

Huxen Corporation

Parent Company only Financial Statements and Independent Auditors' Report 2023 and 2022

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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 Parent Company Only Financial Statements and Independent Auditors' Report shall prevail.

Independent Auditors' Report

To Huxen Corporation:

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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.

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 Auditors' Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for certified Public Accountant 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 parent company only financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the

Parent Company only 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 parent company only financial statements of the Company for the year ended December 31, 2023 are stated as follows:

Key audit matter: sales revenue

The main business of the Company 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 (12) for the accounting policy on operating revenue.

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 have checked whether the recipients were the same as the counterparties in order to confirm whether there were material misstatements in sales revenue.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this parent company only 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 parent company only 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structures and contents of the parent company only 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 parent company only financial information of the entities or business activities within the Company to express an opinion on the parent company only financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 parent company only financial statements of the Company 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
Tai-Tsai-Cheng-Liu-Tzu number
0920131587

Approval number of the Financial
Supervisory Commission
Chin-Kuan-Cheng-Shen-Tzu number
1060023872

March 13, 2024

Huxen Corporation
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NTD in Thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note 4 and 6)	\$ 71,922	1	\$ 113,092	2
1120	Financial assets at fair value through other comprehensive income – current (Note 4 & 7)	717,074	12	735,001	12
1150	Notes receivable (Note 4 & 8)	53,205	1	64,847	1
1172	Accounts receivable (Note 4 & 8)	90,068	1	84,955	1
1180	Accounts receivable – related parties (Note 4, 8 & 27)	33,806	1	32,071	1
1200	Other receivables (Note 4 & 27)	2,555	-	3,550	-
130X	Inventories (Note 4 & 9)	223,981	4	207,951	4
1479	Other current assets	<u>1,923</u>	-	<u>887</u>	-
11XX	Total current assets	<u>1,194,534</u>	<u>20</u>	<u>1,242,354</u>	<u>21</u>
	Non-current assets				
1550	Investments accounted for using the equity method (Note 4, 10 & 28)	4,170,439	70	4,199,299	70
1600	Property, plant and equipment (Note 4, 11 & 27)	301,108	5	263,689	4
1755	Right-of-use assets (Notes 4, 12 & 27)	34,780	-	37,401	-
1760	Investment property (Note 4, 13 & 28)	228,458	4	231,999	4
1821	Other intangible assets (Note 4 & 14)	581	-	600	-
1840	Deferred income tax assets (Notes 4 & 22)	39,801	1	38,599	1
1990	Refundable deposits (Note 27)	<u>9,750</u>	-	<u>8,971</u>	-
15XX	Total non-current assets	<u>4,784,917</u>	<u>80</u>	<u>4,780,558</u>	<u>79</u>
1XXX	Total assets	<u>\$ 5,979,451</u>	<u>100</u>	<u>\$ 6,022,912</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 15)	\$ 600,000	10	\$ 400,000	7
2110	Short-term bills payables (Notes 15)	-	-	499,872	8
2170	Accounts payable (Note 16)	133,929	2	102,291	2
2180	Accounts payable – related parties (Note 16 & 27)	1,486	-	2,216	-
2219	Other payables (Note 17 & 27)	76,560	1	74,005	1
2230	Current tax liabilities (Note 4 & 22)	20,836	1	24,191	-
2280	Lease liabilities – current (Note 4, 12 & 27)	17,357	-	23,806	-
2300	Other current liabilities (Note 17)	<u>22,720</u>	<u>1</u>	<u>33,482</u>	<u>1</u>
21XX	Total current liabilities	<u>872,888</u>	<u>15</u>	<u>1,159,863</u>	<u>19</u>
	Non-current liabilities				
2540	Long-term loans (Note 15)	1,099,965	18	740,000	12
2570	Deferred income tax liabilities (Note 4 & 22)	212	-	295	-
2580	Lease liabilities – non-current (Note 4, 12 & 27)	17,691	-	13,797	-
2640	Net defined benefit liability – non-current (Note 4 & 18)	150,154	3	149,589	3
2645	Guarantee deposits (Note 27)	<u>3,574</u>	-	<u>4,140</u>	-
25XX	Total non-current liabilities	<u>1,271,596</u>	<u>21</u>	<u>907,821</u>	<u>15</u>
2XXX	Total liabilities	<u>2,144,484</u>	<u>36</u>	<u>2,067,684</u>	<u>34</u>
	Equity (Note 19)				
	Capital stock				
3110	Common stock	<u>1,444,960</u>	<u>24</u>	<u>1,444,960</u>	<u>24</u>
3200	Capital surplus	<u>42,643</u>	<u>1</u>	<u>42,643</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	992,009	17	934,760	15
3350	Unappropriated earnings	<u>497,747</u>	<u>8</u>	<u>587,701</u>	<u>10</u>
3300	Total retained earnings	<u>1,489,756</u>	<u>25</u>	<u>1,522,461</u>	<u>25</u>
3400	Other equity	<u>857,608</u>	<u>14</u>	<u>945,164</u>	<u>16</u>
3XXX	Total equity	<u>3,834,967</u>	<u>64</u>	<u>3,955,228</u>	<u>66</u>
	Total liabilities and equity	<u>\$ 5,979,451</u>	<u>100</u>	<u>\$ 6,022,912</u>	<u>100</u>

