Return on equity (%)	(3)	4	5	3	2	0
	Ratio of income before tax to paid-in capital (%)	(3)	4	8	5	2	1
	Net profit margin (%)	-	0.42	0.58	0.34	0.24	0.2
	Earnings per share (NTD) (adjustment)	(0.29)	0.40	0.60	0.37	0.23	0.05
Cash flow	Cash flow ratio (%)	-	7	21	-	-	0.16
	Cash flow adequacy ratio (%)	51	63	62	75	50	40
	Cash reinvestment ratio (%)	-	11	31	-	-	0.29
Leverage	Operating leverage	(7)	9	7	7	13	14
	Financial leverage	1	1	1	1	0	2
The causes of changes in the financial ratios in the most recent 2 fiscal years: 1. Decrease in times interest earned: Due to an increase in interest expenses for the year. 2. Profitability: A decrease in all indicators which was due to the decline in net operating profit compared to the previous period due to weak terminal demand caused by global inflation this year. 3. Increase in cash flow adequacy ratio: Mainly due to the decreased profits generated by the Company in the recent years and an increase in cash outflow generated by inventories.							

Note 1: All the financial information presented above has been audited or reviewed by CPA.

Note 2: The computation formula used in the table above are as follows:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Net shareholder equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses - other current assets) / current liabilities.
 - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses (capitalization amount with interest included).
3. Operating performance
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / net property, plant and equipment.
 - (7) Total asset turnover = net sales / total assets.
4. Profitability
 - (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
 - (2) Return on shareholder equity = net income after tax / average net shareholder equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent company - preferred stock dividends) / weighted average number of shares outstanding. If the capital is decreased to offset accumulated losses, the calculation of earnings per share for all periods presented shall be adjusted retrospectively.
5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = the last 5-year sum of net cash flow from operating activities / the last 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other assets + working capital).
6. Leverage
 - (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income
 - (2) Financial leverage = operating income / (operating income - interest expenses)

(II) Financial analysis - Standalone

Fiscal year Item		Financial Information in the Most Recent Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	61	62	61	69	65
	Ratio of long-term capital to property, plant and equipment	720	696	716	694	732
Solvency (%)	Current ratio	152	149	152	137	143
	Quick ratio	79	80	76	86	83
	Times interest earned	(3)	8	28	8	3
Operating performance	Accounts receivable turnover (times)	6	7	8	7	6
	Average collection days	60	51	46	51	63
	Inventory turnover (times)	8	9	10	10	8
	Accounts payable turnover (times)	9	11	11	9	8
	Average days in sales	47	39	37	38	45
	Property, plant and equipment turnover (times)	54	61	64	64	57
	Total asset turnover (times)	3	3	4	3	3
Profitability	Return on total assets (%)	(1)	2	2	1	1
	Return on equity (%)	(3)	4	5	3	2
	Ratio of income before tax to paid-in capital	(3)	4	8	5	2
	Net profit margin (%)	-	0.43	0.58	0.34	0.25
	Earnings per share (NTD) (adjustment)	(0.29)	0.40	0.60	0.37	0.23
Cash flow	Cash flow ratio (%)	-	7	21	-	-
	Cash flow adequacy ratio (%)	58	71	65	82	55
	Cash reinvestment ratio (%)	1	11	31	-	-
Leverage	Operating leverage	(7)	9	7	7	77
	Financial leverage	1	1	1	1	-
The causes of changes in the financial ratios in the most recent 2 fiscal years: 1.Decrease in times interest earned: Due to a decrease in profit and an increase in interest expenses for the year. 2.Profitability: A decrease in all indicators which was due to the decline in net operating profit compared to the previous period due to weak terminal demand caused by global inflation this year. 3.Increase in cash flow adequacy ratio: Mainly due to the decreased profits generated by the Company in the recent years and an increase in cash outflow generated by inventories.						

Note 1: All the financial information presented above has been audited by CPA.

Note 2: The computation formula used in the table above are as follows:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Net shareholder equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses - other current assets) / current liabilities.
 - (3) Times interest earned = earnings before tax and interest expenses / current interest expenses (capitalization amount with interest included).
3. Operating performance
 - (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
 - (2) Average collection days = 365 / accounts receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average inventory.
 - (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
 - (5) Average days in sales = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / net property, plant and equipment.
 - (7) Total asset turnover = net sales / total assets.
4. Profitability
 - (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
 - (2) Return on shareholder equity = net income after tax / average net shareholder equity.
 - (3) Net profit margin = net income after tax / net sales.
 - (4) Earnings per share = (income attributable to owners of parent company - preferred stock dividends) / weighted average number of shares outstanding. If the capital is decreased to offset accumulated losses, the calculation of earnings per share for all periods presented shall be adjusted retrospectively.
5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = the last 5-year sum of net cash flow from operating activities / the last 5-year sum of (capital expenditures + increases in inventory + cash dividends).
 - (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other assets + working capital).
6. Leverage
 - (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income
 - (2) Financial leverage = operating income / (operating income - interest expenses)

III. Audit Committee's Review Report in the Most Recent Year

Xander International Corp. Audit Committee's Review Report

It is approved as follows.

Among the 2023 Business Report and Financial Statements prepared by the Board of Directors, the Financial Statements have been completely audited by Deloitte & Touche Taipei, Taiwan Republic of China and the Audit Report with unqualified opinion was issued. The above-mentioned Business Report and Financial Statements have been audited by the Audit Committee and no discrepancies have been found. Therefore, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the report is prepared as above for your review and approval.

To
XANDER INTERNATIONAL CORP. 2024 Shareholders' Regular Meeting

Convener of the Audit Committee: Dao-Song Chen

March 7, 2024

- IV. Financial Report and CPA's Audit Report in the Most Recent Year:** Please refer to Annual Report on pages 81 ~ 140.
- V. Standalone Financial Report of the Company Having Been Audited and Certified by CPAs in the Most Recent Year:** Please refer to Annual Report on pages 141 ~ 210.
- VI. If Financial Difficulties Encountered by the Company and its Affiliates in the Most Recent Year and up to the Date the Annual Report was Printed, the Financial Impact to the Company shall be Disclosed:** None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

XANDER INTERNATIONAL CORP.

March 7, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Xander International Corp.

Opinion

We have audited the accompanying consolidated financial statements of Xander International Corp. and its subsidiary (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matter

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

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

Consignment Revenue Recognition

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

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

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

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

Other Matter

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

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

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

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

Those charged with governance, including management and supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

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

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

(Continued)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

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

(Concluded)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

(Continued)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

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

(Concluded)

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

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

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Business Consolidation

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

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

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

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

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

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

Inventories

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

Property, Plant and Equipment

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

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

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

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

Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

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

a) Financial asset at FVTPL

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

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

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

The Group always recognizes lifetime Expected Credit Losses (ECLs) on accounts receivable. On all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

Revenue Recognition

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

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

Revenue from the sale of goods

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

Leasing

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

a. The Group as lessor

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

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

b. The Group as lessee

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

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

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

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

d. Termination benefits

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

Taxation

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

Trade Receivables

At amortized cost

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 970,050	\$ 935,378

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

11. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

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

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

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

12. PROPERTY, PLANT AND EQUIPMENT

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

- a. Assets used by the Group

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

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

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

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

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

b. Assets leased under operating leases

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

(Continued)

**Office
Equipment**

Cost

Balance at January 1, 2022	\$ 25,334
Additions	<u>4,880</u>
Balance at December 31, 2022	<u>\$ 30,214</u>

Accumulated depreciation and impairment

Balance at January 1, 2022	\$ (6,610)
Depreciation expense	<u>(8,208)</u>
Balance at December 31, 2022	<u>\$ (14,818)</u>

(Concluded)

The Group leases office equipment under operating leases for 3 to 5 years. The lease contract includes the clause that the lessee will adjust the rent according to the market rent when exercising the right to renew the lease. At the end of the lease term, the lessee does not have the option to acquire the equipment.

