Stock Code: 2433

# Huxen Corporation and Subsidiaries

# Consolidated Financial Statements and Independent Auditors' Report

2023 and 2022

Address: 7F, No. 2, Section 5, Xinyi Road, Xinyi District, Taipei City

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Notice to readers

The reader is advised that this annual report has been prepared originally in Chinese. In the event of a conflict between this annual report and the original Chinese version or difference in interpretation between the two versions, the Chinese language Consolidated Financial Statements and Independent Auditors' Report shall prevail.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The companies to be incorporated by the Company into the consolidated financial statements of the affiliates for 2023 (from January 1, 2023 to December 31, 2023) according to the“Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical with the companies required to be incorporated into the consolidated financial statements of affiliates and parent company according to the “International Financial Reporting Standards 10 (IFRS 10)” approved by the Financial Supervisory Commission. Further, relevant information required to be disclosed in the consolidated financial statements of the affiliates has been disclosed completely in the consolidated financial statements of affiliates and parent company. Accordingly, no separate consolidated financial statements of the affiliates is further provided.

Sincerely,

Name of Company: Huxen Corporation

Person in charge: Liao, Ching-Chang

March 13, 2024

# Independent Auditors' Report

To Huxen Corporation:

**Opinion**

We have audited the accompanying consolidated financial statements of Huxen Corporation (the "Company") and its subsidiaries which comprise the consolidated balance sheets for the years ended December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows and notes to consolidated financial statements, including a summary of significant accounting policies, for the years ended December 21, 2023 and 2022.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 21, 2023 and 2022 in accordance with the regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effects by the Financial Supervisory Commission.

**Basis for Opinion**

We are entrusted to conduct the audit in accordance with the Regulations Governing the Audit of Financial Statements and Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for certified Public Accountants in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

Key audit matters for the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2023 are stated as follows:

Key audit matter: sales revenue

The main business of the Group is the purchase, sale and lease of multi-function printers. Revenue per transaction from the sale of multi-function printers, peripherals, and consumables is large and variable compared to rental revenue that is generally collected on a monthly basis. Hence, this type of revenue is expected to be highly risky and has a material impact on the financial statements. The primary risk is whether the revenue was actually earned and; accordingly, we have identified this as a key audit matter.

Please refer to Note 4(13) for the accounting policy on operating revenues.

We understand and have tested the design, implementation and effectiveness of internal controls over the recognition of sales revenue. We also selected appropriate samples from sales transactions (revenue from sales of multi-function printers, peripherals and consumables) and reviewed the transaction applications, signed receipt documents from customers, and we has checked whether the recipients were the same as the counterparties in order to confirm whether there were material misstatements in sales revenue.

**Other Matter**

The Company has prepared the parent company only financial statements for 2023 and 2022, for which we have issued an independent auditor’s report with unqualified 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 the IFRS, IAS, IFRIC, and 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 members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the auditing standards., we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial report, 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 the 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 auditor's report to the related disclosures in the financial report 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 contents of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. 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, actions taken to eliminate threats or safeguards applied.

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

Deloitte & Touche

| | |
|---|---|
| CPA Huang, Hai-Yue | CPA: Chih, Jui-Chuan |
| Approval Number of Securities and Futures Commission<br>Tai-Tsai-Cheng-Liu-Tzu number 0920131587 | Approval number of the Financial Supervisory Commission<br>Chin-Kuan-Cheng-Shen-Tzu number 1060023872 |

March 13, 2024

Huxen Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD in Thousand

| Code | Assets | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Note 4 & 6) | $ 536,065 | 7 | $ 689,960 | 9 |
| 1120 | Financial assets at fair value through other comprehensive income – current (Note 4 & 7) | 1,675,425 | 22 | 1,717,310 | 22 |
| 1136 | Financial assets at amortized cost – current (Note 4 & 8) | 1,046,425 | 14 | 771,420 | 10 |
| 1150 | Notes receivable (Note 4 & 9) | 53,220 | 1 | 65,769 | 1 |
| 1172 | Accounts receivable (Note 4, 9 & 30) | 90,127 | 1 | 85,156 | 1 |
| 1175 | Lease receivables (Note 4, 10 & 30) | 164,277 | 2 | 218,705 | 3 |
| 1200 | Other receivables (Note 4 & 30) | 12,721 | - | 14,130 | - |
| 130X | Inventories (Note 4 & 11) | 223,981 | 3 | 207,951 | 2 |
| 1479 | Other current assets (Note 13) | 121,437 | 1 | 150,489 | 2 |
| 11XX | Total current assets | 3,923,678 | 51 | 3,920,890 | 50 |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income – non-current (Note 4 & 7) | 621,786 | 8 | 637,331 | 8 |
| 1600 | Property, plant and equipment (Note 4, 14 & 30) | 2,473,487 | 32 | 2,532,608 | 33 |
| 1755 | Right-of-use assets (Notes 4, 15 & 30) | 34,961 | 1 | 37,443 | 1 |
| 1760 | Investment property (Note 4, 16 & 31) | 228,458 | 3 | 231,999 | 3 |
| 1805 | Goodwill (Note 4 & 17) | 238,979 | 3 | 238,979 | 3 |
| 1821 | Other intangible assets (Note 4 & 17) | 581 | - | 600 | - |
| 1840 | Deferred income tax assets (Notes 4 & 25) | 42,934 | 1 | 43,804 | 1 |
| 1935 | Lease receivables – non-current (Note 4, 10 & 30) | 109,370 | 1 | 112,504 | 1 |
| 1990 | Refundable deposits (Note 30) | 10,352 | - | 9,721 | - |
| 15XX | Total non-current assets | 3,760,908 | 49 | 3,844,989 | 50 |
| 1XXX | Total assets | $ 7,684,586 | 100 | $ 7,765,879 | 100 |
| **Code** | **Liabilities and equity** | | | | |
| | Current liabilities | | | | |
| 2100 | Short-term loans (Notes 18) | $ 1,230,000 | 16 | $ 650,000 | 9 |
| 2110 | Short-term bills payables (Notes 18) | - | - | 879,759 | 11 |
| 2170 | Accounts payable (Note 19) | 133,967 | 2 | 102,293 | 1 |
| 2180 | Accounts payable – related parties (Note 19 & 30) | 92,025 | 1 | 92,766 | 1 |
| 2219 | Other payables (Note 20 & 30) | 91,564 | 1 | 89,939 | 1 |
| 2230 | Current tax liabilities (Note 4 & 25) | 41,633 | 1 | 46,687 | 1 |
| 2280 | Lease liabilities – current (Note 4, 15 & 30) | 17,426 | - | 23,848 | - |
| 2399 | Other current liabilities (Note 20) | 35,423 | - | 47,175 | 1 |
| 21XX | Total current liabilities | 1,642,038 | 21 | 1,932,467 | 25 |
| | Non-current liabilities | | | | |
| 2540 | Long-term loans (Note 18) | 1,099,965 | 15 | 740,000 | 9 |
| 2570 | Deferred income tax liabilities (Note 4 & 25) | 1,562 | - | 1,601 | - |
| 2580 | Lease liabilities – non-current (Note 4, 15 & 30) | 17,804 | - | 13,797 | - |
| 2640 | Net defined benefit liability (Note 4 & 21) | 150,154 | 2 | 149,589 | 2 |
| 2670 | Guarantee deposits (Note30) | 244,856 | 3 | 287,120 | 4 |
| 25XX | Total non-current liabilities | 1,514,341 | 20 | 1,192,107 | 15 |
| 2XXX | Total liabilities | 3,156,379 | 41 | 3,124,574 | 40 |
| | Equity attributable to owners of the Company (Note 22) | | | | |
| | Capital stock | | | | |
| 3110 | Common stock | 1,444,960 | 19 | 1,444,960 | 19 |
| 3200 | Capital surplus | 42,643 | 1 | 42,643 | - |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 992,009 | 13 | 934,760 | 12 |
| 3350 | Unappropriated earnings | 497,747 | 6 | 587,701 | 8 |
| 3300 | Total retained earnings | 1,489,756 | 19 | 1,522,461 | 20 |
| 3400 | Other equity | 857,608 | 11 | 945,164 | 12 |
| 31XX | Equity attributable to owners of the Company | 3,834,967 | 50 | 3,955,228 | 51 |
| 36XX | Non – controlling interests (Note 12) | 693,240 | 9 | 686,077 | 9 |
| 3XXX | Total equity | 4,528,207 | 59 | 4,641,305 | 60 |
| | Total liabilities and equity | $ 7,684,586 | 100 | $ 7,765,879 | 100 |

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1~December 31, 2023 and 2022

Unit: NTD in Thousand (Earnings per Share in Dollars)

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4000 | Operating revenue (Note 4, 23 & 30) | $ 2,893,725 | 100 | $ 3,193,629 | 100 |
| 5000 | Opertating Costs (Note 4, 11, 24 & 30) | 1,902,465 | 66 | 2,162,017 | 68 |
| 5900 | Gross profit | 991,260 | 34 | 1,031,612 | 32 |
| | Operating expenses (Note 4, 9, 24 & 30) | | | | |
| 6100 | Marketing expenses | 418,817 | 15 | 424,979 | 13 |
| 6200 | Administrative expenses | 125,677 | 4 | 124,342 | 4 |
| 6450 | Expected credit loss | 5,892 | - | 8,597 | - |
| 6000 | Total operating expenses | 550,386 | 19 | 557,918 | 17 |
| 6900 | Net income from operations | 440,874 | 15 | 473,694 | 15 |
| | Non-operating income and expenses (Note 4, 24 & 30) | | | | |
| 7100 | Interest income | 32,484 | 1 | 20,731 | 1 |
| 7010 | Other income | 167,585 | 6 | 209,902 | 6 |
| 7020 | Other gain and loss | 5,145 | - | 9,161 | - |
| 7050 | Finance costs | ( 34,755 ) | ( 1 ) | ( 23,005 ) | ( 1 ) |
| 7000 | Total non-operating income and expenses | 170,459 | 6 | 216,789 | 6 |
| 7900 | Net income before income tax | 611,333 | 21 | 690,483 | 21 |
| 7950 | Income tax expense (Note 4 & 25) | ( 100,970 ) | ( 3 ) | ( 106,687 ) | ( 3 ) |
| 8200 | Net income for the period | 510,363 | 18 | 583,796 | 18 |

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| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| | Other comprehensive income (Note 4, 12, 21, 22 & 25) | | | | |
| 8310 | Items not reclassified to profit/loss | | | | |
| 8311 | Remeasurements of defined benefit plans | ($ 3,510) | - | $ 14,138 | - |
| 8316 | Unrealized gains/losses from investments in equity instruments measured at fair value through other comprehensive income | ( 57,430) | ( 2) | ( 359,695) | ( 11) |
| 8349 | Income tax related to items not reclassified to profit/loss | 702 | - | ( 2,828) | - |
| | | ( 60,238) | ( 2) | ( 348,385) | ( 11) |
| 8360 | Items that may be reclassified subsequently to profit/loss | | | | |
| 8361 | Exchange differences on translation of foreign operation's financial statements | ( 43,037) | ( 2) | 31,876 | 1 |
| 8300 | Total other comprehensive income | ( 103,275) | ( 4) | ( 316,509) | ( 10) |
| 8500 | Total comprehensive income for the period | $ 407,088 | 14 | $ 267,287 | 8 |
| | Net income attributable to: | | | | |
| 8610 | Owners of the Company | $ 490,289 | 17 | $ 561,175 | 17 |
| 8620 | Non-controlling interests | 20,074 | 1 | 22,621 | 1 |
| 8600 | | $ 510,363 | 18 | $ 583,796 | 18 |
| | Total comprehensive income attributable to: | | | | |
| 8710 | Owners of the Company | $ 399,925 | 14 | $ 235,103 | 7 |
| 8720 | Non-controlling interests | 7,163 | - | 32,184 | 1 |
| 8700 | | $ 407,088 | 14 | $ 267,287 | 8 |
| | Earnings per share (Note 26) | | | | |
| 9710 | Basic | $ 3.39 | | $ 3.88 | |
| 9810 | Diluted | $ 3.39 | | $ 3.88 | |