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

Chairman: Liao, Ching-Chang

Manager: Weng, Kuo-Hua

Comptroller: Hsieh, Shu-Hui

Huxen Corporation
Parent Company Only Statements of Comprehensive Income
January 1~December 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Note 4, 20 & 27)				
4100	Sales revenue				
4110	Sales revenue	\$ 1,433,864	100	\$ 1,422,424	100
4170	Sales return	(4,081)	-	(6,270)	-
4190	Sales allowances	(585)	-	(517)	-
4000	Total operating revenue	1,429,198	100	1,415,637	100
5000	Operating costs (Note 4, 9, 21 & 27)	<u>755,282</u>	<u>53</u>	<u>739,381</u>	<u>52</u>
5900	Gross profit	673,916	47	676,256	48
5910	Unrealized sales profit from subsidiaries	(69,512)	(5)	(54,150)	(4)
5920	Realized sales profit from subsidiaries	<u>65,037</u>	<u>5</u>	<u>65,380</u>	<u>5</u>
5950	Realized gross profit	<u>669,441</u>	<u>47</u>	<u>687,486</u>	<u>49</u>
	Operating expenses (Note 4, 8, 12, 21 & 27)				
6100	Marketing expenses	320,248	23	323,850	23
6200	Administrative expenses	124,407	9	123,646	9
6450	Expected credit loss	<u>1,322</u>	-	<u>749</u>	-
6000	Total operating expenses	<u>445,977</u>	<u>32</u>	<u>448,245</u>	<u>32</u>
6900	Net income from operations	<u>223,464</u>	<u>15</u>	<u>239,241</u>	<u>17</u>
	Non-operating income and expenses (Note 4, 10, 21 & 27)				
7100	Interest income	224	-	100	-
7010	Other income	68,143	5	84,615	6

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Code		2023		2022	
		Amount	%	Amount	%
7020	Other gain and loss	(\$ 3,935)	-	(\$ 4,476)	(1)
7050	Finance costs	(25,865)	(2)	(16,847)	(1)
7070	Share of profits/losses of subsidiaries	<u>271,794</u>	<u>19</u>	<u>307,743</u>	<u>22</u>
7000	Total non-operating income and expenses	<u>310,361</u>	<u>22</u>	<u>371,135</u>	<u>26</u>
7900	Net income before income tax	533,825	37	610,376	43
7950	Income tax expense (Note 4 & 22)	<u>43,536</u>	<u>3</u>	<u>49,201</u>	<u>3</u>
8200	Net income for the period	<u>490,289</u>	<u>34</u>	<u>561,175</u>	<u>40</u>
	Other comprehensive income (Note 4, 10, 18,19 & 22)				
8310	Items not reclassified to profit/loss				
8311	Remeasurements of defined benefit plans	(3,510)	-	14,138	1
8316	Unrealized gains/losses from investments in equity instruments measured at fair value through other comprehensive income	(17,927)	(1)	(112,279)	(8)
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures	(39,503)	(3)	(247,416)	(18)
8349	Income tax related to items not reclassified to profit/loss	<u>702</u>	<u>-</u>	<u>(2,828)</u>	<u>-</u>
		<u>(60,238)</u>	<u>(4)</u>	<u>(348,385)</u>	<u>(25)</u>
8360	Items that may be reclassified subsequently to profit/loss				
8361	Exchange differences on translation of foreign operation's financial statements	(30,126)	(2)	22,313	2
8300	Total net other comprehensive income	<u>(90,364)</u>	<u>(6)</u>	<u>(326,072)</u>	<u>(23)</u>
8500	Total comprehensive income for the period	<u>\$ 399,925</u>	<u>28</u>	<u>\$ 235,103</u>	<u>17</u>