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

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

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

Office equipment	3-5 years
------------------	-----------

13. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

b. Lease liabilities

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

Range of discount rate for lease liabilities are as follows:

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

c. Material lease-in activities and terms

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

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

d. Other lease information

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

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

14. INVESTMENT PROPERTY

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

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

15. INTANGIBLE ASSETS

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

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

Computer software 1-5 years

16. OTHER ASSETS

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

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

17. BORROWINGS

Short-term borrowings

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

18. NOTES PAYABLE AND TRADE PAYABLES

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

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

19. OTHER LIABILITIES

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

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit liabilities were as follows:

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

(Continued)

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

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

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

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

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

21. EQUITY

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

a. Share capital

Common stock

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

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

Unrealized losses on financial assets at FVTOCI

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

22. OPERATING REVENUE

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

Description of Customer Contract

Revenue from sales of merchandise

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

Contract balance

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

23. NET (LOSS) GAIN FROM CONTINUING OPERATIONS

a. Other income

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

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

b. Other gains and losses

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

c. Finance costs

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

d. Interest income

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

e. Impairment loss recognized on non-financial assets

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

f. Depreciation and amortization

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

(Continued)

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

g. Employee benefits expense

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

h. Employees' compensation and remuneration of directors and supervisors

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

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

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

Accrual rate

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

Amount

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

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

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

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

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax benefit recognized in profit or loss

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

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

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

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

- b. Income tax expense recognized in other comprehensive income

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

- c. Current tax assets and liabilities

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

- d. Deferred tax balances

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

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

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

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

- f. Income tax assessments

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

25. EARNINGS PER SHARE

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

Net Profit for the Period

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

Shares

Unit: In Thousands of Shares

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

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

26. CAPITAL RISK MANAGEMENT

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

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

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

27. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments Not Measured at Fair Value

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

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

a. Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

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

Financial Instruments	Valuation Techniques and Inputs
Domestic unlisted shares	Market approach: 1) The fair value is measured by the share price and liquidity of similar listed company. 2) The fair value is measured based on transaction price of similar listed company with an appropriate multiplier.

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

- e. Valuation process for Level 3 fair value measurement

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

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

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

Categories of Financial Instruments

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

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

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

Financial Risk Management Objectives and Policies

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

a. Market risk

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

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

1) Foreign currency risk

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

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

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

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

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

Sensitivity analysis

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

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

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

2) Interest rate risk

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

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

Sensitivity analysis

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

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

b. Credit risk

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

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

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

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

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

c. Liquidity risk

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

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

December 31, 2023: None.

December 31, 2022

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

2) Financing facilities

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

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

28. RELATED-PARTY TRANSACTIONS

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

a. Related party name and category

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

b. Operating revenues

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

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

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

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

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

d. Compensation of key management personnel

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

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

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

29. PLEDGED ASSETS

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

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

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

31. SIGNIFICANT CONTRACTS

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

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

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

(Continued)

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

(Concluded)

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

December 31, 2023

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

December 31, 2022

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

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

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

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

- 9) Trading in derivative instruments (Notes 7 and 27)
- 10) Intercompany relationships and significant intercompany transactions (Table 2)
- 11) Information on investees (Table 3)
- b. Information on investments in mainland China (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

33. SEGMENT INFORMATION

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

Geographical Information

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

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

Information on Major Customers

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

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

TABLE 1

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

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

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

Note 2: Flows of transactions are categorized as follows:

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

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

TABLE 3

XANDER INTERNATIONAL CORP. AND ITS SUBSIDIARY

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Xander International Corp.

Opinion

We have audited the accompanying financial statements of Xander International Corp., which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

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

Basis for Opinion

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

Key Audit Matter

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

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

Consignment Revenue Recognition

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

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

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

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

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

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

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

Those charged with governance, including management and supervisors, are responsible for overseeing the Company's financial reporting process.

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

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

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

XANDER INTERNATIONAL CORP.**BALANCE SHEETS****DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 315,856	10	\$ 354,446	11
Notes receivable (Notes 4, 5 and 9)	101,854	3	99,095	3
Trade receivables, net (Notes 4, 5 and 9)	1,201,810	40	1,484,701	44
Trade receivables - related parties (Notes 4, 5, 9 and 28)	879	-	9,848	-
Other receivables (Notes 4 and 9)	993	-	1,587	-
Inventories (Notes 4, 5 and 10)	970,050	32	935,378	28
Prepayments (Note 16)	15,557	1	2,103	-
Other current assets (Note 16)	126,316	4	134,375	4
Right to recover a product (Notes 4, 16 and 22)	<u>70,390</u>	<u>2</u>	<u>88,307</u>	<u>3</u>
Total current assets	<u>2,803,705</u>	<u>92</u>	<u>3,109,840</u>	<u>93</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 27)	3,417	-	2,356	-
Investments accounted for using the equity method(Notes 4 and 11)	11,161	-	11,169	-
Property, plant and equipment (Notes 4, 12 and 29)	148,147	5	147,633	5
Right-of-use assets (Notes 4 and 13)	28,864	1	23,016	1
Investment Property (Notes 14)	586	-	-	-
Computer software (Notes 4 and 15)	1,172	-	342	-
Deferred tax assets (Notes 4 and 24)	16,289	1	12,051	-
Refundable deposits (Notes 4, 16 and 29)	27,101	1	17,704	1
Other non-current assets (Note 16)	<u>-</u>	<u>-</u>	<u>5,040</u>	<u>-</u>
Total non-current assets	<u>236,737</u>	<u>8</u>	<u>219,311</u>	<u>7</u>
TOTAL	<u>\$ 3,040,442</u>	<u>100</u>	<u>\$ 3,329,151</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 27)	\$ 606,050	20	\$ 525,597	16
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 27)	-	-	3	-
Notes payable (Note 18)	6	-	16	-
Trade payables (Note 18)	812,109	27	1,144,045	34
Current tax liabilities (Notes 4 and 24)	9,187	-	6,397	-
Other payables (Note 19)	217,723	7	246,915	7
Lease liabilities - current (Notes 4 and 13)	16,227	-	14,091	1
Other current liabilities (Notes 4, 19 and 22)	<u>295,206</u>	<u>10</u>	<u>333,153</u>	<u>10</u>
Total current liabilities	<u>1,956,508</u>	<u>64</u>	<u>2,270,217</u>	<u>68</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 13)	13,621	1	10,051	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	3,777	-	4,325	-
Guarantee deposits received (Note 19)	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>
Total non-current liabilities	<u>17,440</u>	<u>1</u>	<u>14,418</u>	<u>1</u>
Total liabilities	<u>1,973,948</u>	<u>65</u>	<u>2,284,635</u>	<u>69</u>
EQUITY (Note 21)				
Share capital - common stock	<u>908,896</u>	<u>30</u>	<u>908,896</u>	<u>27</u>
Capital surplus				
Additional paid-in capital issuance of shares in excess of par	34,164	1	34,164	1
Treasury stock transactions	8,600	-	8,600	-
Gain on disposal of property, plant and equipment, net of tax	46	-	46	-
Other	<u>24,608</u>	<u>1</u>	<u>24,608</u>	<u>1</u>
Total capital surplus	<u>67,418</u>	<u>2</u>	<u>67,418</u>	<u>2</u>
Retained earnings				
Legal reserve	9,845	-	6,481	-
Special reserve	2,989	-	2,865	-
Unappropriated earnings	<u>79,274</u>	<u>3</u>	<u>61,845</u>	<u>2</u>
Total retained earnings	<u>92,108</u>	<u>3</u>	<u>71,191</u>	<u>2</u>
Other equity	<u>(1,928)</u>	<u>-</u>	<u>(2,989)</u>	<u>-</u>
Total equity	<u>1,066,494</u>	<u>35</u>	<u>1,044,516</u>	<u>31</u>
TOTAL	<u>\$ 3,040,442</u>	<u>100</u>	<u>\$ 3,329,151</u>	<u>100</u>

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

XANDER INTERNATIONAL CORP.

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

	2023		2022	
	Amount	%	Amount	%
REVENUES (Notes 4, 22 and 28)				
Net sales	\$ 8,420,532	100	\$ 9,692,288	100
Other revenues	<u>8,076</u>	<u>-</u>	<u>7,897</u>	<u>-</u>
Total revenues	<u>8,428,608</u>	<u>100</u>	<u>9,700,185</u>	<u>100</u>
COST OF REVENUES (Notes 10 and 23)				
Cost of goods sold	8,045,285	96	9,287,868	96
Other operating costs	<u>14,775</u>	<u>-</u>	<u>4,322</u>	<u>-</u>
Total cost of revenues	<u>8,060,060</u>	<u>96</u>	<u>9,292,190</u>	<u>96</u>
GROSS PROFIT	<u>368,548</u>	<u>4</u>	<u>407,995</u>	<u>4</u>
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Operating expenses	352,612	4	364,241	4
Expected credit loss (gain)	<u>12,301</u>	<u>-</u>	<u>(2,385)</u>	<u>-</u>
Total operating expenses	<u>364,913</u>	<u>4</u>	<u>361,856</u>	<u>4</u>
OPERATING PROFIT	<u>3,635</u>	<u>-</u>	<u>46,139</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7, 11, 23, 28 and 32)				
Other income	22,266	-	5,471	-
Other gains and losses	5,286	-	(4,054)	-
Finance costs	(12,892)	-	(6,483)	-
Interest income	1,869	-	614	-
Share of the profit or loss of subsidiary	<u>(8)</u>	<u>-</u>	<u>29</u>	<u>-</u>
Total non-operating income and expenses	<u>16,521</u>	<u>-</u>	<u>(4,423)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	20,156	-	41,716	-
INCOME TAX REVENUE (EXPENSE) (Notes 4 and 24)	<u>822</u>	<u>-</u>	<u>(8,366)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>20,978</u>	<u>-</u>	<u>33,350</u>	<u>-</u>

(Continued)

XANDER INTERNATIONAL CORP.