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

January 1~December 31, 2023 and 2022

Unit: NTD in Thousand

| Code | | Capital stock | Capital surplus | Retained earnings: Legal reserve | Retained earnings: Unappropriated earnings | Other equity: Exchange differences on translation of foreign operation's financial statements | Other equity: Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income | Total equity attributable to shareholders of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| A1 | Balance, January 1, 2021 | $ 1,444,960 | $ 42,643 | $ 879,732 | $ 575,980 | ($ 142,257) | $ 1,424,803 | $ 4,225,861 | $ 653,893 | $ 4,879,754 |
| | Appropriations of earnings for 2021 | | | | | | | | | |
| B1 | Legal reserve | - | - | 55,028 | ( 55,028) | - | - | - | - | - |
| B5 | Cash dividends to shareholders of the Company | - | - | - | ( 505,736) | - | - | ( 505,736) | - | ( 505,736) |
| D1 | Net income in 2022 | - | - | - | 561,175 | - | - | 561,175 | 22,621 | 583,796 |
| D3 | Other comprehensive income in 2022 | - | - | - | 11,310 | 22,313 | ( 359,695) | ( 326,072) | 9,563 | ( 316,509) |
| D5 | Total comprehensive income in 2022 | - | - | - | 572,485 | 22,313 | ( 359,695) | 235,103 | 32,184 | 267,287 |
| Z1 | Balance, December 31, 2022 | 1,444,960 | 42,643 | 934,760 | 587,701 | ( 119,944) | 1,065,108 | 3,955,228 | 686,077 | 4,641,305 |
| | Appropriations of earnings for 2022 | | | | | | | | | |
| B1 | Legal reserve | - | - | 57,249 | ( 57,249) | - | - | - | - | - |
| B5 | Cash dividends to shareholders of the Company | - | - | - | ( 520,186) | - | - | ( 520,186) | - | ( 520,186) |
| D1 | 2 Net income in 2023 | - | - | - | 490,289 | - | - | 490,289 | 20,074 | 510,363 |
| D3 | Other comprehensive income in 2023 | - | - | - | ( 2,808) | ( 30,126) | ( 57,430) | ( 90,364) | ( 12,911) | ( 103,275) |
| D5 | Total comprehensive income in 2023 | - | - | - | 487,481 | ( 30,126) | ( 57,430) | 399,925 | 7,163 | 407,088 |
| Z1 | Balance on December 31, 2023 | $ 1,444,960 | $ 42,643 | $ 992,009 | $ 497,747 | ($ 150,070) | $ 1,007,678 | $ 3,834,967 | $ 693,240 | $ 4,528,207 |

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

Chairman: Liao, Ching-Chang Manager: Weng, Kuo-Hua Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Consolidated Statements of Cash Flows

January 1~December 31, 2023 and 2022

Unit: NTD in Thousand

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from operating activities | | |
| A00010 | Net income before income tax | $ 611,333 | $ 690,483 |
| A20010 | Gain/loss | | |
| A20100 | Depreciation expense | 1,148,686 | 1,206,736 |
| A20200 | Amortization expense | 504 | 312 |
| A20300 | Expected credit loss | 5,892 | 8,597 |
| A20400 | Gain on financial assets at fair value through profit or loss, net | ( 9,230 ) | ( 14,042 ) |
| A20900 | Finance costs | 34,755 | 23,005 |
| A21200 | Interest income | ( 32,484 ) | ( 20,731 ) |
| A21300 | Dividend income | ( 142,064 ) | ( 181,359 ) |
| A22500 | Loss on disposal of property, plant and equipment | 159,548 | 191,669 |
| A29900 | Loss on modifications of lease | 198 | - |
| A30000 | Changes in operating assets and liabilities, net | | |
| A31130 | Notes receivable | 12,549 | 3,658 |
| A31150 | Accounts receivable | 43,724 | ( 20,738 ) |
| A31180 | Other receivables | 1,409 | 22,634 |
| A31200 | Inventories | ( 330,405 ) | ( 335,115 ) |
| A31240 | Other current assets | 29,052 | 37,774 |
| A31990 | Lease receivables – non-current | 2,975 | 10,661 |
| A32150 | Accounts payable | 31,674 | 4,866 |
| A32160 | Accounts payable – related parties | ( 1,639 ) | 973 |
| A32180 | Other payables | 676 | ( 4,450 ) |
| A32230 | Other current liabilities | ( 11,752 ) | 1,876 |
| A32240 | Net defined benefit liabilities | ( 2,945 ) | ( 3,843 ) |
| A33000 | Cash generated from operations | 1,552,456 | 1,622,966 |
| A33100 | Interest received | 3,329 | 4,739 |
| A33300 | Interest paid | ( 33,806 ) | ( 22,944 ) |
| A33500 | Income tax paid | ( 104,782 ) | ( 103,082 ) |
| AAAA | Net cash generated from operating activities | 1,417,197 | 1,501,679 |

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| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from investing activities | | |
| B00040 | Purchase of financial assets at amortized cost | ($ 245,850) | ($ 314,960) |
| B00100 | Purchase of financial assets at fair value through profit/loss | ( 1,603,628) | ( 2,299,388) |
| B00200 | Disposal of financial assets at fair value through profit/loss | 1,612,858 | 2,313,430 |
| B02700 | Payments for property, plant and equipment (Note 27) | ( 1,032,750) | ( 1,014,627) |
| B02800 | Proceeds from disposal of property, plant and equipment | 111,068 | 100,793 |
| B03700 | Increase in refundable deposits | ( 631) | ( 997) |
| B04500 | Payments for intangible assets | ( 485) | ( 508) |
| B07600 | Dividends received | 142,064 | 181,359 |
| BBBB | Net cash used in from investing activities | ( 1,017,354) | ( 1,034,898) |
| | Cash flows from financing activities | | |
| C00100 | Increase in short-term loans | 580,000 | - |
| C00200 | Decrease in short-term loans | - | ( 950,024) |
| C00500 | Proceeds from short-term bill payables | - | 799,764 |
| C00600 | Repayments of short-term bill payables | ( 879,759) | - |
| C01600 | Long-term loans | 359,965 | 240,000 |
| C03100 | Payment of guarantee deposits | ( 42,264) | ( 31,208) |
| C04020 | Repayment of lease liabilities | ( 26,279) | ( 28,907) |
| C04500 | Dividends paid | ( 520,186) | ( 505,736) |
| CCCC | Net cash used in financing activities | ( 528,523) | ( 476,111) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | ( 25,215) | 8,770 |
| EEEE | Decrease in cash and cash equivalents, net | ( 153,895) | ( 560) |
| E00100 | Cash and cash equivalents at beginning of year | 689,960 | 690,520 |
| E00200 | Cash and cash equivalents at end of year | $ 536,065 | $ 689,960 |

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

Chairman: Liao, Ching-Chang　　Manager: Weng, Kuo-Hua　　Comptroller: Hsieh, Shu-Hui

Huxen Corporation and Subsidiaries

Notes to Consolidated Financial Statements

January 1~December 31, 2023 and 2022

(Amounts Unit: NTD in Thousand, Unless Specified Otherwise)

I. Company Profile

Huxen Corporation (hereinafter referred to as the Company; the Company and entities controlled by the Company are referred to as “the Group”) was established in Taipei City in August 1984. The Company’s main business is the sales, import and export, repair and rental of multi-function printers, faxes and communication products.

The Company’s shares have been listed and traded on the Taiwan Stock Exchange since September 2000.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

II. Date of Authorization for Financial statements and Procedures for Authorization

The consolidated financial statements were approved by the Board of Directors on March 13, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) The first-time adoption of any International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC) ("IFRSs")

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the accounting policies of the consolidated company.

(II) IFRSs approved by the FSC applicable in 2024

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB (Note1) |
|---|---|
| Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback" | Monday, January 1, 2024 (Note 2) |
| Amendment to IAS 1 “Classification of Liabilities as Current or Non-current” | Monday, January 1, 2024 |
| Amendment to IAS 1 "Non-current Liabilities with Covenants” | Monday, January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 regarding “Supplier Finance Arrangements” | Monday, January 1, 2024 (Note 3) |

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

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: Certain requirements on the disclosure may be exempted at the time of the Company's first application of the amendments.

As of the date the consolidated financial statements were approved for issue, the consolidated company evaluated that the amendments to the other standards and interpretations would not pose significant impact on the consolidated financial position and consolidated financial performance.

(III) IFRS accounting standards issued by the IASB but not yet endorsed and issued into effect by the FSC

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB (Note1) |
|---|---|
| Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendment to IFRS 17 | January 1, 2023 |
| Amendment to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 – Comparative Information” | January 1, 2023 |
| Amendments to IAS No. 21 "Lack of Exchangeability | January 1, 2025 (Note 2) |

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

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings as of the initial application date. When the consolidated company adopts the non-functional currency as the presentation currency, the effects are adjusted into the exchange differences on translation of foreign financial statements under the equity title on the date of the first-time application.

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

## IV. Summary of Significant Accounting Policies

### (I) 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 the IFRS accounting standard endorsed and issued into effect by the FSC.

### (II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit liabilities which are measurement at the present value of the defined benefit obligations less the fair value of the plan 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 materiality of the inputs, are described as follows:

1. Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.
2. Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs: unobservable inputs for the asset or liability.

### (III) Criteria for classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (notwithstanding, those restricted for exchange or settlement of liabilities exceeding 12 months after the balance sheet date are excluded).

Current liabilities include:

1. Liabilities held mainly for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets and liabilities are classified as noncurrent.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the subsidiaries). Adjustments have been made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. 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 Company and to the non-controlling interests even if this attribution results in the non-controlling interests having a deficit balance.

For list, shareholding ratio and operating activities of the subsidiaries, please refer to Note 12 and Table 5 and 6 of Note 35.

(V) Foreign Currencies

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

Monetary items denominated in foreign currencies are retranslated at the closing rate on the dates of balance sheet. Exchange differences resulting from the settlement or translation of monetary items are recognized in profit/loss in the period when these differences arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit/loss for the year except for exchange differences arising on 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 foreign currencies are not retranslated.

When preparing consolidated financial statements, the assets and liabilities of the foreign operations (including subsidiaries that operate in countries or use a currency different from that of the Company) are translated into New Taiwan dollars at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income (attributed to owners' equity or non-controlling interests).

(VI) Inventories

The inventories include merchandise and supplies. The cost of inventories is calculated by the weighted-average method, and the inventories are measured at the lower of cost or net realizable value. When comparing costs and net realizable value, the comparison is based on individual items, except for the same type of inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale in normal circumstances.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost minus accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method and units of production method. Each material part of an item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss when property, plant, and equipment are derecognized.

(VIII) Investment property

Investment properties are properties held for the purpose of earning rentals or capital appreciation, or both.

Owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation. Depreciation of investment property is based on the straight-line basis.

(IX) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of cash-generating units, or groups of cash-generating units (collectively referred to as CGUs) of the acquirer, that are expected to benefit from the synergies of the combination.

CGUs to which goodwill has been allocated is tested for impairment annually, (or when there is an indication that the unit may be impaired), by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a CGU is acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit/loss. An impairment loss recognized on goodwill shall not reversed in subsequent periods.

(X) Intangible assets

1. 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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. Derecognition

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.

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (except goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right of use assets, investment property and intangible assets (excluding goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of each asset, the asset is tested for impairment in the context of the CGU to which the asset belongs.

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

When impairment loss is reversed later, the carrying amount of the asset or CGU to the amount can be recovered to the recoverable amount. However, the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) determined by the asset or CGU where the impairment loss was not recognized in the previous year. A reversal of an impairment loss is recognized in profit/loss.

(XII) Financial instruments

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

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit/loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular trades of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

Financial assets are classified into financial assets at fair value through profit or loss, financial assets at amortized cost and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss that are required to be measured at fair value and financial assets that are designated as at fair value through profit or loss. Financial assets at fair value through profit or loss that are required to be measured at fair value include equity instrument investments not designated as at fair value through other comprehensive income or loss and debt instrument investments that do not qualify under the classification of investments measured at amortized cost or at fair value through other comprehensive income .

Financial assets at fair value through profit or loss are measured at fair value; their dividends, interest and remeasurement gains or losses are recognized in other gains and losses. The dividends and interest generated are recognized in other income and interest income, respectively; gains or losses arising from remeasurement are recognized in other gains/losses.

B. Financial assets at amortized cost

The Group’s financial assets are classified as financial assets at amortized cost if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. 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 are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Any exchange differences are recognized in profit or loss.

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

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate times the amortized cost of such financial assets.
b. Financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income shall be calculated by applying the effective interest rate times the amortized cost balance from the next reporting period after the impairment.

C. Investments in equity instruments at fair value through other comprehensive income

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

Investments in equity instruments at fair value through other comprehensive income 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, it will be transferred to retained earnings.

Dividends on the investments in equity instruments are recognized in profit or loss when the group that has a 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 loss allowance for expected credit losses on financial assets at amortized cost on each balance sheet date.

Allowances for expected credit losses are recognized for Accounts receivables, trade receivables and lease receivables based on their lifetime. For all other financial assets, the Company recognizes lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition base on the lifetime. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for at an amount equal to 12-month expected credit loss.

Expected credit losses are the average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from default events on a financial instrument that are possible within the 12 months after the reporting date, while the expected credit loss over the lifetime of the financial instrument represents the expected credit loss resulting from all default events on a financial instrument that are possible over the expected life.

For internal credit risk management purposes, the Group determines, without considering the collateral held, whether there is internal or external information indicating that debtors are unlikely to settle their debts, which means that the financial assets are in default.