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

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

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

(Concluded)

XANDER INTERNATIONAL CORP.

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

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

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

XANDER INTERNATIONAL CORP.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 20,156	\$ 41,716
Adjustments for:		
Depreciation	30,734	26,668
Amortization	475	331
Expected loss (credit loss reversed) on trade receivables	12,301	(2,385)
Finance costs	12,892	6,483
Interest income	(1,869)	(614)
Share of the profit or loss of subsidiary	8	(29)
(Gain) loss on disposal of property, plant and equipment	(3,926)	88
Write-down of inventories	5,475	7,470
Compensation income	(586)	-
Net changes in operating assets and liabilities		
Notes receivable	(2,759)	6,239
Trade receivables	270,590	(454,825)
Trade receivables - related parties	8,969	(7,918)
Other receivables	594	(1,394)
Inventories	(40,147)	9,769
Prepayments	(13,454)	3,974
Other current assets (including right to recover a product)	25,976	41,834
Financial liabilities at fair value through profit or loss	(3)	(65)
Notes payable	(10)	(601)
Trade payables	(331,936)	228,787
Other payables	(29,121)	(31,923)
Other current liabilities	(37,947)	(69,524)
Net defined benefit liabilities	(624)	(559)
Cash (used in) generated from operations	(74,212)	(196,478)
Interest received	1,869	614
Interest paid	(12,963)	(6,086)
Income tax refunds	(611)	4,926
Net cash (used in) generated from operating activities	(85,917)	(197,024)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(13,891)	(10,403)
Gain from disposal of property, plant and equipment	3,933	-
Increase in refundable deposits	(19,987)	(869)
Decrease in refundable deposits	10,590	62
Acquisition of intangible assets - computer software	(1,305)	(242)
Decrease (increase) in prepayments for equipment	5,040	(5,040)
Net cash used in investing activities	(15,620)	(16,492)

(Continued)

XANDER INTERNATIONAL CORP.

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

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	80,453	525,597
Repayment of the principal portion of lease liabilities	(17,506)	(14,831)
Dividends paid	<u>-</u>	<u>(27,267)</u>
Net cash generated from (used in) financing activities	<u>62,947</u>	<u>483,499</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(38,590)	269,983
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>354,446</u>	<u>84,463</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 315,856</u>	<u>\$ 354,446</u>

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

(Concluded)

XANDER INTERNATIONAL CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair

value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Foreign Currencies

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

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

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

Inventories

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

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments in a subsidiary are initially recognized in the parent company only balance sheet at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and side stream transactions between subsidiaries are recognized in the Company' parent company only financial statements only to the extent of interests in the subsidiary that are not related to the Company.

Property, Plant and Equipment

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

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

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

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

Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

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

a) Financial asset at FVTPL

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

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

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

The Company always recognizes lifetime Expected Credit Losses (ECLs) on accounts receivable. On all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

Revenue Recognition

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

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

Revenue from the sale of goods

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

Leasing

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

a. The Company as lessor

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

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

b. The Company as lessee

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

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

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

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

d. Termination benefits

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

Taxation

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

a. Current tax

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development

expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

c. Current and deferred taxes

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 120	\$ 110
Checking accounts and demand deposits	<u>315,736</u>	<u>354,336</u>
	<u>\$ 315,856</u>	<u>\$ 354,446</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments	\$ 3,417	\$ 2,356
<u>Investments in equity instruments</u>		

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

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

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 101,883	\$ 99,124
Less: Allowance for impairment loss	(29)	(29)
	<u>\$ 101,854</u>	<u>\$ 99,095</u>
<u>Trade receivables</u>		
At amortized cost		
Trade receivables	\$ 1,217,092	\$ 1,487,939
Trade receivables – related parties	879	9,848
Less: Allowance for impairment loss	(15,282)	(3,238)
	<u>\$ 1,202,689</u>	<u>\$ 1,494,549</u>
<u>Other receivables</u>		
Others	\$ 993	\$ 1,587

Trade Receivables

At amortized cost

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

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

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

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

December 31, 2023

	Not Overdue	Overdue under 90 Days	Over 90 Days	Total
Expected credit loss rate	0.04%	0.54%-20.38%	100%	
Gross carrying amount	\$ 1,097,151	\$ 107,711	\$ 13,109	\$ 1,217,971
Loss allowance (lifetime ECLs)	<u>(464)</u>	<u>(1,709)</u>	<u>(13,109)</u>	<u>(15,282)</u>
Amortized cost	<u>\$ 1,096,687</u>	<u>\$ 106,002</u>	<u>\$ -</u>	<u>\$ 1,202,689</u>

December 31, 2022

	Not Overdue	Overdue under 90 Days	Over 90 Days	Total
Expected credit loss rate	0.05%	0.68%-48.21%	100%	
Gross carrying amount	\$ 1,416,281	\$ 81,506	\$ -	\$ 1,497,787
Loss allowance (lifetime ECLs)	<u>(709)</u>	<u>(2,529)</u>	<u>-</u>	<u>(3,238)</u>
Amortized cost	<u>\$ 1,415,572</u>	<u>\$ 78,977</u>	<u>\$ -</u>	<u>\$ 1,494,549</u>

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

	2023	2022
<u>Notes receivable</u>		
Balance at January 1	\$ 29	\$ 29
Balance at December 31	\$ 29	\$ 29
<u>Trade receivables</u>		
Balance at January 1	\$ 3,238	\$ 1,920
Add: Recognized impairment loss	12,894	1,318
Less: Reversal of impairment loss	-	-
Less: Write-off	(850)	-
Balance at December 31	\$ 15,282	\$ 3,238
<u>Overdue receivables</u>		
Balance at January 1	\$ 63,642	\$ 67,345
Add: Recognized impairment loss	-	-
Less: Reversal of impairment loss	(593)	(3,703)
Balance at December 31	\$ 63,049	\$ 63,642

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 970,050	\$ 935,378

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

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
<u>Investment in subsidiaries</u>		
Dinghan International Corp.	\$ 11,161	\$ 11,169

At the end of reporting period , the proportion of ownership and voting rights in subsidiaries held by the Company were follows :

	December 31	
	2023	2022
Name of Subsidiaries		
Dinghan International Corp.	100%	100%

The share of profit of subsidiaries , associates and join ventures accounted for under equity method ended December 31 , 2023 and 2022 were \$(8) thousand and \$ 29 thousand , respectively .

12. PROPERTY, PLANT AND EQUIPMENT

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

a. Assets used by the Company

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

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

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

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

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

b. Assets leased under operating leases

	Office Equipment
<u>Cost</u>	
Balance at January 1, 2023	\$ <u>30,214</u>
Balance at December 31, 2023	\$ <u>30,214</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	(\$ 14,818)
Depreciation expense	(<u>7,830</u>)
Balance at December 31, 2023	(\$ <u>22,648</u>)
<u>Cost</u>	
Balance at January 1, 2022	\$ 25,334
Additions	<u>4,880</u>
Balance at December 31, 2022	\$ <u>30,214</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	(\$ 6,610)
Depreciation expense	(<u>8,208</u>)
Balance at December 31, 2022	(\$ <u>14,818</u>)

The Company leases office equipment under operating leases for 3 to 5 years. The lease contract includes the clause that the lessee will adjust the rent according to the market rent when exercising the right to renew the lease. At the end of the lease term, the lessee does not have the option to acquire the equipment.