The Company recognizes impairment losses in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through loss allowance accounts.

(3) Derecognition of financial assets

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

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 an equity instrument at fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings, without reclassifying through profit or loss.

2. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liability

When derecognizing the financial liability, the difference between its carrying amount and the consideration (including any non-cash asset transferred or the liability borne) paid will be recognized as income.

(XIII) Revenue recognition

The Group allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

1. Revenue from merchandise sales

Revenues from merchandise sales consist of sales of multi-function printers, faxes and communication products. When multi-functional printers, faxes and communication products are shipped to the customers' designated locations, the customers have the right to set the prices, use the products, bear the primary responsibility for re-selling the products and bear the risk of obsolescence; therefore, the Group recognizes revenue and Accounts receivables at this point of time.

2. Service revenue

Service revenue is from equipment maintenance services, and the related revenue is recognized when the services are rendered.

(XIV) Leases

The Group assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Group as lessor

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

Under finance leases, the lease payments 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 lessee 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 payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable and any unguaranteed residual value accrued plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. When a lease asset is derecognized, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in operating costs.

2. 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 low-value leases and short-term 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 asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

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, amounts expected to be payable by the lessee under 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. 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 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 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; and (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.

(XV) 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 (including current service cost and past 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 (assets), 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 liability represents the actual deficit in the Company's defined benefit plan.

(XVI) Income tax

Income tax expense represents the sum of the current tax and deferred tax.

1. Current income tax

The consolidated company's income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

Income tax on undistributed earnings calculated in accordance with the R.O.C. Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are included in the current year's income tax.

2. 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. Notwithstanding, deferred tax assets are generally recognized for all deductible temporary differences 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, 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 only recognized 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 they 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 asset 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. 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.

3. Current and deferred tax for the year

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

## V. Major accounting judgments and key sources of estimation and uncertainty

In the application of the accounting policies, the Group is required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The management reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Regarding the Group's accounting policies, estimates and underlying assumptions, there were no significant uncertainties in the accounting judgments, estimates and assumptions based on the assessment of the management of the Group.

## VI. Cash

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and working fund | $ 945 | $ 960 |
| Checking accounts and demand deposits | 535,120 | 689,000 |
| | $ 536,065 | $ 689,960 |

## VII. Financial assets at fair value through other comprehensive income

Investments in equity instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Domestic listed shares | | |
| Aurora Corporation | $ 2,297,211 | $ 2,354,641 |
| | | |
| Current | $ 1,675,425 | $ 1,717,310 |
| Non-current | 621,786 | 637,331 |
| | $ 2,297,211 | $ 2,354,641 |

The Group invested in the common shares of Aurora Corporation for strategic purposes and expects to earn a profit from these investments. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments.

VIII. Financial assets at amortized cost – current

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits with original maturity more than 3 months | $ 1,046,425 | $ 771,420 |

The market interest rates for RMB bank time deposits with original maturity over 3 months as of December 31, 2023 and 2022 are 3.40%~3.74% and 3.40%~4.10%, respectively.

Please refer to Table 1 of Note 35 for the securities held as of December 31, 2023.

IX. Notes receivable and Accounts receivable

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable | | |
| Lease payment | $ 15 | $ 922 |
| Total carrying amount measured at amortized cost | 53,205 | 64,847 |
| Less: Allowance for impairment loss | - | - |
| | $ 53,220 | $ 65,769 |
| | | |
| Accounts receivable | | |
| Total carrying amount measured at amortized cost | $ 92,690 | $ 86,513 |
| Less: Allowance for impairment loss | ( 2,563 ) | ( 1,357 ) |
| | $ 90,127 | $ 85,156 |
| | | |
| Accounts receivable | | |
| Accounts receivable | $ 11,459 | $ 17,864 |
| Less: Allowance for impairment loss | ( 11,459 ) | ( 17,864 ) |
| | $ - | $ - |

Accounts receivable

The average credit period for the Group's merchandise sales is 60–90 days. To mitigate credit risk, the management of the Group assigns a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Group's management believes that the Group's credit risk has been significantly reduced.

The consolidated company recognizes loss allowance for lease payment receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of Accounts receivables.

If there is evidence that the transaction counterparties are facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant Accounts receivables but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Group's loss allowance for Accounts receivables based on the provision matrix is as follows:

December 31, 2023

| | Not past due | Overdue for 1~30 days | Past due Over 31 days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 1.53% | 50.52% | 100% | |
| Total carrying amount | $ 90,872 | $ 1,305 | $ 513 | $ 92,690 |
| Loss allowance (expected credit losses during the period) | ( 1,390 ) | ( 660 ) | ( 513 ) | ( 2,563 ) |
| Amortized cost | $ 89,482 | $ 645 | $ - | $ 90,127 |

December 31, 2022

| | Not past due | Overdue for 1~30 days | Past due Over 31 days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0.31% | 10.57% | 26.17%~100% | |
| Total carrying amount | $ 82,658 | $ 1,667 | $ 2,188 | $ 86,513 |
| Loss allowance (expected credit losses during the period) | ( 254 ) | ( 176 ) | ( 927 ) | ( 1,357 ) |
| Amortized cost | $ 82,404 | $ 1,491 | $ 1,261 | $ 85,156 |

Information on the changes in the allowance for receivables (Accounts receivables, lease receivables and nonaccrual loan) is as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance – beginning of year | $ 24,622 | $ 19,100 |
| Plus: recognized impairment loss of the current year | 5,892 | 8,597 |
| Less: write-off in the current year | ( 11,604) | ( 3,284) |
| Plus (less): Foreign currency conversion difference | ( 261) | 209 |
| Balance – end of year | $ 18,649 | $ 24,622 |

X. Lease receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Total lease receivables | | |
| Less than 1 year | $ 175,724 | $ 232,253 |
| More than 1 year but not more than 5 years | 130,903 | 133,465 |
| More than 5 years | 1,459 | 1,722 |
| Less: Allowance for impairment loss | ( 4,627) | ( 5,401) |
| | 303,459 | 362,039 |
| Less: Unearned finance income | ( 29,812) | ( 30,830) |
| Present value of minimum lease payment receivables | $ 273,647 | $ 331,209 |
| | | |
| Lease receivables | | |
| Less than 1 year | $ 168,487 | $ 223,848 |
| More than 1 year but not more than 5 years | 108,577 | 111,326 |
| More than 5 years | 1,210 | 1,436 |
| | 278,274 | 336,610 |
| Less: Bad debt reserve | ( 4,627) | ( 5,401) |
| Lease receivables | $ 273,647 | $ 331,209 |
| | | |
| Current | $ 164,277 | $ 218,705 |
| Non-current | 109,370 | 112,504 |
| | $ 273,647 | $ 331,209 |

The above lease receivables under operating leases of less than one year were transferred to the Group on a monthly basis from the related parties entrusted by the Group to collect the rent from the lessees. For related information, please refer to Note 30.

The Group leases multi-function printers under operating and capital leases, and all lease payments are expected to be received on the agreed schedule in accordance with the terms of the leases. To mitigate credit risk, the management of the Group assigns a dedicated team for other monitoring procedures to ensure that appropriate actions are taken to collect overdue lease receivables. In addition, the Group reviews the recoverable amounts of lease receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible lease receivables. Accordingly, the Group's management believes that the Group's credit risk has been significantly reduced.

The consolidated company recognizes loss allowance for lease payment receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, which takes into account the customer's past default history and current financial position, as well as the GDP forecast. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer segments. Therefore, the reserve matrix does not further differentiate between customer segments, but only sets the expected credit loss rate based on the overdue days of lease receivable.

If there is evidence that the transaction counterparties are facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write off the relevant lease receivable but will continue to pursue collection, and the collected amount will be recognized in the profit and loss.

The Group's loss allowance for lease receivables based on the provision matrix is as follows:

December 31, 2023

| | Not past due | Overdue for 1~30 days | Past due Over 31 days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0.32%~0.94% | 11.72%~39.48% | 38.81%~100% | |
| Total carrying amount | $ 298,439 | $ 3,662 | $ 5,985 | $ 308,086 |
| Loss allowance (expected credit losses during the period) | ( 1,193 ) | ( 809 ) | ( 2,625 ) | ( 4,627 ) |
| Amortized cost | $ 297,246 | $ 2,853 | $ 3,360 | $ 303,459 |

December 31, 2022

| | Not past due | Overdue for 1~30 days | Past due Over 31 days | Total |
|---|---|---|---|---|
| Expected credit loss rate | 0.00%~1.10% | 7.96%~11.69% | 24.46%~100% | |
| Total carrying amount | $ 346,837 | $ 6,970 | $ 13,633 | $ 367,440 |
| Loss allowance (expected credit losses during the period) | ( 997 ) | ( 735 ) | ( 3,669 ) | ( 5,401 ) |
| Amortized cost | $ 345,840 | $ 6,235 | $ 9,964 | $ 362,039 |

XI. Inventories

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Merchandise | $ 156,797 | $ 146,338 |
| Supplies | 66,871 | 56,875 |
| Inventory in transit | 313 | 4,738 |
| | $ 223,981 | $ 207,951 |

The operating costs related to inventories were NT$610,934 thousand and NT$604,436 thousand in 2023 and 2022, respectively.

XII. Subsidiaries

(I) Subsidiaries included in consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

| Name of investor | Subsidiary name | Main Businesses | Percentage of Ownership December 31, 2023 | Percentage of Ownership December 31, 2022 |
|---|---|---|---|---|
| The Company | Aurora Leasing Corporation | Trading and leasing of multi-function printers | 100% | 100% |
| The Company | Huxen (China) Co., Ltd. | Maintenance and lease of multi-function printers | 70% | 70% |

Aurora Leasing Corporation

Aurora Leasing Corporation (hereinafter referred to as Aurora Leasing Co.) was established on January 15, 1986 under the approval of the Ministry of Economic Affairs with the original name of "Chien Hsing Co., Ltd." In May 2006, the Company's name was changed to Aurora Leasing Corporation. and at the same time, the main business items were changed to the following: (I) Leasing business. (II) Wholesale, retail and service of multi-function printers (III) Wholesale, retail and service of computer software; developing capital type and operating type office equipment leasing business proactively.

Huxen (China) Co., Ltd.

Huxen (China) Co., Ltd. (hereinafter referred to as Huxen (China)), a foreign investment limited company established in November 2012 in Shanghai, China, is mainly engaged in the business of sales, maintenance services and leasing of multi-function printers. The main operating risks are the political risk arising from the changes in governmental regulations and cross-strait relations, and exchange risk.

(II) Subsidiaries excluded from the consolidated financial statements: None

(III) Details of subsidiaries that have material non-controlling interests

| Subsidiary name | Principal place of business. | Proportion of ownership and voting rights held by non-controlling interests December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Huxen (China) | Shanghai, China | 30% | 30% |

| Subsidiary name | Profit/loss allocated to non-controlling interests 2023 | 2022 | Non-controlling interests December 31, 2023 | December 31, 2022 |
|---|---|---|---|---|
| Huxen (China) | $ 20,074 | $ 22,621 | $ 693,240 | $ 686,077 |

The summarized financial information of Huxen (China) represents amounts before intragroup eliminations.

Huxen (China)

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current assets | $ 1,644,675 | $ 1,554,942 |
| Non-current assets | 923,821 | 1,036,428 |
| Current liabilities | ( 16,413 ) | ( 21,466 ) |
| Non-current liabilities | ( 241,282 ) | ( 282,980 ) |
| Equity | $ 2,310,801 | $ 2,286,924 |
| | | |
| Equity attributable to: | | |
| Owners of the Company | $ 1,617,561 | $ 1,600,847 |
| Non-controlling interests of Huxen (China) | 693,240 | 686,077 |
| | $ 2,310,801 | $ 2,286,924 |

| | 2023 | 2022 |
|---|---|---|
| Operating revenue | $ 838,964 | $ 1,133,489 |
| Net income for the period | $ 66,914 | $ 75,404 |
| Other comprehensive income | ( 43,037 ) | 31,876 |
| Total comprehensive income | $ 23,877 | $ 107,280 |
| | | |
| Profit attributable to: | | |
| Owners of the Company | $ 46,840 | $ 52,783 |
| Non-controlling interests of Huxen (China) | 20,074 | 22,621 |
| | $ 66,914 | $ 75,404 |
| | | |
| Total comprehensive income attributable to: | | |
| Owners of the Company | $ 16,714 | $ 75,096 |
| Non-controlling interests of Huxen (China) | 7,163 | 32,184 |
| | $ 23,877 | $ 107,280 |

(IV) For the main businesses, principal place of business and registered nationalities information of the above subsidiaries, please refer to Tables 5 and 6 of Note 35.