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

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

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

Office equipment	3-5 years
------------------	-----------

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Buildings	\$ 20,452	\$ 23,016
Transportation Equipment	<u>8,412</u>	<u>-</u>
	<u>\$ 28,864</u>	<u>\$ 23,016</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 23,212</u>	<u>\$ 1,413</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 15,858	\$ 14,908
Transportation equipment	<u>1,506</u>	<u>-</u>
	<u>\$ 17,364</u>	<u>\$ 14,908</u>

b. Lease liabilities

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

Range of discount rate for lease liabilities are as follows:

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

c. Material lease-in activities and terms

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

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

d. Other lease information

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

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

14. INVESTMENT PROPERTY

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

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

15. INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software	\$ <u>1,172</u>	\$ <u>342</u>

	Amount
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,210
Additions	1,305
Disposals	<u>(589)</u>
Balance at December 31, 2023	<u>\$ 1,926</u>

Accumulated amortization and impairment

Balance at January 1, 2023	\$ (868)
Amortization	(475)
Disposals	<u>589</u>
Balance at December 31, 2023	<u>\$ (754)</u>

Cost

Balance at January 1, 2022	\$ 3,219
Additions	242
Disposals	<u>(2,251)</u>
Balance at December 31, 2022	<u>\$ 1,210</u>

Accumulated amortization and impairment

Balance at January 1, 2022	\$ (2,788)
Amortization	(331)
Disposals	<u>2,251</u>
Balance at December 31, 2022	<u>\$ (868)</u>

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

Computer software	1-5 years
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16. OTHER ASSETS

	<u>December 31</u>	
	2023	2022
Overpaid sales tax	\$ 121,253	\$ 133,620
Right to recover a product (Note 22)	70,390	88,307
Refundable deposits	27,101	17,704
Prepayment	15,557	2,103
Temporary payments	5,063	755
Prepayment of equipment	-	5,040
Overdue receivables (Note 9)	63,049	63,642
Less: Loss allowance	<u>(63,049)</u>	<u>(63,642)</u>
	<u>\$ 239,364</u>	<u>\$ 247,529</u>

Current	\$ 212,263	\$ 224,785
Non-current	<u>27,101</u>	<u>22,744</u>
	<u>\$ 239,364</u>	<u>\$ 247,529</u>

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

17. BORROWINGS

Short-term borrowings

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

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable	\$ 6	\$ 16
Trade payables	<u>812,109</u>	<u>1,144,045</u>
	<u>\$ 812,115</u>	<u>\$ 1,144,061</u>

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

19. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Other payables</u>		
Payables for rebate or reward	\$ 151,654	\$ 172,085
Payables for salaries or bonuses	35,033	39,302
Payables for freight	2,760	2,349
Payables for service	2,612	2,422
Payables for pension	2,099	1,971
Receipts under custody	1,668	1,614
Payables for employee compensation	1,072	2,219
Payables for import and export	824	1,177
Payables for equipment	500	-
Remuneration payable to directors and supervisors	214	444
Others	<u>19,287</u>	<u>23,332</u>
	<u>\$ 217,723</u>	<u>\$ 246,915</u>

	December 31	
	2023	2022
<u>Other liabilities</u>		
Temporary receipts	\$ 211,207	\$ 237,822
Refund liabilities (Note 22)	72,986	92,075
Unearned receipts	11,013	3,256
Deposits received	<u>42</u>	<u>42</u>
	<u>\$ 295,248</u>	<u>\$ 333,195</u>
<u>Current</u>		
Other payables	<u>\$ 217,723</u>	<u>\$ 246,915</u>
Other liabilities	<u>\$ 295,206</u>	<u>\$ 333,153</u>
<u>Non-current</u>		
Other liabilities	<u>\$ 42</u>	<u>\$ 42</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ (26,589)</u>	<u>\$ 21,337</u>	<u>\$ (5,252)</u>
Service cost			
Current service cost	(43)	-	(43)
Net interest expense (income)	<u>(166)</u>	<u>135</u>	<u>(31)</u>
Recognized in profit or loss	<u>(209)</u>	<u>135</u>	<u>(74)</u>
Remeasurement			
Actuarial (gain) loss			
Plan asset compensation (except amount included in net interest)	-	1,663	1,663
Changes in demographic assumptions	(78)	-	(78)
Changes in financial assumptions	2,194	-	2,194
Experience adjustments	<u>(3,411)</u>	<u>-</u>	<u>(3,411)</u>
Recognized in other comprehensive income	<u>(1,295)</u>	<u>1,663</u>	<u>368</u>
Contributions from the employer	-	633	633
Benefits paid	<u>4,058</u>	<u>(4,058)</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ (24,035)</u>	<u>\$ 19,710</u>	<u>\$ (4,325)</u>
Balance at January 1, 2023	<u>\$ (24,035)</u>	<u>\$ 19,710</u>	<u>\$ (4,325)</u>
Service cost			
Net interest expense (income)	<u>(330)</u>	<u>275</u>	<u>(55)</u>
Recognized in profit or loss	<u>(330)</u>	<u>275</u>	<u>(55)</u>
Remeasurement			
Actuarial (gain) loss			
Plan asset compensation (except amount included in net interest)	-	165	165
Changes in demographic assumptions	(325)	-	(325)
Experience adjustments	<u>84</u>	<u>-</u>	<u>84</u>
Recognized in other comprehensive income	<u>(241)</u>	<u>165</u>	<u>(76)</u>
Contributions from the employer	-	679	679
Benefits paid	<u>316</u>	<u>(316)</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ (24,290)</u>	<u>\$ 20,513</u>	<u>\$ (3,777)</u>

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

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

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

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

21. EQUITY

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

a. Share capital

Common stock

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

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

b. Capital surplus

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

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, convertible bonds and arising from treasury share transactions) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit. however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

Unrealized losses on financial assets at FVTOCI

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

22. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 8,420,532	\$ 9,692,288
Other operating income	<u>8,076</u>	<u>7,897</u>
	<u>\$ 8,428,608</u>	<u>\$ 9,700,185</u>

Description of Customer Contract

Revenue from sales of merchandise

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

Contract balance

	For the Year Ended December 31		
	2023	2022	2021
Account Receivable	<u>\$ 1,202,689</u>	<u>\$ 1,494,549</u>	<u>\$ 1,029,421</u>

23. NET (LOSS) GAIN FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2023	2022
Rental income		
Other operating leases	\$ 5,180	\$ 5,231
Compensation income	17,086	-
Others	<u>-</u>	<u>240</u>
	<u>\$ 22,266</u>	<u>\$ 5,471</u>

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

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain on valuation of financial instruments at fair value through profit or loss	\$ -	\$ (3)
Net gain(loss) on disposal of property, plant and equipment	3,926	(88)
Other expenses	(1,072)	(10)
Net foreign exchange gain	<u>2,432</u>	<u>(3,953)</u>
	<u>\$ 5,286</u>	<u>\$ (4,054)</u>

c. Finance costs

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

d. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Bank deposits	<u>\$ 1,869</u>	<u>\$ 614</u>

e. Impairment loss recognized on non-financial assets

	For the Year Ended December 31	
	2023	2022

Scrap of inventories and write-downs	\$ <u>6,442</u>	\$ <u>10,635</u>
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f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022

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

An analysis of depreciation - by function

Operating costs	\$ -	\$ -
Operating expenses	<u>30,734</u>	<u>26,668</u>
	<u>\$ 30,734</u>	<u>\$ 26,668</u>

An analysis of amortization - by function

Operating costs	\$ -	\$ -
Operating expenses	<u>475</u>	<u>331</u>
	<u>\$ 475</u>	<u>\$ 331</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022

Short-term benefits	\$ 191,390	\$ 196,351
Post-employment benefits		
Defined contribution plans	8,079	7,800
Defined benefit plans (Note 20)	<u>55</u>	<u>74</u>
	<u>8,134</u>	<u>7,874</u>

Total employee benefits expense	<u>\$ 199,524</u>	<u>\$ 204,225</u>
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An analysis of employee benefits expense - by function

Operating costs	\$ -	\$ -
Operating expenses	<u>199,524</u>	<u>204,225</u>
	<u>\$ 199,524</u>	<u>\$ 204,225</u>

h. Employees' compensation and remuneration of directors and supervisors

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

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

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

Accrual rate

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

Amount

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

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

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

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

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax benefit recognized in profit or loss

Major components of income tax expense are as follow:

	<u>For the Year Ended December 31</u>	
	2023	2022
Current tax		
In respect of the current year	\$ (7,681)	\$ (5,416)
Income tax on unappropriated earnings	(1,508)	(981)
Adjustments for prior years	5,788	429
Deferred tax		
In respect of the current year	<u>4,223</u>	<u>(2,398)</u>
Income tax revenue (expense) recognized in profit or loss	<u>\$ 822</u>	<u>\$ (8,366)</u>

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

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

b. Income tax expense recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax balances

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

	2023			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-downs	\$ 7,474	\$ 1,095	\$ -	\$ 8,569
Allowance for uncollectible accounts	3,032	3,420	-	6,452
Others	<u>1,545</u>	<u>(292)</u>	<u>15</u>	<u>1,268</u>
	<u>\$ 12,051</u>	<u>\$ 4,223</u>	<u>\$ 15</u>	<u>\$ 16,289</u>

	2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-downs	\$ 5,980	\$ 1,494	\$ -	\$ 7,474
Allowance for uncollectible accounts	3,095	(63)	-	3,032
Others	2,119	(500)	(74)	1,545
Effect of loss carryforward	<u>3,329</u>	<u>(3,329)</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,523</u>	<u>\$ (2,398)</u>	<u>\$ (74)</u>	<u>\$ 12,051</u>

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

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

f. Income tax assessments

The income tax returns of Xander International Corp for the years through 2021 has been assessed by the tax authorities.

25. EARNINGS PER SHARE

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

Net Profit for the Period

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

Shares

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	90,890	90,890
Effect of potentially dilutive ordinary shares: Compensation of employees	<u>50</u>	<u>90</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>90,940</u>	<u>90,980</u>

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

26. CAPITAL RISK MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

27. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments Not Measured at Fair Value

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

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

a. Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

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

Financial Instruments	Valuation Techniques and Inputs
Domestic unlisted shares	Market approach: 1) The fair value is measured by the share price and liquidity of similar listed company. 2) The fair value is measured based on transaction price of similar listed company with an appropriate multiplier.

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

e. Valuation process for Level 3 fair value measurement

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

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

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

Categories of Financial Instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Amortized cost (Note 1)	\$ 1,648,493	\$ 1,967,381
Financial assets at FVTOCI		
Equity instruments	3,417	2,356
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	-	3
Amortized cost (Note 2)	1,847,137	2,154,437

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

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

Financial Risk Management Objectives and Policies

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

a. Market risk

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

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

1) Foreign currency risk

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

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

	December 31	
	2023	2022
<u>Assets</u>		
USD	\$ 59,119	\$ 16,204
<u>Liabilities</u>		
USD	21,124	59,765
HKD	111	111

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

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

Sensitivity analysis

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

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

	Currency USD Impact	
	2023	2022
Post-tax profit or loss	\$ 304	\$ (299)

2) Interest rate risk

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

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

Sensitivity analysis

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

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

b. Credit risk

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

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

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

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

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

c. Liquidity risk

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

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

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

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

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

December 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>						
Non-interest bearing	-	\$ 1,013,020	\$ 132,623	\$ 95,402	\$ 42	\$ 1,241,087
Variable interest rate liabilities	1.84-2.07	606,050	-	-	-	606,050
Fixed interest rate liabilities	1.01-5.69	1,749	4,983	9,891	13,871	30,494
		<u>\$ 1,620,819</u>	<u>\$ 137,606</u>	<u>\$ 105,293</u>	<u>\$ 13,913</u>	<u>\$ 1,877,631</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>						
Non-interest bearing	-	\$ 1,355,862	\$ 166,811	\$ 106,125	\$ 42	\$ 1,628,840
Variable interest rate liabilities	1.69-6.08	525,597	-	-	-	525,597
Fixed interest rate liabilities	1.01-1.23	<u>1,251</u>	<u>3,731</u>	<u>9,307</u>	<u>10,114</u>	<u>24,403</u>
		<u>\$ 1,882,710</u>	<u>\$ 170,542</u>	<u>\$ 115,432</u>	<u>\$ 10,156</u>	<u>\$ 2,178,840</u>

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

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

December 31, 2023: None.

December 31, 2022

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

2) Financing facilities

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

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

respectively.

28. RELATED-PARTY TRANSACTIONS

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

a. Related party name and category

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

b. Operating revenues

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Sales</u>		
The chairman of the Company and the chairman of the affiliated company are the same person	\$ 8,642	\$ 21,969
The Company's subsidiary / others	134	191
The chairman of the Company and the chairman of a related company are spouses	<u>2,684</u>	<u>628</u>
	<u>\$ 11,460</u>	<u>\$ 22,788</u>
<u>Other revenue</u>		
The chairman of the Company company and the chairman of the affiliated company are the same person	\$ 1,431	\$ 1,400
The chairman of the Company and the chairman of a related company are spouses	<u>898</u>	<u>1,235</u>
	<u>\$ 2,329</u>	<u>\$ 2,635</u>

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

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

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

	For the Year Ended December 31	
	2023	2022
The chairman of the Company and the chairman of the affiliated company are the same person	\$ 847	\$ 9,549
The Company's subsidiary / Dinghan International Corp.	32	9
The chairman of the Company and the chairman of a related company are spouses	<u>-</u>	<u>290</u>
	<u>\$ 879</u>	<u>\$ 9,848</u>

d. Other transactions with related parties

Rental income

	For the Year Ended December 31	
	2023	2022
The Company's subsidiary / others	<u>\$ 36</u>	<u>\$ 36</u>

The Company rented out part of its land and building and improvements to the related parties. Rental prices were determined based on the prevailing rates in the surrounding area.

e. Compensation of key management personnel

For the years ended December 31, 2022 and 2021, the amounts of compensation of directors and key management personnel were as follows:

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

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

29. PLEDGED ASSETS

The following assets of the Company have been provided as collateral for financing loans, court-executed provisional charges and sales contracts.

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 89,031	\$ 89,896
Refundable deposits	<u>16,600</u>	<u>1,500</u>
	<u>\$ 105,631</u>	<u>\$ 91,396</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022, the amount of customs duties confirmed by banks for importing goods was \$12,000 thousand.

31. SIGNIFICANT CONTRACTS

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

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

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

(Continued)

Contractor	Term	Description
Canon Marketing Taiwan Co., Ltd.	January 1, 2023 - December 31, 2023	1. Rental services of printers. 2. The lease term is one year, and the contract is renewed every year.
MiTAC International Corp.	July 4, 2022 - July 3, 2023 July 4, 2023 - July 3, 2024	1. Rental services of Global Positioning System (GPS). 2. The lease term is one year, and the contract is renewed every year.
Advanced Micro Devices, Inc.	February 22, 2023 The contract is automatically renewed unless either party issues a notice of discontinuance within 30 days before contract expiry.	Rental services of CPU, APU and AMD product line.
Asrock Inc.	May 23, 2022 - May 23, 2023	Rental services of Mini PC, VGA and other products.

(Concluded)

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item USD	\$ 1,925	30.71	\$ 59,119
<u>Financial liabilities</u>			
Monetary item USD	688	30.71	21,124
HKD	28	3.93	111

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item			
USD	\$ 527	30.72	\$ 16,204
<u>Financial liabilities</u>			
Monetary item			
USD	1,945	30.72	59,765
HKD	28	3.94	111
Non-monetary items			
USD (forward exchange contracts)	-	30.72	3

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

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	31.17 (USD:NTD)	\$ 2,424	29.84 (USD:NTD)	\$ (3,960)
HKD	3.98 (HKD:NTD)	<u>8</u>	3.81 (HKD:NTD)	<u>7</u>
		<u>\$ 2,432</u>		<u>\$ (3,953)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (Notes 7 and 27)
- 10) Intercompany relationships and significant intercompany transactions (Table 2)

b. Information on investments in mainland China (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 3)

TABLE 1

XANDER INTERNATIONAL CORP.

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

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

TABLE 2

XANDER INTERNATIONAL CORP.

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

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

TABLE 3**XANDER INTERNATIONAL CORP.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

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

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

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

XANDER INTERNATIONAL CORP.

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XANDER INTERNATIONAL CORP.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 120
Cash in banks		
Checking accounts		379
Demand deposits	Includes foreign currency deposits US\$995 thousand × 30.71	<u>315,357</u>
		<u>\$ 315,856</u>

XANDER INTERNATIONAL CORP.**STATEMENT OF NOTE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Client A	Payment for goods	\$ 24,892
Client B	"	5,471
Others(Note)	"	<u>71,520</u>
		101,883
Less: Allowances for impairment loss		(<u>29</u>)
		<u>\$ 101,854</u>

Note: The amount due from individual customers included in others does not exceed 5% of the account balance.