XIII. Other current assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Tax overpaid retained for offsetting the future tax payable | $ 119,084 | $ 149,225 |
| Others | 2,353 | 1,264 |
| | $ 121,437 | $ 150,489 |

XIV. Property, plant and equipment

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Assets for own use | $ 19,813 | $ 18,799 |
| Assets for operating leases | 2,453,674 | 2,513,809 |
| | $ 2,473,487 | $ 2,532,608 |

(I) Assets for own use

| | Own land | House and buildings | Office equipment | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance on January 1, 2023 | $ 11,927 | $ 9,946 | $ 4,348 | $ 26,221 |
| Additions | - | - | 2,078 | 2,078 |
| Inventories transferred to property, plant and equipment | - | - | 132 | 132 |
| Disposals | - | - | ( 1,526 ) | ( 1,526 ) |
| Balance on December 31, 2023 | 11,927 | 9,946 | 5,032 | 26,905 |
| Accumulated depreciation | | | | |
| Balance on January 1, 2023 | - | 5,032 | 2,390 | 7,422 |
| Depreciation expense | - | 177 | 1,019 | 1,196 |
| Disposals | - | - | ( 1,526 ) | ( 1,526 ) |
| Balance on December 31, 2023 | - | 5,209 | 1,883 | 7,092 |
| Net on December 31, 2023 | $ 11,927 | $ 4,737 | $ 3,149 | $ 19,813 |

| | | | | |
|---|---|---|---|---|
| Cost | | | | |
| Balance, January 1, 2021 | $ 11,927 | $ 9,946 | $ 6,694 | $ 28,567 |
| Additions | - | - | 685 | 685 |
| Inventories transferred to property, plant and equipment | - | - | 30 | 30 |
| Disposals | - | - | ( 3,061 ) | ( 3,061 ) |
| Balance, December 31, 2022 | 11,927 | 9,946 | 4,348 | 26,221 |
| Accumulated depreciation | | | | |
| Balance, January 1, 2021 | - | 4,855 | 4,070 | 8,925 |
| Depreciation expense | - | 177 | 1,381 | 1,558 |
| Disposals | - | - | ( 3,061 ) | ( 3,061 ) |
| Balance, December 31, 2022 | - | 5,032 | 2,390 | 7,422 |
| Carrying amounts, December 31, 2022 | $ 11,927 | $ 4,914 | $ 1,958 | $ 18,799 |

No indication of impairment was found according to the evaluation in 2023 and 2022.

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

| | |
|---|---|
| House and buildings | 55 years |
| Office equipment | 1–5 years |

(II) Office equipment – operating lease

| | 2023 | 2022 |
|---|---|---|
| Cost | | |
| Balance – beginning of year | $ 5,300,556 | $ 5,604,090 |
| Additions | 1,031,570 | 1,008,174 |
| Inventories transferred to property, plant and equipment | 322,248 | 268,756 |
| Property, plant and equipment transferred to inventories | ( 70,364 ) | ( 72,539 ) |
| Disposals | ( 1,419,110 ) | ( 1,539,817 ) |
| Effects of exchange rate | ( 29,447 ) | 31,892 |
| Balance – end of year | 5,135,453 | 5,300,556 |
| Accumulated depreciation | | |
| Balance – beginning of year | 2,786,747 | 2,913,899 |
| Depreciation expense | 1,117,801 | 1,173,094 |
| Property, plant and equipment transferred to inventories | ( 62,359 ) | ( 66,886 ) |
| Disposals | ( 1,148,494 ) | ( 1,247,355 ) |
| Effects of exchange rate | ( 11,916 ) | 13,995 |
| Balance – end of year | 2,681,779 | 2,786,747 |
| Carrying amounts – end of year | $ 2,453,674 | $ 2,513,809 |

The Group leases business machines under operating leases; the lease terms are from 1 to 6 years. At the end of the lease period, lessees do not have bargain purchase options for the leased multi-function printers.

The total future lease payments to be received under operating leases (excluding paper-based income) are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Year 1 | $ 1,059,258 | $ 1,138,695 |
| Year 2 | 837,056 | 864,110 |
| Year 3 | 612,984 | 594,129 |
| Year 4 | 420,586 | 399,390 |
| Year 5 | 286,795 | 268,977 |
| More than 5 years | 22,111 | 21,153 |
| | $ 3,238,790 | $ 3,286,454 |

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

| | |
|---|---|
| Lease assets (multi-function printers) | |
| Used machines | 1–2 years |
| New machines | 3–7 years |

XV. Lease arrangements

(I) Right-of-use assets

| | 2023 | | |
|---|---|---|---|
| | Land and buildings | Vehicles | Total |
| Cost | | | |
| Balance – beginning of year | $ 65,646 | $ 5,035 | $ 70,681 |
| Additions | 26,059 | 2,291 | 28,350 |
| Disposals | ( 35,298 ) | ( 2,592 ) | ( 37,890 ) |
| Balance – end of year | 56,407 | 4,734 | 61,141 |
| Accumulated depreciation | | | |
| Balance – beginning of year | 30,435 | 2,803 | 33,238 |
| Depreciation expense | 24,106 | 2,042 | 26,148 |
| Disposals | ( 30,614 ) | ( 2,592 ) | ( 33,206 ) |
| Balance – end of year | 23,927 | 2,253 | 26,180 |
| Carrying amounts – end of year | $ 32,480 | $ 2,418 | $ 34,961 |

| | 2022 | | |
|---|---|---|---|
| | Land and buildings | Vehicles | Total |
| Cost | | | |
| Balance – beginning of year | $ 59,731 | $ 5,091 | $ 64,822 |
| Additions | 11,818 | 1,508 | 13,326 |
| Disposals | ( 5,903 ) | ( 1,564 ) | ( 7,467 ) |
| Balance – end of year | 65,646 | 5,035 | 70,681 |
| Accumulated depreciation | | | |
| Balance – beginning of year | 9,802 | 2,360 | 12,162 |
| Depreciation expense | 26,536 | 2,007 | 28,543 |
| Disposals | ( 5,903 ) | ( 1,564 ) | ( 7,467 ) |
| Balance – end of year | 30,435 | 2,803 | 33,238 |
| Carrying amounts – end of year | $ 35,211 | $ 2,232 | $ 37,443 |

(II) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts of lease liabilities | | |
| Current | $ 17,426 | $ 23,848 |
| Non-current | $ 17,804 | $ 13,797 |

Range of discount rate for lease liabilities is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Buildings | 0.702%~1.756% | 0.702%~0.886% |
| Vehicles | 0.702%~1.631% | 0.702%~0.829% |

(III) Material leasing activities and terms

The Group leases land, buildings and vehicles for operating purposes for periods ranging from one to six years. Upon termination of the lease period, the Group does not have bargain purchase options to acquire the leased vehicles and business premises.

(IV) Other lease information

For the Group’s properties, plant and equipment, and investment properties leased out under operating leases, please refer to Note 14 and Note 16 respectively; for the assets leased out under finance leases, please refer to Note 10.

| | 2023 | 2022 |
|---|---|---|
| Total cash outflow for leases | | |
| -Principal repayment | ($ 26,279) | ($ 28,907) |
| -Interest payments | ( 422) | ( 341) |
| | ($ 26,701) | ($ 29,248) |

Lease commitments for the lease period commencing after the balance sheet date are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Lease commitment | $ 14,852 | $ 2,782 |

## XVI. Investment properties

| | Land | House and buildings | Total |
|---|---|---|---|
| Cost | | | |
| Balance on January 1, 2023 | $ 188,071 | $ 106,795 | $ 294,866 |
| Balance on December 31, 2023 | 188,071 | 106,795 | 294,866 |
| Accumulated depreciation | | | |
| Balance on January 1, 2023 | - | 62,867 | 62,867 |
| Depreciation expense | - | 3,541 | 3,541 |
| Balance on December 31, 2023 | - | 66,408 | 66,408 |
| Net on December 31, 2023 | $ 188,071 | $ 40,387 | $ 228,458 |
| | | | |
| Cost | | | |
| Balance, January 1, 2021 | $ 188,071 | $ 106,795 | $ 294,866 |
| Balance, December 31, 2022 | 188,071 | 106,795 | 294,866 |
| Accumulated depreciation | | | |
| Balance, January 1, 2021 | - | 59,326 | 59,326 |
| Depreciation expense | - | 3,541 | 3,541 |
| Balance, December 31, 2022 | - | 62,867 | 62,867 |
| Carrying amounts, December 31, 2022 | $ 188,071 | $ 43,928 | $ 231,999 |

The lease periods for investment properties are 4 to 5 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The total lease payments to be received in the future for investment property leased under operating leases are as follows

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Year 1 | $ 12,049 | $ 13,552 |
| Year 2 | 8,748 | 12,049 |
| Year 3 | - | 8,748 |
| Year 4 | - | - |
| Year 5 | - | - |
| | $ 20,797 | $ 34,349 |

Depreciation expenses are recognized on a straight-line method based on the following useful lives:

| | |
|---|---|
| Main Buildings | 55 years |
| Decoration works | 10 years |

For the amount of investment property pledged as collateral for loans, please refer to Note 31.

The fair values of investment properties were evaluated by the management itself based on local market information as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Fair values | $ 357,980 | $ 371,750 |

XVII. Intangible assets

(I) Goodwill

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amount | | |
| Goodwill | $ 238,979 | $ 238,979 |

No indication of impairment on goodwill was found in 2023 and 2022.

(II) Other intangible assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Computer software | $ 581 | $ 600 |

| | 2023 | 2022 |
|---|---|---|
| Cost | | |
| Balance – beginning of year | $ 1,149 | $ 734 |
| Additions | 485 | 508 |
| Disposals | ( 672 ) | ( 93 ) |
| Balance – end of year | 962 | 1,149 |
| Accumulated amortization | | |
| Balance – beginning of year | 549 | 330 |
| Amortization expense | 504 | 312 |
| Disposals | ( 672 ) | ( 93 ) |
| Balance – end of year | 381 | 549 |
| Carrying amounts – end of year | $ 581 | $ 600 |

No indication of impairment on said assets was found in 2023 and 2022.

Amortization expenses are recognized on a straight-line method for periods of 1–3 years.

XVIII. Loans

(I) Short-term loans

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured loans | | |
| - Line of credit loans | $ 1,230,000 | $ 650,000 |
| Credit loan | | |
| NTD | 1.48%～1.68% | 1.455%-1.80% |

(II) Short-term bills payable

December 31, 2022

| Guarantor/ accepting institution | Face amount | Discount amount | Carrying amount | Interest rate range | Name of collateral |
|---|---|---|---|---|---|
| Commercial paper payable | | | | | |
| Dah Chung Bills Finance | $ 280,000 | ( $ 51 ) | $ 279,949 | 1.928%-1.998% | None |
| Taiwan Finance Corporation | 200,000 | ( 27 ) | 199,973 | 1.928%-2.058% | None |
| Mega Bills | 200,000 | ( 43 ) | 199,957 | 1.928%-1.958% | None |
| Bank of Taiwan | 200,000 | ( 120 ) | 199,880 | 1.820% | None |
| | $ 880,000 | ( $ 241 ) | $ 879,759 | | |

For the guaranteed notes issued by the consolidated company to financial institutions for said issuance of commercial paper, please refer to Note 32.

(III) Long-term loans

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Secured loans | | |
| Bank loans | $ 499,970 | $ 440,000 |
| Unsecured loans | | |
| Bank loans | 599,995 | 300,000 |
| | $ 1,099,965 | $ 740,000 |

The bank loans are secured by pledges of the Consolidated Company's own land and buildings and the issuance of guarantee notes (see Notes 31 and 32), which bear interest at floating rates. As of December 31, 2023 and 2022, the effective interest rates were 1.53% and 1.50% per annum, with interest payable monthly and principal repaid at maturity.

The unsecured loans were borrowed from banks at floating interest rates. The effective interest rates as of December 31, 2023 and 2022 were 1.585%~1.65% and 1.48% per annum, respectively, with interest payable monthly. The principal amount of the loan as of December 31, 2022 was repaid in 2023 and then renewed.

XIX. Accounts payable

The average payment period is 2 months, and the Group has established a financial risk management policy to ensure that all payables are repaid within the agreed credit periods.

XX. Other liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other payables | | |
| Salaries and bonuses payable | $ 53,600 | $ 53,807 |
| Commission payables | 5,628 | 6,414 |
| Labor remuneration payable | 6,966 | 6,112 |
| Tax payables | 3,644 | 6,088 |
| Interest payable | 1,741 | 792 |
| Leave payment payables | 149 | 418 |
| Others | 19,836 | 16,308 |
| | $ 91,564 | $ 89,939 |
| | | |
| Other current liabilities | | |
| Temporary receipts | $ 21,565 | $ 32,337 |
| Temporary tax receipts – financial lease | 8,323 | 8,851 |
| Others | 5,535 | 5,987 |
| | $ 35,423 | $ 47,175 |

XXI. Retirement benefit plans

(I) Defined contribution plans

The consolidated company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan and shall make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(II) Defined benefit plans

The Company's pension plan under the Labor Standards Act is a defined benefit pension plan administered by the government. Employees' pension payments are calculated based on the service years and average salary for the six months prior to the approved retirement date. The consolidated company allocates 5% the total monthly salary of employees to the employees' pension fund, and submits it to the Labor Pension Reserve Committee to deposit in a special account with Bank of Taiwan. By the end of the 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 Group has no right to influence the pension fund investment policy and strategy.