XANDER INTERNATIONAL CORP.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Client A	Payment for goods	\$ 208,347
Client B	"	125,263
Client C	"	91,611
Client D	"	72,548
Client E	"	65,423
Others(Note)	"	<u>653,900</u>
		1,217,092
Less: Allowances for impairment loss		(<u>15,282</u>)
		<u>\$ 1,201,810</u>

Note: The amount due from individual customers included in others does not exceed 5% of the account balance.

XANDER INTERNATIONAL CORP.**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
Finished goods	\$ 1,012,895	<u>\$ 970,050</u>
Less: Allowance for valuation loss	(<u>42,845</u>)	
	<u>\$ 970,050</u>	

Note: The Company's inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item

XANDER INTERNATIONAL CORP.

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Thousands Shares Except Unit Price in New Taiwan Dollars)

Company Name	Beginning Balance		Increase in Investment		Decrease in Investment		Ending Balance			Market Value of Equity	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership(%)	Amount	Unit Price	Total Amount□
Dingan International Corp.(Note)	3,200	\$ 11,169	-	\$ -	-	\$ 8	3,200	100	\$ 11,161	3.49	\$ 11,161

Note :The amount Decrease by NT 8 thousand is due to recognized the share of loss of investee company using equity method.

XANDER INTERNATIONAL CORP.**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Client A	Payment for goods	\$ 150,435
Client B	"	136,006
Client C	"	74,739
Client D	"	63,721
Client E	"	56,960
Client F	"	52,692
Less: Allowances for impairment loss	"	<u>277,556</u>
		<u>\$ 812,109</u>

Note: The amount due to individual vendors included in others does not exceed 5% of the account balance.

XANDER INTERNATIONAL CORP.

**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Operating Revenue, Net	
PC/NB	\$ 2,902,741
LCD Monitor and TV	2,254,027
Network relevant goods	748,406
Materials	497,014
Others(Note)	<u>2,018,344</u>
	8,420,532
Other Revenue	
Maintenance Revenue	<u>8,076</u>
	<u>\$ 8,428,608</u>

Note: The amount for each item in others does not exceed 5% of the account balance.

XANDER INTERNATIONAL CORP.**STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Cost of merchandise inventories	
Inventory at beginning of year	\$ 972,748
Add: Purchased during the year(net)	8,074,435
Import costs	5,522
Less: Inventory at end of year	(1,012,895)
Scrap of inventory	(947)
Count losses of inventory	(<u>194</u>)
	8,038,669
Scrap of inventory	947
Inventory write-downs	5,475
Count losses of inventory	<u>194</u>
Cost of goods sold	8,045,285
Other operating costs	<u>14,775</u>
Operating cost	<u>\$ 8,060,060</u>

XANDER INTERNATIONAL CORP.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Payroll	\$ 163,182
Pension	8,134
Rent	7,321
Stationery supplies	940
Travel	5,847
Freight	59,710
Postage	4,797
Repair and maintenance	2,543
Advertisement	1,573
Utilities	3,459
Insurance	26,005
Entertainment	4,413
Taxes	302
Depreciation	30,734
Amortization	475
Expect credit reversal gain	12,301
Meal allowance	5,332
Employee's benefits	5,595
training expense	39
Professional service fees	5,243
Cleaning expense	934
Package	3,182
Miscellaneous purchase	1,655
Others	<u>11,197</u>
	<u><u>\$ 364,913</u></u>

XANDER INTERNATIONAL CORP.

STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Item	For the Year Ended December 31							
	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Other operating revenue and expense	Total	Classified as Operating Costs	Classified as Operating Expenses	Other operating revenue and expense	Total
Employee benefits								
Payroll expense	\$ -	\$ 162,375	\$ -	\$ 162,375	\$ -	\$ 166,712	\$ -	\$ 166,712
Labor and health insurance	-	16,612	-	16,612	-	15,865	-	15,865
Pension	-	8,134	-	8,134	-	7,874	-	7,874
Board compensation	-	807	-	807	-	799	-	799
Other employee benefits	-	11,596	-	11,596	-	12,975	-	12,975
	<u>\$ -</u>	<u>\$ 199,524</u>	<u>\$ -</u>	<u>\$ 199,524</u>	<u>\$ -</u>	<u>\$ 204,225</u>	<u>\$ -</u>	<u>\$ 204,225</u>
Depreciation	<u>\$ -</u>	<u>\$ 30,734</u>	<u>\$ -</u>	<u>\$ 30,734</u>	<u>\$ -</u>	<u>\$ 26,668</u>	<u>\$ -</u>	<u>\$ 26,668</u>
Amortization	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 331</u>

Note 1: As of December 31, 2023 and 2022, the Company had average of 258 and 263 employees (not contain non-employee directors).The employees are not hold several post in Company. There were 7of non-employee directors for 2023 and 2022, respectively.

Note 2: The Stocks have already traded in Taiwan Stock Exchange Company and Taipei Exchange. The Company should disclosure the bellows:

- (1) Average labor cost for the year ended December 31, 2023 was NT\$770 thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))
Average labor cost for the year ended December 31, 2022 was NT\$773thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))
- (2) Average payroll and bonus expense for the year ended December 31, 2023 was NT\$629 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))
Average payroll and bonus expense for the year ended December 31, 2022 was NT\$634 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))
- (3) There was a -0.79% adjusted change in the average payroll and bonus expense. ((Average payroll and bonus expense of the current year - Average payroll and bonus expense of the prior year)/Average payroll and bonus expense of the prior year)
- (4) The salary policy of the Company are as follow:
 - a.Directors, supervisor and manager: In accordance with the Company's Article 6 ,The Company's Remuneration of directors,supervisors and managers were decided by reaching the goal of company in short and long-term period, the situation of rationality of financial ,operating and the risk of the Company.
 - b.Directors and managers : The payroll and benefit of the directors and managers of the Company shall be implemented by the board of directors ,should suggested first by remuneration committee, and discussed by the board of directors ,finally.
 - c.The payroll and benefit of the supervisors shall be discussed by the board of directors, based on the Company's Article, or the resolution of board of directors authorized with the shareholders' meeting.
 - d.Employees : The payroll and benefits are discussed and determined with employees and Company . The payroll and benefits which employee received during working period are not below the average employee payroll.

G. Review and Analysis of the Financial Status and Financial Performance and Risks

I. Financial Status:

Financial Status Comparison Analysis

Unit: In Thousands of New Taiwan Dollars

Item	Fiscal year	2023	2022	Difference	
				Amount	%
Current assets		2,815,689	3,122,389	(306,700)	(10)
Non-current financial assets measured through other comprehensive income		3,417	2,356	1,061	45
Property, Plant and Equipment		148,147	147,633	514	0
Intangible assets		1,172	342	830	243
Other assets		72,890	57,812	15,078	26
Total assets		3,041,315	3,330,532	(289,217)	(9)
Current liabilities		1,957,381	2,271,598	(314,217)	(14)
Non-current liabilities		17,440	14,418	3,022	21
Total liabilities		1,974,821	2,286,016	(311,195)	(14)
Equity attributable to owners of the parent company		1,066,494	1,044,516	21,978	2
Share capital		908,896	908,896	0	0
Capital surplus		67,418	67,418	0	0
Retained earnings		92,108	71,191	20,917	29
Other equity		(1,928)	(2,989)	1,061	(35)
Total equity		1,066,494	1,044,516	21,978	2
Analysis of deviation:					
1. Compared to the previous period, non-current financial assets measured through other comprehensive income and other equity increased by 1,061 thousand in the period, mainly due to the increase of fair value for unlisted equity investment targets.					
2. Intangible assets increased by 830 thousand compared to the previous period, mainly due to the purchase of new software programs and the amortization of existing software this year.					
3. Other assets increased by 15,078 thousand compared to the previous period, mainly due to the addition of lease assets in the period.					
4. Non-current liabilities increased by 3,022 thousand compared to the previous period, mainly due to the addition of leases in the period.					