The amounts included in the consolidated balance sheets on of the Group's defined benefit plans were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of the defined benefit obligation | $ 170,934 | $ 169,977 |
| Fair value of plan assets | ( 20,780 ) | ( 20,388 ) |
| Net defined benefit liabilities | $ 150,154 | $ 149,589 |

Changes in net defined benefit liability (asset) are as follows:

| | Present value of the defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| January 1, 2023 | $ 169,977 | ($ 20,388 ) | $ 149,589 |
| Service cost | | | |
| Current service cost | 78 | - | 78 |
| Interest expense (income) | 2,125 | ( 286 ) | 1,839 |
| Recognized in profit or loss | 2,203 | ( 286 ) | 1,917 |
| Remeasurement | | | |
| Return on plan assets (excluding interest income calculated at discount rate) | - | ( 186 ) | ( 186 ) |
| Actuarial loss – changes in financial assumptions | 1,605 | - | 1,605 |
| Actuarial gain – experience adjustments | 2,091 | - | 2,091 |
| Recognized in other comprehensive income | 3,696 | ( 186 ) | 3,510 |

(continued on next page)

(continued from previous page)

| | Present value of the defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Contributions from the employer | $ - | ($ 4,862) | ($ 4,862) |
| Payment of benefits | ( 4,942) | 4,942 | - |
| December 31, 2023 | $ 170,934 | ($ 20,780) | $ 150,154 |
| | | | |
| January 1, 2022 | $ 191,390 | ($ 23,820) | $ 167,570 |
| Service cost | | | |
| Current service cost | 189 | - | 189 |
| Interest expense (income) | 1,196 | ( 166) | 1,030 |
| Recognized in profit or loss | 1,385 | ( 166) | 1,219 |
| Remeasurement | | | |
| Return on plan assets (excluding interest income calculated at discount rate) | - | ( 1,492) | ( 1,492) |
| Actuarial loss – changes in demographic assumptions | 193 | - | 193 |
| Actuarial loss – changes in financial assumptions | ( 9,053) | - | ( 9,053) |
| Actuarial gain – experience adjustments | ( 3,786) | - | ( 3,786) |
| Recognized in other comprehensive income | ( 12,646) | ( 1,492) | ( 14,138) |
| Contributions from the employer | - | ( 5,062) | ( 5,062) |
| Payment of benefits | ( 10,152) | 10,152 | - |
| December 31, 2022 | $ 169,977 | ($ 20,388) | $ 149,589 |

The Group is exposed to the following risks as a result of the Labor Standards Act pension scheme:

1. Investment risk: The Bureau of Labor Funds of the Ministry of Labor invests the Labor Retirement Fund in domestic and foreign equity and debt securities and bank deposits at its own discretion and on a discretionary basis, provided that the amount of the Group's plan assets to be allocated is based on the earnings at an interest rate not less than the local bank's two-year time deposit rate.
2. Interest risk: Interest risk: A decrease in the government bonds/corporate bonds 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. Hence, 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 significant assumptions used in the actuarial valuations were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.125% | 1.250% |
| Long-term average salary adjustment rate | 2.000% | 2.000% |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |
| Increase by 0.25% | ($ 3,187) | ($ 3,434) |
| Decrease by 0.25% | $ 3,281 | $ 3,539 |
| Expected rate of salary increase | | |
| Increase by 0.25% | $ 3,194 | $ 3,449 |
| Decrease by 0.25% | ($ 3,119) | ($ 3,364) |

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 change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Expected contributions to the plan within one year | $ 5,049 | $ 4,959 |
| Average duration of the defined benefit obligation | 7.5 years | 8.2 years |

## XXII. Equity

### (I) Share capital

Common stock

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Number of shares authorized (in thousands) | 190,000 | 190,000 |
| Authorized Capital | $ 1,900,000 | $ 1,900,000 |
| Number of shares issued and fully paid (in thousand) | 144,496 | 144,496 |
| Issued capital stock | $ 1,444,960 | $ 1,444,960 |

### (II) Capital surplus

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Capital surplus which can be used to offset losses, to distribute cash dividends or to supply share capital (1) | | |
| Capital surplus from merger | $ 36,172 | $ 36,172 |
| Capital surplus which can only be used to offset losses | | |
| Dividends unclaimed by shareholders with claim period elapsed | 1,490 | 1,490 |
| Changes in ownership interests in subsidiaries (2) | 4,981 | 4,981 |
| | $ 42,643 | $ 42,643 |

1. Such capital surplus 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 transferred to share capital. However, the capital contributions shall be limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary or adjustments to the capital surplus recognized by the equity method for the Company's subsidiaries.

### (III) Retained earnings and dividend policy

The Company's shareholders' meeting on June 8, 2022 resolved to amend the Articles of Incorporation. The Board of Directors is authorized to resolve, with at least two-thirds of the directors present and the consent of a majority of the directors, that all or part of the dividends and bonuses, capital surplus or legal reserve to be distributed shall be paid in cash and reported to the shareholders' meeting.

According to the earnings distribution policy under the Company’s Articles of Incorporation before the amendment, if there is a profit in the Company's annual final accounts, it shall first pay tax and make up for the accumulated losses of the past years, and then appropriate 10% as the legal reserve. Meanwhile, the special reserve shall be appropriated or reversed in accordance with laws. If there is any surplus, the remaining balance, plus the accumulated undistributed earnings in previous years, shall be distributed based on the distribution proposal drafted by the Board of Directors and resolved by a shareholders’ meeting. For the policy of employee remuneration estimation and distribution, please refer to Note 24(6) Employee Remuneration.

Appropriation of earnings to 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 he Company suffers no loss, the amount of legal reserve in excess of 25% of the paid-in capital may be appropriated as the share capital and distributed in cash.

When special reserve is provided for the net decrease in other equity accumulated in prior periods, only the undistributed earnings of prior periods are provided for.

The Company’s industry is now in a stable growth stage, and its capital requirements have been eased; as a result, the Company will endeavor to return operating results to its shareholders in the future. In order to balance the Company's business development, capital and financial status, capital expansion and shareholders' equity, the Company's dividend policy will adopt the principle of combining stock dividends and cash dividends, of which the cash dividend ratio shall be no less than 10% of the dividends distributed for the year.

The appropriations of earnings for 2022 and 2021 approved in the annual general meetings of the Company held on June 16, 2023 and June 8, 2022 respectively are stated as follows:

| | Appropriation of earnings | | Dividends per share (NTD) | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Legal reserve | $ 57,249 | $ 55,028 | | |
| Cash dividends | 520,186 | 505,736 | $ 3.6 | $ 3.5 |

The 2023 earnings distribution and dividend per share proposed by the Board of Directors on March 13, 2024 are as follows:

| | Appropriation of earnings | Dividends per share ($) |
|---|---|---|
| Legal reserve | $ 48,748 | |
| Cash dividends | 433,488 | $ 3.0 |

The 2023 earnings distribution proposal is still pending a resolution at the shareholders' meeting to be held on June 18, 2024.

(IV) Others equity

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Exchange differences on translation of foreign operation's financial statements | ($ 150,070) | ($ 119,944) |
| Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income | 1,007,678 | 1,065,108 |
| | $ 857,608 | $ 945,164 |

1. Exchange differences on translating foreign operation's financial statements

Exchange differences arising from the translation of the net assets of foreign operations from their functional currency into the presentation currency of the Group ("NTD") are recognized directly as exchange differences on translating the financial statements of foreign operations under other comprehensive income. The accumulated exchange differences on translating the financial statements of foreign operations will be reclassified to profit or loss when the foreign operations are disposed of.

2. Unrealized gain/loss on financial assets at fair value through other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Balance – beginning of year | $ 1,065,108 | $ 1,424,803 |
| Generated in the current year | | |
| Unrealized gains or losses | | |
| Equity instruments | ( 57,430) | ( 359,695) |
| Other comprehensive income in the current year | ( 57,430) | ( 359,695) |
| Balance – end of year | $ 1,007,678 | $ 1,065,108 |

## XXIII. Revenue

### (I) Breakdown of revenue from contracts with customers

| Product type | 2023 | 2022 |
|---|---|---|
| Lease | $ 1,667,317 | $ 1,969,375 |
| Machine rental income, paper-based income, etc. | 612,362 | 599,757 |
| Multi-function printers, peripherals and consumables | 614,046 | 624,497 |
| | $ 2,893,725 | $ 3,193,629 |

| Region | 2023 | 2022 |
|---|---|---|
| Asia | $ 2,893,725 | $ 3,193,629 |

### (II) Contract balance

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Notes receivable (Note 9) | $ 53,220 | $ 65,769 | $ 69,427 |
| Accounts receivable (Note 9) | 90,127 | 85,156 | 88,761 |
| Lease payment receivable (Note 10) | 273,647 | 331,209 | 326,124 |
| | $ 416,994 | $ 482,134 | $ 484,312 |

## XXIV. Net income

### (I) Other income

| | 2023 | 2022 |
|---|---|---|
| Lease income | | |
| Lease income from operating leases – Investment property | $ 14,322 | $ 16,103 |
| Dividend income | 142,064 | 181,359 |
| Miscellaneous income | 11,199 | 12,440 |
| | $ 167,585 | $ 209,902 |

### (II) Other gains and losses

| | 2023 | 2022 |
|---|---|---|
| Financial assets mandatorily classified as at fair value through profit or loss | $ 9,230 | $ 14,042 |
| Loss from lease modification | ( 198 ) | - |
| Net foreign exchange gain (loss) | 88 | ( 608 ) |
| Others | ( 3,975 ) | ( 4,273 ) |
| | $ 5,145 | $ 9,161 |

(III) Finance costs

| | 2023 | 2022 |
|---|---|---|
| Interest on bank loans | $ 34,281 | $ 22,632 |
| Interest on lease liabilities | 422 | 341 |
| Accrued interest on guarantee deposits | 52 | 32 |
| | $ 34,755 | $ 23,005 |

(IV) Depreciation and amortization

| | 2023 | 2022 |
|---|---|---|
| Property, plant and equipment | $ 1,118,997 | $ 1,174,652 |
| Right-of-use asset | 26,148 | 28,543 |
| Investment property | 3,541 | 3,541 |
| Intangible asset | 504 | 312 |
| | $ 1,149,190 | $ 1,207,048 |
| Summary of depreciation by functions | | |
| Operating costs | $ 1,117,801 | $ 1,173,094 |
| Operating expenses | 27,344 | 30,101 |
| Non-operating expenses and losses | 3,541 | 3,541 |
| | $ 1,148,686 | $ 1,206,736 |
| Summary of amortization by functions | | |
| Operating expenses | $ 504 | $ 312 |

(V) Employee benefit expense

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 318,149 | $ 324,913 |
| Retirement benefit (Note21) | | |
| Defined contribution plans | 13,443 | 12,946 |
| Defined benefit plans | 1,917 | 1,219 |
| Total employee benefit expenses | $ 333,509 | $ 339,078 |
| Summary by function | | |
| Operating expenses | $ 333,509 | $ 339,078 |

(VI) Remuneration to employees

According to the Company's Articles of Incorporation, the Company appropriates 1%~10% of the profit before tax before the distribution of employee remuneration for the current year as the employee remuneration. The remuneration of employees for the years 2022 and 2021 were resolved by the Board of Directors on March 10, 2023 and March 14, 2022, respectively, as follows:

Estimated ratio

| | 2023 | 2022 |
|---|---|---|
| Remuneration to employees | 1% | 1% |

Amount

| | 2023 | 2022 |
|---|---|---|
| Remuneration to employees | $ 5,393 | $ 6,166 |

If there is any change in the annual consolidated financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment in the following year.

There is no difference between the actual amount of employee remuneration distributed in 2022 and 2021 and the amount recognized in 2022 and 2021 consolidated financial statements.

Information on the remuneration to employees by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## XXV. Income Tax

(I) Major components of tax expense (gain) recognized under profit or loss

| | 2023 | 2022 |
|---|---|---|
| Current tax | | |
| Tax expense generated in the current year | $ 99,555 | $ 105,503 |
| Income tax adjustments on prior years | ( 200 ) | ( 838 ) |
| Surtax on undistributed retained earnings | 146 | 279 |
| | 99,501 | 104,944 |
| Deferred income tax | | |
| Tax expense generated in the current year | 1,469 | 1,743 |
| Income tax expense recognized in profit or loss | $ 100,970 | $ 106,687 |

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

| | 2023 | 2022 |
|---|---|---|
| Net income before income tax | $ 611,333 | $ 690,483 |
| | | |
| Income tax expense calculated at the statutory rate | $ 122,267 | $ 138,096 |
| Nondeductible expenses in determining taxable income | 2,582 | 265 |
| Tax-exempt income | ( 28,414 ) | ( 36,275 ) |
| Effect of different tax rates of entities in the Group operating in other jurisdictions | 4,611 | 5,015 |
| Adjustments for prior years' tax in the current year | ( 200 ) | ( 838 ) |
| Surtax on undistributed retained earnings | 146 | 279 |
| Unrecognized deductible temporary differences | ( 22 ) | 145 |
| Income tax expense recognized in profit or loss | $ 100,970 | $ 106,687 |

The tax rate applicable to the subsidiaries in the PRC is 25%.

(II) Income tax expense recognized in other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Deferred income tax | | |
| Remeasurement of defined benefit plans in respect of the current year | ($ 702 ) | $ 2,828 |

(III) Current tax liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current tax liabilities | | |
| Income tax payables | $ 41,633 | $ 46,687 |

## (IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

| Deferred income tax assets | Balance – beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Effects of exchange rate | Balance – end of year |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Deferred income | $ 17,651 | $ 895 | $ - | $ - | $ 18,546 |
| Allowance for losses | 5,459 | ( 1,770 ) | - | ( 64 ) | 3,625 |
| Allowance for inventory write-down | 681 | 29 | - | - | 710 |
| Leave payment payables | 85 | ( 55 ) | - | - | 30 |
| Book-tax difference in pensions | 1,324 | ( 589 ) | - | - | 735 |
| Defined benefit plans | 18,554 | - | 702 | - | 19,256 |
| Unrealized exchange losses | 50 | ( 18 ) | - | - | 32 |
| | $ 43,804 | ( $ 1,508 ) | $ 702 | ( $ 64 ) | $ 42,934 |

| Deferred income tax liabilities | Balance – beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Balance – end of year |
|---|---|---|---|---|
| Temporary differences | | | | |
| Lease receivables | $ 1,601 | ( $ 39 ) | $ - | $ 1,562 |

2022

| Deferred income tax assets | Balance – beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Effects of exchange rate | Balance – end of year |
|---|---|---|---|---|---|
| Temporary differences | | | | | |
| Deferred income | $ 19,897 | ( $ 2,246 ) | $ - | $ - | $ 17,651 |
| Allowance for losses | 3,964 | 1,444 | - | 51 | 5,459 |
| Allowance for inventory write-down | 689 | ( 8 ) | - | - | 681 |
| Leave payment payables | 51 | 34 | - | - | 85 |
| Book-tax difference in pensions | 2,093 | ( 769 ) | - | - | 1,324 |
| Defined benefit plans | 21,382 | - | ( 2,828 ) | - | 18,554 |
| Unrealized exchange losses | 72 | ( 22 ) | - | - | 50 |
| | $ 48,148 | ( $ 1,567 ) | ( $ 2,828 ) | $ 51 | $ 43,804 |

| Deferred income tax liabilities | Balance – beginning of year | Recognized in profit or loss | Recognized in other comprehensive income | Balance – end of year |
|---|---|---|---|---|
| Temporary differences | | | | |
| Lease receivables | $ 1,425 | $ 176 | $ - | $ 1,601 |

## (V) Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2022 and 2021, the taxable temporary differences related to the investment in subsidiaries not recognized as deferred income tax liabilities amounted to NT$84,439 thousand and NT$75,071 thousand, respectively.

(VI) Income tax assessment

The corporate income tax of the Company and its subsidiaries have been assessed by the Tax Authorities. There is no difference between the assessment result and the filing. The assessment years are as follows.

| | Assessment year |
|---|---|
| The Company | 2021 |
| Aurora Leasing Company | 2021 |

XXVI. Earnings per Share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income for the period

| | 2023 | 2022 |
|---|---|---|
| Net income attributable to owners of the Company | $ 490,289 | $ 561,175 |

Number of shares

Unit: Thousands of shares

| | 2023 | 2022 |
|---|---|---|
| Weighted average number of common shares used for calculation of basic earnings per share | 144,496 | 144,496 |
| Effect of potentially dilutive common shares: | | |
| Remuneration to employees | 128 | 153 |
| Weighted average number of common shares used for calculation of diluted earnings per share | 144,624 | 144,649 |

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

## XXVII. Cash flow information

### (I) Non-cash transactions

The investing activities transactions of the consolidated company's purchase of property, plant and equipment in 2023 and 2022 that affect both cash and non-cash items are as follows:

| | 2023 | 2022 |
|---|---|---|
| Payments for property, plant and equipment | $ 1,033,648 | $ 1,008,859 |
| Add: Decrease (increase) in payables for equipment (recognized as accounts payable - related parties) | ( 898 ) | 5,768 |
| Cash paid for acquisition of property, plant and equipment | $ 1,032,750 | $ 1,014,627 |
| Inventories transferred to property, plant and equipment | $ 322,380 | $ 268,786 |
| Property, plant and equipment transferred to inventories | $ 8,005 | $ 5,653 |

### (II) Changes in liabilities from financing activities

2023

| | January 1, 2023 | Cash flow | Non-cash flow changes: New leasehold | Non-cash flow changes: Interest expenses | Others | December 31, 2023 |
|---|---|---|---|---|---|---|
| Short-term borrowings | $ 650,000 | $ 580,000 | $ - | $ - | $ - | $ 1,230,000 |
| Short-term notes and bills payable | 879,759 | ( 879,759 ) | - | - | - | - |
| Long-term borrowings | 740,000 | 359,965 | - | - | - | 1,099,965 |
| Guarantee deposits | 287,120 | ( 42,264 ) | - | - | - | 244,856 |
| Lease liabilities | 37,645 | ( 26,279 ) | 28,350 | 422 | ( 4,908 ) | 35,230 |
| | $ 2,594,524 | ( $ 8,337 ) | $ 28,350 | $ 422 | ( $ 4,908 ) | $ 2,610,051 |

2022

| | January 1, 2022 | Cash flow | Non-cash flow changes: New leasehold | Non-cash flow changes: Interest expenses | Others | December 31, 2022 |
|---|---|---|---|---|---|---|
| Short-term borrowings | $ 1,600,024 | ( $ 950,024 ) | $ - | $ - | $ - | $ 650,000 |
| Short-term notes and bills payable | 79,995 | 799,764 | - | - | - | 879,759 |
| Long-term borrowings | 500,000 | 240,000 | - | - | - | 740,000 |
| Guarantee deposits | 318,328 | ( 31,208 ) | - | - | - | 287,120 |
| Lease liabilities | 53,226 | ( 28,907 ) | 13,326 | 341 | ( 341 ) | 37,645 |
| | $ 2,551,573 | $ 29,625 | $ 13,326 | $ 341 | ( $ 341 ) | $ 2,594,524 |

XXVIII. Capital risk management

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Group from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Group balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

XXIX. Financial instruments

(I) Information on fair value

1. Financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

2. Financial instruments measured at fair value on a recurring basis

The following financial instruments of the Group have an observable level of fair value in Level 1.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets measured at fair value through other comprehensive income | | |
| Investments in equity instruments | | |
| -Domestic listed securities | $ 2,297,211 | $ 2,354,641 |

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

(II) Types of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets | | |
| Financial assets at amortized cost (Note 1) | $ 1,748,895 | $ 1,635,234 |
| Financial assets measured at fair value through other comprehensive income – investments in equity instruments | 2,297,211 | 2,354,641 |
| Financial liabilities | | |
| Measured at amortized cost (Note 2) | 2,834,984 | 2,781,564 |

Note 1: The balances include cash, financial assets at amortized cost-current, receivables (excluding lease payments), other receivables, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes short-term loans, short-term notes and bills payable, accounts payable, other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities measured at amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the Group include equity instrument investments, Accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Group provides services to each business division, coordinates domestic and international market operations, supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks the Group is exposed to in the business activities are foreign exchange risk, interest rate risk and other price risk.

Market risk in relation to the Group’s financial instruments and its management and measurement approaches remain unchanged.

(1) Exchange risk

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (includes monetary items offset in the consolidated financial statements that are not denominated in functional currency), please refer to Note 34.

Sensitivity analysis

The Group is mainly impacted by the exchange rate fluctuations in USD.

The following sensitivity analysis shows that when the exchange rate of NTD (the functional currency) appreciates by 3% against each relevant foreign currency in 2023 and 2022, exchange losses/gains will arise from the monetary amount of financial assets/liabilities and thereby result in decrease/increase in the net profit before tax. When the exchange rate depreciates, its impact on the net profit before tax is the same amount in the reverse. Said 3% is the sensitivity rate used when the consolidated company reports exchange rate risk to the consolidated company's key management, and also represents management's assessment on the reasonable and possible range of changes in foreign currency exchange rates.

| | Impact of USD | |
|---|---|---|
| | 2023 | 2022 |
| Gain or loss | (\$ 116) | (\$ 612) |

The effect of the above gains and losses mainly resulted from the valuation of U.S. dollar-denominated demand deposits and purchase loans that were outstanding and not cash flow hedged at the balance sheet date of the Consolidated Company. The consolidated company's sensitivity to the U.S. dollar exchange rate decreased during the year, mainly due to the increase in net assets held in U.S. dollars.

(2) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Fair value interest rate risk | | |
| - Financial liabilities | $ 35,230 | $ 917,404 |
| Cash flow interest rate risk | | |
| - Financial assets | 1,540,893 | 1,413,237 |
| - Financial liabilities | 1,099,965 | 740,000 |

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If interest rates increase/decrease by 25 base points, with all other variables remaining unchanged, the consolidated company's net profit before tax would increase/decrease by NT$1,102 thousand and NT$1,683 thousand in 2023 and 2022, respectively, mainly due to the exposure to interest rate risk on demand deposits and long-term borrowings of the consolidated company.

(3) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The following sensitivity analysis was performed based on the risk exposure of equity prices as of the balance sheet date.

If the equity price increases/decreases by 5%, other comprehensive income before tax would increase/decrease by NT$114,861 thousand and NT$117,732 thousand in 2023 and 2022, respectively, due to the change in fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The Group uses obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties constantly.

The Group's credit risk is not concentrated in the Group's major customers, except for related parties.

3. Liquidity risk

The Group supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash and cash equivalents. The management of the Group supervises the use of the credit line from banks and ensures compliance with the terms of the loan contracts.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to repay.

December 31, 2023

| | Weighted average effective rate (%) | Payment on sight or within 1 month | 1–3 months | 3–12 months | 1–5 years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Zero-interest-bearing liabilities | | $ 60,396 | $ 194,509 | $ 6,006 | $ 244,108 |
| Lease liabilities | | 1,613 | 3,196 | 12,988 | 18,099 |
| Variable-rate instruments | 1.565% | - | - | - | 1,099,965 |
| Instruments with fixed interest rates | 1.552% | 1,080,000 | 150,000 | - | - |
| | | $ 1,142,009 | $ 347,705 | $ 18,994 | $ 1,362,207 |

December 31, 2022

| | Weighted average effective rate (%) | Payment on sight or within 1 month | 1–3 months | 3–12 months | 1–5 years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Zero-interest-bearing liabilities | | $ 21,301 | $ 202,195 | $ 1,189 | $ 287,120 |
| Lease liabilities | | 2,342 | 4,440 | 17,252 | 13,896 |
| Variable-rate instruments | 1.06% | - | - | - | 740,000 |
| Instruments with fixed interest rates | 1.01% | 499,871 | 729,888 | 300,000 | - |
| | | $ 523,514 | $ 936,523 | $ 318,441 | $ 1,041,016 |

Line of credit

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured bank line | | |
| - Amount utilized | $ 1,864,285 | $ 1,875,959 |
| - Amount not utilized | 4,265,715 | 4,157,041 |
| | $ 6,130,000 | $ 6,033,333 |
| | | |
| Secured bank line | | |
| - Amount utilized | $ 500,000 | $ 440,000 |
| - Amount not utilized | - | 60,000 |
| | $ 500,000 | $ 500,000 |

## XXX. Related party transactions

Transactions, balances, gains and losses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are, therefore, not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

(I) Names and relations of related parties

| Name of related parties | Relationship with the Group |
|---|---|
| Aurora Corporation (Aurora) | Investor of significant influence |
| Aurora Development Corp. (Aurora Development) | Other related parties |
| Aurora Holdings Incorporated (Aurora Holdings) | Other related parties |
| Aurora Telecom Corporation (Aurora Telecom) | Other related parties |
| Aurora Office Automation Corporation (Aurora Office Automation) | Other related parties |
| Aurora Office Automation Sales Co., Ltd. Shanghai (AOA) | Other related parties |
| Aurora Home Furniture Co., Ltd. (Aurora Home) | Other related parties |
| Aurora Museum | Other related parties |
| Aurora Office Equipment Co., Ltd. Shanghai (AOE) | Other related parties |
| Aurora (China) Co., Ltd. (AOF) | Other related parties |
| General Integration Technology Co., Ltd. (General Integration) | Other related parties |
| KM Developing Solutions Co., Ltd. (KM Developing) | Other related parties |
| Aurora (Jiangsu) Enterprise Development Co., Ltd. (Aurora Jiangsu) | Other related parties |
| Aurora Interior Design Co., Ltd. (Aurora Interior Design) | Other related parties |
| Chen Yung Tai Sustainability Foundation (formerly AURORA Sustainability Foundation) (Sustainability Foundation) | Other related parties |

(II) Operating income

| Type/name of related parties | 2023 | 2022 |
|---|---|---|
| Other related parties | $ 2,653 | $ 4,143 |
| Investor of significant influence | 820 | 797 |
| | $ 3,473 | $ 4,940 |

Sales by the Group to related parties are made based on the market price, with payments collected within 1-2 month.