II. Financial Performance:

(I) Primary reasons for major changes in operating revenue, net revenue, and net income after tax in the last two years:

Unit: In Thousands of New Taiwan Dollars

Item \ Fiscal year	2023	2022	Difference	
			Amount	%
Operating revenue	8,429,868	9,701,804	(1,271,936)	(13)
Operating cost	8,061,206	9,293,675	(1,232,469)	(13)
Gross profit	368,662	408,129	(39,467)	(10)
Gross profit ratio	4.373%	4.207%	0	4
Operating expense	365,049	361,997	3,052	1
Operating income	3,613	46,132	(42,519)	(92)
Non-operating revenue and expenses	16,543	(4,416)	20,959	(475)
Net income from continuing operations before tax	20,156	41,716	(21,560)	(52)
Income tax expense (income)	(822)	8,366	(9,188)	(110)
Net income (loss) for the period	20,978	33,350	(12,372)	(37)
Other comprehensive income or loss	1,000	170	830	488
Comprehensive income or loss for the period	21,978	33,520	(11,542)	(34)
Analysis of deviation: (Deviation over 20%)				
1. The decrease in operating income, net income before tax, net income, and comprehensive income or loss for the year was mainly due to the decrease in terminal demand and income reduction caused by inflation in the period.				
2. This year's non-operating revenue and expenses increased by 20,959 thousand compared to the previous period, mainly due to exchange gains from market exchange rate fluctuations, and losses from litigation compensation and reversal of estimation.				
3. The income tax expense for the year was decreased by 9,188 thousand, mainly due to a decrease in profit this year.				
4. The other comprehensive income for the current year increased by 830 thousand, mainly due to the increase in valuation gain on securities.				

(II) Sales volume forecast and the basis for the forecast:

The Company establishes its annual sales targets based on the current industry conditions and past operating performance.

(III) Possible impacts on the Company's future financial performance and responsive actions to such impacts:

As the Company is in an industry that is already at the mature stage, its growth in market share and gross margin can be quite limited. It is only by continuing to develop and bring innovative high-tech products to the market which will maintain the stability of the Company's business, as well as by enforcing a tight control on the Company's expenses, will the Company be able to strive up its profitability and keep the Company in a good financial position.

III. Cash flow:

Cash Flow Analysis

Unit: In Thousands of New Taiwan Dollars

Cash balance for beginning of year	Net cash generated by operating activities for the year	Cash generated (used) for the year	Cash balance remained (shortfall)	Remedy for expected cash shortfall	
				Investment plan	Financing plan
363,277	(85,748)	47,277	324,806	-	-
1. Analysis of deviation in cash flow for the year: (1) The net cash generated by operating activities for was increased by 113,600 thousand, mainly due to an increase of 735,932 thousand in net cash generated from accounts receivable and other current liabilities was a decrease of the period totally 31,577 thousand in cash, compared to the previous period. All of these have contributed to the decrease in the cash generated by operating activities for the period. (2) The net cash generated by investing activities was increased by 744 thousand, compared to the previous period, mainly due to an increase of 3,933 thousand in the cash used in the disposal of property, plant, and equipment in the period, and a decrease of 10,080 thousand in the cash used in prepayments of business facilities, compared to the previous period. (3) The net cash generated by financing activities in the period decreased by 420,552 thousand compared to the previous period, mainly due to a decrease in cash inflow of 445,144 thousand resulting from a decrease in short-term borrowings. 2. Remedy for cash shortfall and the liquidity analysis: None. 3. Cash flow liquidity analysis for the coming year: (1) Cash balance for beginning of year: NTD 324,806 thousand. (2) Expected net cash used in operating activities for the year: NTD 231,662 thousand. (3) Expected cash generated for the year: NTD 19,007 thousand. (4) Expected cash balance remained (shortfall): NTD 112,151 thousand. (5) Remedy for cash shortfall: None.					

IV. Impacts of Major Capital Expenditure on Finance in the Most Recent Year:

- (I) Spending in major capital expenditures and sources of funds: None.
- (II) Expected possible benefits: None.

V. Policies on investment in other companies, main reasons for their profit or loss and improvement plans in the most recent year, and investment plans for the coming year:

- (I) The Company's investment policy is to focus on strategic investments for the development of business in the industry, with the aim of enhancing the Company's overall profitability by generating non-operating revenue through strategic investments.
- (II) The investment loss from the reinvestment in Dinghan International Corp. recognized using the equity method in 2023 was NTD 8 thousand. The Company will continue to provide support for the company, with the belief that it will soon generate profits for its business as well as non-operating revenue for the Company.
- (III) The Company has no investment plan for the coming year.

VI. Risk assessment for the most recent year and up to the date the Annual Report was printed:

- (I) The impacts of interest rate fluctuation, foreign exchange volatility, and inflation on the Company's profit and loss and responsive measures for such impacts:
 - 1. Interest rate risk:

The revolving credits currently available to the Company allow its use of loans at a floating interest rate. The short-term interest rate for the Company in 2023 ranged from 1.84% ~ 2.07%, and the balance of short-term borrowing at the end of 2023 was 606,050 thousand. The financial planning of the Company follows a conservative and prudent approach in principle. For the management of Company's asset allocation, safe investments

are its top priority. With regular evaluation on money market interest rates and financial information, the Company selects the most favorable approach to use its financial resources based on the costs of the investments and their possible returns and risk, and takes measures against such risks.

2. Effects of foreign exchange volatility:

Based on the consolidated basis, the exchange gain for the Company in 2023 was NTD 2,432 thousand. In 2023, global inflation suppression and interest rate hikes led to significant exchange rate fluctuations. However, due to the Company's industry characteristics, the overall impact of exchange rate changes on the Company's profit and loss is limited.

3. Inflation risk:

The Company deals in bulk with agency IT products and consumer electronics. In recent years, inflation has caused consumers to adopt a more conservative attitude, leading to weak market demand, indirectly affecting the Company's operations and profits for 2023.

- (II) Company policy on high-risk/highly leveraged investments, lending, endorsements and guarantees for other parties, and financial derivative transactions, primary reasons for their gains or losses and measures to be taken:
1. The Company did not engage in any high-risk/highly leveraged investments and endorsements or guarantees for other parties in the most recent year and up to the date the Annual Report was printed.
 2. All financial derivative transactions engaged by the Company were forward exchange contracts that the Company entered into to manage risk exposures from its foreign currency liability due to fluctuations of foreign exchange rates and not for trading purposes. The objective of the Company's hedging strategy is to achieve mitigation against price risks in most of its markets. The Company uses financial derivative products that have a strong negative correlation with the changes in the fair value of the hedged item as hedging instruments and evaluates these instruments periodically.
 3. Lending to other parties in the most recent year and up to the date the Annual Report was printed: This did not happen.
- (III) Future plan on research & development (R&D) and expected R&D spending: The Company is engaged in the distribution of electronic products and therefore has no such need for the establishment of a R&D department or engaging any other third parties for R&D. For this reason, the Company has no R&D spending.
- (IV) The impacts of major changes in domestic and foreign government policies and regulatory environment on the Company's financial performance and responsive measures for such impacts: There was no impact on the Company's financial performance resulted from major changes in domestic and foreign government policies and regulatory environment in the most recent year and up to the date the Annual Report was printed.
- (V) The impacts of changes in technology and industry on the Company's financial performance and responsive measures for such impacts: The Company is specialized in the agency of IT products. With the development in technology and the industry, IT products will become more user-friendly orientated and supplicated, and the products under the Company's agency will become more diversified and specialized.
- (VI) The impacts of changes in corporate image on corporate risk management and responsive measures for such impacts: There was no change in the Company's corporate image in the most recent year and up to the date the Annual Report was printed. The Company is committed to maintaining a positive corporate image among its customers, and as such, has established a public relations department to ensure a good relationship with the outside world is maintained. A customer service center is also in place to resolve any disputes arising in transactions and to provide after-sales service for its products. The Company will initiate its risk management team in the event that its corporate image is adversely affected or there is any violation of law. The team will be responsible to develop strategies and resolve the crisis

arising from such an event.