(III) Purchase

| Type/name of related parties | 2023 | 2022 |
|---|---|---|
| AOA | $ 212,029 | $ 389,593 |
| Investor of significant influence | 5,822 | 5,947 |
| Other related parties | 87 | 2,684 |
| | $ 217,938 | $ 398,224 |

Purchases (including paper-based cost) from related parties are made based on the market price, with payments made in cash within 1–4 months.

(IV) Operating expenses

| Type/name of related parties | 2023 | 2022 |
| --- | --- | --- |
| Aurora | $ 73,122 | $ 71,883 |
| AOA | 52,229 | 57,221 |
| Other related parties | 9,773 | 709 |
| | $ 135,124 | $ 129,813 |

Operating expenses represent expenses paid to related parties for logistics management, commissions paid to business intermediaries, marketing expenditures of operational consulting and service fees.

(V) Lease agreements

Assets for operating leases

The operating lease receivables are summarized as follows:

| Type/name of related parties | December 31, 2023 | December 31, 2022 |
| --- | --- | --- |
| Investor of significant influence | $ - | $ 35 |

The total lease payments to be received in the future are as follows:

| Type/name of related parties | December 31, 2023 | December 31, 2022 |
| --- | --- | --- |
| Investor of significant influence | $ - | $ 2,200 |
| Other related parties | 110 | 230 |
| | $ 110 | $ 2,430 |

Lease incomes are summarized as follows:

| Type/name of related parties | 2023 | 2022 |
| --- | --- | --- |
| Investor of significant influence | $ 600 | $ 2,404 |
| Other related parties | 120 | 120 |
| | $ 720 | $ 2,524 |

The Group leases the right of use of office spaces to related parties under operating leases. The rents are charged based on the standard rates of similar assets, and the fixed lease payments are received on a monthly basis in accordance with the lease agreements.

(VI) Receivables from related parties

| Accounting subject | Type/name of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Accounts receivable | Other related parties | $ 55 | $ 188 |
| | Investor of significant influence | 4 | 13 |
| | | $ 59 | $ 201 |
| Lease receivables | Aurora | $ 37,325 | $ 38,791 |
| | Aurora Office Automation | 24,071 | 23,923 |
| | Other related parties | 27 | 13 |
| | | $ 61,423 | $ 62,727 |
| Other receivables | Other related parties | $ 1,111 | $ 891 |
| | Investor of significant influence | 563 | 1,463 |
| | | $ 1,674 | $ 2,354 |

The above other receivables represent the receivables from the disposal of the used copiers and multi-function printers to related parties.

(VII) Payables to related parties

| Accounting subject | Type/name of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Accounts payable | Aurora | $ 56,034 | $ 55,444 |
| | Aurora Office Automation | 35,991 | 37,322 |
| | | $ 92,025 | $ 92,766 |
| Other payables | Investor of significant influence | $ 5,156 | $ 5,057 |
| | AOA | 3,972 | 4,754 |
| | | $ 9,128 | $ 9,811 |

The above accounts payable were mainly generated from the Group’s purchase of assets from related parties for use in operating and capital leases.

(VIII) Acquisition of property, plant, and equipment

| Type/name of related parties | 2023 | 2022 |
|---|---|---|
| AOA | $ 485,738 | $ 498,681 |
| Aurora | 340,903 | 321,743 |
| Aurora Office Automation | 220,248 | 206,506 |
| | $ 1,046,889 | $ 1,026,930 |

The Group purchased assets from related parties for operating and financing leases, and payments are made within 2–4 months from the month of purchase; the transaction prices are based on the market price.

(IX) Disposal of property, plant and equipment

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Disposal proceed | Disposal loss | Disposal proceed | Disposal loss |
| AOA | $ 59,707 | ($ 146,170) | $ 55,049 | ($ 177,426) |
| Aurora | 27,364 | ( 7,300) | 24,683 | ( 12,026) |
| Aurora Office Automation | 23,263 | ( 5,696) | 20,010 | ( 5,011) |
| | $ 110,334 | ($ 159,166) | $ 99,742 | ($ 194,463) |

The transactions listed above are based on the market price. Most of the prices are collected within 1~2 months.

(X) Lease agreements

| Type/name of related parties | 2023 | 2022 |
|---|---|---|
| Acquisition of right-of-use assets | | |
| Aurora Holdings | $ 12,227 | $ 968 |
| Investor of significant influence | 1,820 | - |
| | $ 14,047 | $ 968 |

| Accounting subject | Type/name of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Lease liabilities – current | Aurora Holdings | $ 4,058 | $ 9,401 |
| | Investor of significant influence | 601 | 42 |
| | | $ 4,659 | $ 9,443 |
| Lease liabilities – non-current | Aurora Holdings | $ 6,213 | $ - |
| | Investor of significant influence | 972 | - |
| | | $ 7,185 | $ - |

| Type/name of related parties | 2023 | 2022 |
|---|---|---|
| Interest expenses | | |
| Aurora Holdings | $ 118 | $ 101 |
| Investor of significant influence | 12 | 1 |
| | $ 130 | $ 102 |

The consolidated company rented offices from related parties in 2023 and 2022, respectively, for the lease term of 3 years. The rent was paid on a monthly basis, and based on the terms and conditions with no significant different from those of the general customers.

(XI) Others

The balances of refundable deposits from related party transactions as of the balance sheet date are as follows:

| Accounting subject | Type/name of related parties | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Refundable deposits | Other related parties | $ 2,322 | $ 1,642 |
| Guarantee deposits | Other related parties | $ 21 | $ 21 |
| | Investor of significant influence | - | 566 |
| | | $ 21 | $ 587 |

(XII) Remuneration to the management

| | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | $ 12,401 | $ 13,874 |
| Retirement benefits | 373 | 457 |
| | $ 12,774 | $ 14,331 |

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

## XXXI. Pledged assets

The following assets of the Group have been provided for banks as collateral for loans:

| | Contents | December 31, 2023 | December 31, 2022 |
|---|---|---|---|
| Investment property | Land, houses and buildings | $ 228,458 | $ 231,999 |
| Investments accounted for using the equity method | 8,400 thousand shares of Aurora Leasing (Note) | $ 179,845 | $ 183,056 |

Note: The shares have been offset due to consolidapion.

## XXXII. Significant contingent liabilities and unrecognized contract commitments

In addition to those disclosed in other Notes, information on significant commitments and contingent liabilities on the balance sheet date is as follows:

(I) As of December 31, 2023 and 2022, the Consolidated Company had unused letters of credit amounting to US$721 thousand and US$998 thousand, respectively. The performance bonds issued by financial institutions in favor of the consolidated company amounted to NT$11,700 thousand and NT$12,270 thousand, respectively.

(II) As of December 31, 2023 and 2022, the total amount of guaranteed notes issued by the consolidated company to financial institutions to meet short-term notes and bills and short-term and long-term borrowing lines was NT$6,030,000 thousand.

(III) Significant contracts of the Group are disclosed as follows:

| Type of contract | Contracting party | Contract duration Date | Contract content | Restrictions |
|---|---|---|---|---|
| Long-term supply/sales contracts | Ricoh Asia Pacific<br>Ricoh Taiwan | April 1, 2023~March 31, 2024 (Note) | Digital multi-function devices (Ricoh Asia Pacific); laser printers, projectors and other products (Ricoh Taiwan) | 1. Non-compete clauses are applied<br>2. Sales are only in Taiwan region |

Note: The term will be automatically extended for one year if no objection is raised by both parties.

XXXIII. Significant events after the balance sheet date: None.

XXXIV. Assets and liabilities denominated in foreign currencies with significant influence

The following information is aggregated by the foreign currencies other than the functional currency of the Group and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities denominated in foreign currencies is as follows:

| | December 31, 2023 | | |
|---|---|---|---|
| Foreign currency assets | Foreign currency | Exchange rate | NTD |
| Monetary items | | | |
| USD | $ 127 | 30.705 (USD:NTD) | $ 3,882 |

| | December 31, 2022 | | |
|---|---|---|---|
| Foreign currency assets | Foreign currency | Exchange rate | NTD |
| Monetary items | | | |
| USD | $ 666 | 30.710 (USD:NTD) | $ 20,405 |

Unrealized foreign exchange gains and losses that have significant impact are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Foreign currency | Exchange rate | Net unrealized foreign exchange gains (losses) | Exchange rate | Net unrealized foreign exchange gains (losses) |
| USD | 1：31.155(USD:NTD) | ( $ 159 ) | 1：29.805(USD:NTD) | ( $ 248 ) |

XXXV. Additional disclosures

(I) Significant transactions:

1. Financings provided to others: None.
2. Endorsement/guarantee provided to others: None.
3. Marketable securities held (excluding investments in subsidiaries): Please see Table 1.
4. Cumulative amount of the same marketable security purchased or sold reaching NT$300 million or more than 20% of the paid-in capital: See Table 2.
5. Acquisition amount of real estate reaching NT$300 million or more than 20% of the paid-in capital: None.
6. Amount on disposal of real estate reaching NT$300 million or more than 20% of the paid-in capital: None.
7. Purchase/sale amount of transactions with related parties reaching NT$100 million or more than 20% of the paid-in capital - Table 3.
8. Accounts receivable-related party reaching NT$100 million or more than 20% of the paid-in capital: None.
9. Information about the derivative financial instruments transaction: None.
10. Business Relationship and Circumstances of any Significant Transactions between the Parent and the Subsidiaries: Please see Table 4

(II) Information on the investment business: Please see Table 5.

(III) Information on investment in Mainland China:

1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, shareholding, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 6.

2. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please see Table 7.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage: Table 8.

XXXVI. Segment information

(I) Segment revenues and business performance result

The information provided to the chief operating decision maker for allocating resources and evaluating departmental performance is focused on a company-specific measurement. The Group's reportable segments are Huxen Co., Ltd., Aurora Leasing Corporation. and Huxen (China) Co., Ltd.; each company is mainly engaged in the purchase, sale, import, repair and lease of multi-function printers, faxes and communication products.

The following was an analysis of the Group's revenue and business performance results from operations by reportable segment:

| | Huxen | Aurora Leasing | Huxen (China) | Elimination of inter-department revenue and profit or loss | Total |
|---|---|---|---|---|---|
| 2023 | | | | | |
| Revenues from external customers | $ 1,226,408 | $ 828,353 | $ 838,964 | $ - | $ 2,893,725 |
| Intersegment revenues | 202,790 | - | - | ( 202,790 ) | - |
| Total revenues | $ 1,429,198 | $ 828,353 | $ 838,964 | ( $ 202,789 ) | $ 2,893,725 |
| Segment profits(losses) | $ 533,825 | $ 257,081 | $ 92,221 | ( $ 271,794 ) | $ 611,333 |
| 2022 | | | | | |
| Revenues from external customers | $ 1,224,254 | $ 835,886 | $ 1,133,489 | $ - | $ 3,193,629 |
| Intersegment revenues | 191,382 | - | - | ( 191,382 ) | - |
| Total revenues | $ 1,415,636 | $ 835,886 | $ 1,133,489 | ( $ 191,382 ) | $ 3,193,629 |
| Segment profits(losses) | $ 610,376 | $ 287,550 | $ 100,300 | ( $ 307,743 ) | $ 690,483 |

Interdepartmental sales are based on market prices.

(II) Segment total assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Huxen | $ 2,014,246 | $ 2,030,723 |
| Aurora Leasing | 3,101,844 | 3,143,787 |
| Huxen (China) | 2,568,496 | 2,591,369 |
| Total consolidated assets | $ 7,684,586 | $ 7,765,879 |

Huxen Corporation and Subsidiaries

Marketable securities held at end of period

December 31, 2023

Table 1

Unit: NTD in Thousand/Thousand Shares

| Holding company | Type and name of marketable securities | Relationship with issuer of securities | Accounting subject | End of the period | | | | Remark |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares (in thousand shares or thousand units) | Carrying amount | Shareholding % | Fair value (Note 1) | |
| Huxen Corporation | Share | | | | | | | |
| | Aurora Corporation | Company with investment in the Company measured by the equity method | Financial assets at fair value through other comprehensive income – current | 9,435 | $ 717,074 | 3.99 | $ 717,074 | |
| Aurora Leasing Corporation | Share | | | | | | | |
| | Aurora Corporation | Aurora uses the equity method to evaluate its investment in the Company. Aurora Leasing Corporation is a subsidiary of the Company. | Financial assets at fair value through other comprehensive income – current | 12,610 | 958,351 | 5.34 | 958,351 | |
| | | | Financial assets at fair value through other comprehensive income – noncurrent | 8,181 | 621,786 | 3.46 | 621,786 | |
| Huxen (China) Co., Ltd. | Industrial Bank – large-denomination certificate of deposit | None | Financial assets at amortized cost – current | - | 237,895 | - | 237,895 | |
| | China Minsheng Bank large-denomination certificate of deposit | None | Financial assets at amortized cost – current | - | 231,147 | - | 231,147 | |
| | Cathay United Bank — large-denomination certificate of deposit | None | Financial assets at amortized cost – current | - | 223,309 | - | 223,309 | |
| | Bank SinoPac — large-denomination certificate of deposit | None | Financial assets at amortized cost – current | - | 354,074 | - | 354,074 | |

Note 1: It refers to the market price in the public market price, and refers to the closing price on December 31, 2023, in the case of stocks, while the fair value of wealth management products is valued based on the discounted cash flow.

Note 2: For information on investments in subsidiaries, please refer to Tables 5 and 6.

Huxen Corporation and Subsidiaries

Cumulative amount of the same marketable security purchased or sold reaching NT$300 million or more than 20% of the paid-in capital

January 1~December 31, 2023

Table 2

Unit: NTD in Thousands /Thousand Shares (unless stated otherwise)

| Company name | Type and name of marketable securities | Accounting subject | Counterparty | Relationship | Transaction currency | Beginning of period | | Reclassification of period | | Purchase | | Sale | | | | Increase/decrease of period | | End of the period | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Number of shares (in thousand shares or thousand units) | Amount | Number of shares (in thousand shares or thousand units) | Amount | Number of shares (in thousand shares or thousand units) | Amount | Number of shares (in thousand shares or thousand units) | Price | Carrying cost | Gains (losses) on disposal | Number of shares (in thousand shares or thousand units) | Amount | Number of shares | Amount |
| Huxen (China) Co., Ltd. | Liduoduo Stable Yield Structured Deposit | Financial assets at fair value through profit or loss – current | Shanghai Pudong Development Bank | None | RMB | - | $ - | - | $ - | - | $ 120,000 | - | $ 120,750 | $ 120,000 | $ 750 | - | $ - | - | $ - |
| | Structured deposits | Financial assets at fair value through profit or loss – current | Industrial Bank | None | RMB | - | - | - | - | - | 200,000 | - | 201,128 | 200,000 | 1,128 | - | - | - | - |

Huxen Corporation and Subsidiaries

Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital

January 1~December 31, 2023

Table 3

Unit: NTD in Thousands

| Company name | Counterparty | Relationship | Transaction situation | | | | Unusual transaction terms and reasons | | Notes and Accounts receivable (payable) | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) (%) | Credit period | Unit price | Credit period | Balance | Percentage of Notes and Accounts receivable (payable) (%) (Note 6) | |
| Huxen Corporation | Aurora Leasing Corporation | Subsidiary | Sales | ( $ 202,789 ) | 14% | In principle, payments shall be collected in cash in next month. | Transaction prices are based on market conditions; hence there is no material difference. | In principle, payments shall be collected in cash in next month. | $ 33,747 | 19% | Note 7 |
| Aurora Leasing Corporation | Huxen Corporation | Subsidiary | Purchase | 202,789 | Note 1 | In principle, purchase payments shall be paid in cash in next month. | Transaction prices are based on market conditions; hence there is no material difference. | In principle, purchase payments shall be paid in cash in next month. | ( 33,747 ) | ( 27% ) | Note 7 |
| 〃 | Aurora Corporation | Company using the equity method for the investment in the Company | Purchase | 340,490 | Note 2 | 〃 | 〃 | 〃 | ( 55,773 ) | ( 44% ) | |
| 〃 | Aurora Office Automation Corporation | Subsidiary of Aurora Corporation | Purchase | 220,248 | Note 3 | 〃 | 〃 | 〃 | ( 35,991 ) | ( 29% ) | |
| Huxen (China) Co., Ltd. | Aurora Office Automation Sales Co., Ltd. | Sub-sub-sub-subsidiary of Aurora Corporation | Purchase | 485,738 | Note 4 | In principle, purchase payments shall all be paid within 4 months. | Transaction prices are based on market conditions; hence there is no material difference. | In principle, purchase payments shall all be paid within 4 months. | - | - | |
| 〃 | 〃 | 〃 | Purchase | 212,029 | Note 5 | 〃 | 〃 | 〃 | - | - | |

Note 1: The goods sold by the Company to Aurora Leasing Corporation. were recognized as property, plant and equipment by Aurora Leasing Corporation.

Note 2:The goods sold by Aurora Co., Ltd to Aurora Leasing Corporation. were recognized as property, plant and equipment by Aurora Leasing Corporation.

Note 3:The goods sold by Aurora Office Automation Corporation to Aurora Leasing Corporation were recognized as property, plant and equipment by Aurora Leasing Corporation.

Note 4:The goods sold by Aurora Office Automation Sales Co., Ltd. to Huxen (China) Co., Ltd. were recognized as property, plant and equipment by Huxen (China) Co., Ltd.

Note 5:The goods sold by Aurora Office Automation Sales Co., Ltd. to Huxen (China) Co., Ltd. were recognized as service cost by Huxen (China) Co., Ltd.

Note 6:The above percentage is calculated based on the ratio of the balance of notes and Accounts receivable (payable) with related parties to the balance of investee companies' notes and Accounts receivable (payable).

Note 7:When preparing the consolidated financial statements, the amounts were offset due to consolidation.

Huxen Corporation and Subsidiaries

Business Relationship and Circumstances of any Significant Transactions between the Parent and the Subsidiaries

January 1~December 31, 2023

Table 4

Unit: NTD in Thousands

| Number | Company name | Counterparty | Relationship | Transaction details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Accounting subject | Amount (Note) | Transaction terms | Percentage to consolidated total revenue or total assets |
| 0 | Huxen Corporation | Aurora Leasing Corporation | Subsidiary of the company | Sales revenue | $ 202,790 | Transaction prices are based on market conditions; hence there is no material difference. | 7% |
| | | | | Other income | 8,071 | Transaction prices are based on market conditions; hence there is no material difference. | - |
| | | | | Purchase | 33,677 | In principle, purchase payments shall be paid within 2 months. | 1% |
| | | | | Accounts receivable | 33,747 | In principle, payments shall be paid in cash in next month. | 1% |
| | | | | Accounts payable | 1,225 | In principle, payments shall be paid in cash in next month. | - |

Note: The above transactions have been offset due to consolidation when preparing the consolidated financial statements.

Huxen Corporation and Subsidiaries

Information on investee companies, locations thereof etc.

January 1~December 31, 2023

Table 5

Unit: NTD in Thousands

| Name of investor | Name of investee | Location | Main business activities | Initial investment amount | | Ending balance | | | Profit (loss) of investee for the period | Investment profit (loss) recognized for the period | Distribution of dividends by investee for the period | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Ending balance for the current period | Ending balance for the previous period | Number of shares | Ratio % | Carrying amount | | | Stock dividends | Cash dividends | |
| Huxen Corporation | Aurora Leasing Corporation | Taiwan, R.O.C. | (1) Import, export, lease and repair of multi-function printers; (2) The re-leasing business of the foregoing products; (3) Import and export of toner, metal powders, cards, rollers, and papers. | $ 865,491 | $ 865,491 | 119,237 | 100 | $2,552,878 | $ 224,954 | $ 224,954 | $ - | $ 226,550 | Subsidiary |

Note: The amounts have been offset due to consolidation.

Huxen Corporation and Subsidiaries

Investment in Mainland China

January 1~December 31, 2023

Table 6

1. Name of the investee company in Mainland China, main businesses, paid-in capital, investment method, capital remittance, shareholding ratio, investment gain or loss, carrying amounts of investment, and remittance of investment gain or loss:

Unit: NTD in Thousands, RMB thousand or USD thousand

| Investee company in mainland china | Main business activities | Paid-in capital | Method of investment | Accumulated outward remittance for investment from Taiwan as of the beginning of the period | Remittance of funds: Outward | Remittance of funds: Inward | Accumulated outward remittance for investment from Taiwan as of the end of the period | Net income of investee of the period | Percentage of direct or indirect investment held by the Company (%) | Investment gains/losses recognized for the period (Note 2) | Carrying amount as of the end of the period | Accumulated repatriation of investment income to Taiwan as of the end of the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Huxen (China) Co., Ltd. | Sales, repair services and leasing of multi-function printers | $ 1,922,054 ( RMB$ 400,000 ) | Note 1 (I) | $ 1,339,010 ( US$ 2,885 RMB$ 262,000 ) | $ - | $ - | $ 1,339,010 ( US$ 2,885 RMB$ 262,000 ) | $ 66,914 | 70 | $ 46,840 | $ 1,617,561 | $ - |

2. Limit on the amount of investment in the Mainland Area:

| Accumulated outward remittance for investment in Mainland China from Taiwan at the end of the period (Note 3) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (Note 3) | Investment limit in Mainland China according to the Investment Commission of the Ministry of Economic Affairs (Note 4) |
|---|---|---|
| $ 1,339,010 ( US$ 2,885) ( RMB$ 262,000 ) | $ 1,489,900 ( RMB$ 310,000 ) | $ 2,716,924 |

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:

(I) Direct investment in Mainland China.

(II) Indirect investment in companies of Mainland China through a third place.

(III) Other method (through third region remittance)

Note 2: In the column of investment income or loss recognized for the period:

(I) If it is in preparation, and there is no investment gains/losses, notes shall be made.

(II) The amounts of investment gain/loss were recognized on following three bases:

1. Financial statements audited by a ROC CPA firm cooperating with an international CPA firm
2. Financial statements reviewed by the independent auditors of the parent company in Taiwan.
3. Others

Note 3: The amount was calculated based on the exchange rate approved by the Investment Commission of the Ministry of Economic Affairs at the time. The accumulated outward remittance (Foreign currencies) for investment in Mainland China from Taiwan at the end of the period did not exceed the Investment amount (Foreign currencies) approved by the Investment Commission of the Ministry of Economic Affairs

Note 4: The net worth of the consolidated company as of December 31, 2023 was NT$4,528,207 thousand. In accordance with the "Principles Governing the Examination of Investments or Technical Cooperation in China," the calculation of the limit is NT$4,528,207 thousand × 60% = NT$2,716,924 thousand.

Huxen Corporation and Subsidiaries

Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information

January 1~December 31, 2023

Table 7

Unit: NTD in Thousands

| Investee company in mainland china | Relationship between the Group and related parties | Type of transaction | Amount | Transaction terms | | | Notes and Accounts receivable (payable) | | Unrealized gains or losses | Remark |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Price | Payment terms | Comparison with general transactions | Balance | Percentage (%) | | |
| Huxen (China) Co., Ltd. | Subsidiary | Purchase | $ 485,738 | Price is made based on market conditions | Payment is made within 4 months | No material discrepancy | $ - | - | $ - | |
| | | Purchase | 212,029 | 〃 | 〃 | 〃 | - | - | - | |

Note: The above percentage is calculated as the ratio of the balance of notes and Accounts receivable (payable) with related parties to the balance of total notes and Accounts receivable (payable) of the Group.

Huxen Corporation and Subsidiaries

Information on major shareholders

December 31, 2023

Table 8

| Name of major shareholders | Shares | |
|---|---|---|
| | Shares held | Shareholding (%) |
| Aurora Corporation | 47,010,591 | 32.53 |
| Aurora Holdings Incorporated | 39,359,689 | 27.23 |
| Aurora Office Automation Corporation | 11,170,023 | 7.73 |
| Ni Sheng Investment Co., Ltd. | 8,091,000 | 5.59 |

Note 1: The information on major shareholders herein is about shareholders who hold more than 5% of the common and preferred shares (including treasury shares) that were delivered without physical registration as calculated by the Taiwan Depository & Clearing Corporation on the last business day of the quarte. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the foregoing information shall be disclosed by the individual trustee who opened the trust account. As for shareholders with a stake of 10% or more who make an insider stock declaration in accordance with the Securities and Exchange Act, the shares held include individual shareholding and shares declared trust in which the shareholder has the power to decide the allocation of trust assets. For information on insider stock declaration, please visit the Market Observation Post System.