- (VII) Expected benefits and possible risks on business merger/acquisition and responsive measures for such risks: None.
- (VIII) Expected benefits and possible risks on plant expansion and responsive measures for such risks: The Company is not engaged in the business of product manufacture, so there was no need for plant expansion.
- (IX) Risks on vendor and customer concentration and responsive measures for such risks: None.
- (X) The impacts and risks of a transfer of significant numbers of shares by any of Company's directors, supervisors, and/or shareholders holding more than 10% of outstanding shares on the Company and responsive measures for such risks: None.
- (XI) The impacts and risks of a change of control on the Company and responsive measures for such risks: Not applicable.
- (XII) Litigious or non-litigious disputes:
 - 1. Any litigation, non-litigious proceeding, or administrative dispute involving the Company that has a confirmed ruling or remained pending and whose outcome may have a material impact on shareholders' equity or prices for the Company's securities in the most recent year and up to the date the Annual Report was printed: None.
 - 2. Any litigation, non-litigious proceeding, or administrative dispute involving any of the Company's directors, supervisors, general manager, de facto responsible person, major shareholders with a stake of more than 10 percent, or affiliates that has a confirmed ruling or remained pending and whose outcome may have a material impact on shareholders' equity or prices for the Company's securities in the most recent year and up to the date the Annual Report was printed: None.
- (XIII) Other important risks – cybersecurity risk assessment and analysis:
 - 1. The Company has established an IT department, which is responsible for the management of cybersecurity risks. The structure of the department is described below:
 - (1) Division for OA Services: In charge of the maintenance and management of IT equipment and the maintenance of effective cybersecurity
 - (2) Division for System Research and Development: In charge of the planning and development of ERP application systems, as well as their maintenance
 - 2. The following cybersecurity policies are developed and reviewed every year periodically to ensure their applicability and effectiveness:
 - (1) Personnel management and cybersecurity training programs
 - A. A security assessment is performed on any data-related positions and duties. Careful consideration is also given to assess the suitability of a personnel when hiring or assigning relevant works or tasks to the personnel.
 - B. The head of each operating unit is responsible for the supervision of the cybersecurity on the activities performed by his/her staff to prevent any illegal and improper acts.
 - C. A variety of training and promotion on cybersecurity tailored to the needs for different fields of work (e.g., management, sales, and IT) are conducted periodically in order to build the employees' awareness on cybersecurity and strengthen the Company's data security.
 - D. The responsibilities and authority with respect to the management, maintenance, design, and operations of important information systems are appropriately distributed to respective personnel in a decentralized approach.
 - (2) Security management for computer systems
 - A. Before outsourcing any activities relating to information technology to a third party, the requirements for the security of information technology should be prepared and the responsibilities and obligations of the vendor with respect to data security and confidentiality should be explicitly stated and included in the contract arrangement with the vendor. The vendor will be asked to comply with these requirements and performance review will be conducted on a periodic basis.
 - B. All actions involving copying or use of software should follow applicable

regulatory or contractual requirements. A management system on the use of software is developed.

- C. Necessary preventive and protective measures are taken to detect and avoid computer viruses and other malware to ensure proper operations of systems.

(3) Network safety management

Information systems that allow access with external connections should adopt technologies or measures of different security levels based on the importance and value of their information and systems for the protection of such information and systems from breach, damage, alteration, deletion and unauthorized access.

(4) System access control

- A. When an employee leaves the Company, all his/her access to information resources is immediately removed. This procedure is listed as a mandatory protocol for the employee termination process. When there is a change in job duties or a job role of an employee, the employee's access privileges should be adjusted accordingly within the established time frame in accordance with the system access control requirements.

- B. The access password management of users are strengthened and access passwords are changed regularly.

- C. A stronger safety control should be enforced on system service vendors who perform system repair/maintenance remotely; and such vendors should follow applicable security and confidentiality requirements.

(5) Security management for development and maintenance of application systems

- A. When developing a system independently or by an outsourced party, information security requirements should be taken into consideration during the initial phase of the system's lifecycle. Security controls should be established for the maintenance, update, online implementation, and version control to prevent improper software, trapdoors, and computer viruses from damaging the system's security.

- B. Requirements and restrictions should be defined on the extent of systems and data to which vendor personnel for software/hardware system development and maintenance is allowed to access; the issuance of long-term system identification and access passwords is strictly forbidden. Short-term and temporary system identification and access passwords may be issued to vendors if there is an actual need for operations; however, such access privileges should be revoked immediately upon completion of their works.

- C. An outsourced vendor may only establish and perform maintenance on important software/hardware and facilities under the supervision of, and accompanied by, relevant department personnel.

(6) Physical and environmental security management

Proper physical and environmental security management measures should be established for relevant equipment with respect to its placement, surrounding environment, and access control of personnel.

VII. Other Important Matters: None.

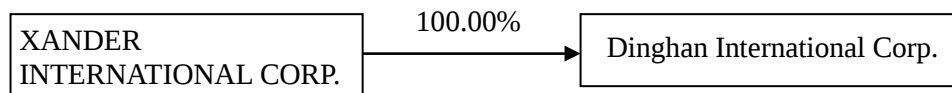
H. Special Notes

I. Information of Affiliates:

(I)Affiliate Consolidated Business Report

1. Organizational chart for the affiliate

(1)Controlling entity and controlled entity: Dinghan International Corp.



(2)Entities with investments in each other: None.

2.General information for the affiliate

Unit: In Thousands of New Taiwan Dollars

Business name	Date established	Address	Paid-in capital	Major business or manufacturing activities
Controlling entity: XANDER INTERNATIONAL CORP.	1995.11.02	5F, No. 531, Zhongzheng Road, Xindian District, New Taipei City	908,896	Distribution and agency of sales of electronic components, parts, integrated circuits, and computer equipment and peripherals.
Controlled entity: Dinghan International Corp.	2002.11.05	5F, No. 531, Zhongzheng Road, Xindian District, New Taipei City	32,000	Wholesale and retail sales of office equipment.

3. Shareholder in common between the entities that are deemed to have a controlling and controlled relationship: None.

4. Business activities of the affiliates and their association:

(1)The industries in which the business activities of the affiliate are engaged:

- ① Distribution of IT products: Distribution and agency of sales of electronic components, parts, integrated circuits, and computer equipment and peripherals.
- ② International trade: Wholesale and retail sales of office equipment.
- ③ Repair for IT equipment: Repair, maintenance, and installation of electronic, computer, network communication equipment and products, and their distribution of sales.

(2)Distribution in business activities among the affiliates:

With its distribution and agency of sales of electronic components, parts, integrated circuits, and computer equipment and peripherals as the foundation, Xander is developing a variety of horizontal and vertical integration in the industry. Dinghan International Corp. is mainly engaged in the wholesale and retail sales of office equipment.

5. Information about directors, supervisors, and general manager of the affiliate

Unit: In Thousands of New Taiwan Dollars; Share

Business name	Job title	Name or representative	Number of shares held	
			Number of shares	Shareholding ratio %
Controlling entity:				
XANDER INTERNATIONAL CORP.	Chairman	Representative of Hung Mao Investment Co., Ltd.: Wen-Chi Chen	22,989,868	25.29
			4,834,147	5.32
	Directors	Representative of Chuan Te Investment Co., Ltd.: Yuh-Ta Chang	2,694,647	2.96
			-	-
	Directors	Representative of Hung Mao Investment Co., Ltd.: Cher Wang	22,989,868	25.29
			3,584,748	3.94
	Directors	Representative of Chuan Te Investment Co., Ltd.: Che Chen	2,694,647	2.96
			918,763	1.01
	Independent directors	Dao-Song Chen	-	-
	Independent directors	Hsuan-Hsuan Chen	-	-
	Independent directors	Wen-Hua Liao	-	-
Controlled entity:				
Dinghan International Corp.	Chairman	Representative of XANDER INTERNATIONAL CORP.: Wen-Kang Chen	3,200,000	100.00
	Directors	Representative of XANDER INTERNATIONAL CORP.: Hsun-Long Huang	3,200,000	100.00
	Directors	Representative of XANDER INTERNATIONAL CORP.: Bin-Hai He	3,200,000	100.00
	Supervisor	Representative of XANDER INTERNATIONAL CORP.: Cai-Rong Lin	3,200,000	100.00

6. Operational overview of the affiliate

Unit: In Thousands of New Taiwan Dollars

Business name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Income (loss) for the period (after tax)	Earnings (deficits) per share (NTD) (after tax)
Controlling entity:								
XANDER INTERNATIONAL CORP.	908,896	3,040,442	1,973,948	1,066,494	8,428,608	3,635	20,978	0.23
Controlled entity:								
Dinghan International Corp.	32,000	12,064	904	11,160	9,981	(58)	(8)	(0.003)

(II) Affiliate Consolidated Financial Statements

Pursuant to Section 4 under the Description section of the official letter (88) SFC (XI) No. 04448 and Appendix 5 thereto, the Company has not prepared and issued the Affiliate Consolidated Financial Statements and the declaration as described in Appendix 1 thereto. Instead, a declaration as described in Appendix 5 thereto is issued and placed as the cover page for the consolidated financial statements for parent company and its subsidiary. Please see the consolidated financial statements as shown in the appendix.

(III) Affiliation report

No events have occurred that require the preparation of an affiliation report.

II. Processing status of private placement securities in the most recent year and up to the date the Annual Report was printed: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the date the Annual Report was printed: None.

IV. Other Matters Requiring Supplementary Information: None.

- I. Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 3 Subparagraph 2 of the Act in the most recent year and up to the date the Annual Report was printed: None.**

**XANDER INTERNATIONAL
CORP.**

Chairman: Wen-Chi Chen