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<u>Code</u>	Earnings per share (Note 23)	<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
9710	Basic	<u>\$ 3.39</u>		<u>\$ 3.88</u>	
9810	Diluted	<u>\$ 3.39</u>		<u>\$ 3.88</u>	

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

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

Huxen Corporation
Parent Company Only Statements of Changes in Equity
January 1~December 31, 2023 and 2022

Unit: NTD in Thousand

Code		Capital stock	Capital surplus	Retained earnings		Other equity		Total equity
				Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign operation's financial statements	Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income	
A1	Balance, January 1, 2021	\$ 1,444,960	\$ 42,643	\$ 879,732	\$ 575,980	(\$ 142,257)	\$ 1,424,803	\$ 4,225,861
	Appropriations of earnings for 2021							
B1	Legal reserve	-	-	55,028	(55,028)	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(505,736)	-	-	(505,736)
D1	Net income in 2022	-	-	-	561,175	-	-	561,175
D3	Other comprehensive income after tax in 2022	-	-	-	11,310	22,313	(359,695)	(326,072)
D5	Total comprehensive income in 2022	-	-	-	572,485	22,313	(359,695)	235,103
Z1	Balance, December 31, 2022	1,444,960	42,643	934,760	587,701	(119,944)	1,065,108	3,955,228
	Appropriations of earnings for 2022							
B1	Legal reserve	-	-	57,249	(57,249)	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	(520,186)	-	-	(520,186)
D1	Net income in 2023	-	-	-	490,289	-	-	490,289
D3	Other comprehensive income after tax in 2023	-	-	-	(2,808)	(30,126)	(57,430)	(90,364)
D5	Total comprehensive income in 2023	-	-	-	487,481	(30,126)	(57,430)	399,925
Z1	Balance on December 31, 2023	\$ 1,444,960	\$ 42,643	\$ 992,009	\$ 497,747	(\$ 150,070)	\$ 1,007,678	\$ 3,834,967

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

Chairman: Liao, Ching-Chang

Manager: Weng, Kuo-Hua

Comptroller: Hsieh, Shu-Hui

Huxen Corporation
Parent Company Only 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	\$ 533,825	\$ 610,376
A20010	Gain/loss		
A20100	Depreciation expense	175,162	168,517
A20200	Amortization expense	504	312
A20300	Expected credit loss	1,322	749
A20900	Finance costs	25,865	16,847
A21200	Interest income	(224)	(100)
A21300	Dividend income	(44,345)	(56,611)
A22300	Share of profits/losses of subsidiaries	(271,794)	(307,743)
A29900	Loss on modification of lease	198	-
A22500	Loss on disposal of property, plant and equipment	292	274
A23900	Unrealized (realized) profits/losses from Subsidiaries	4,475	(11,230)
A30000	Changes in operating assets and liabilities, net		
A31130	Notes receivable	11,642	3,701
A31150	Accounts receivable	(6,435)	3,043
A31160	Accounts receivable – related parties	(1,735)	2,632
A31180	Other receivables	995	25,299
A31200	Inventories	(197,208)	(198,148)
A31240	Other current assets	(1,036)	61
A32150	Accounts payable	31,638	5,504
A32160	Accounts payable – related parties	(730)	(228)
A32180	Other payables	1,898	(31,296)
A32230	Other current liabilities	(10,762)	2,528
A32240	Net defined benefit liabilities	(2,945)	(3,843)
A33000	Cash generated from operations	250,602	230,644
A33100	Interest received	224	100
A33300	Interest paid	(25,208)	(16,870)
A33500	Income tax paid	(47,474)	(46,381)
AAAA	Net cash generated from operating activities	<u>178,144</u>	<u>167,493</u>
	Cash flows from investing activities		
B02700	Payments for property, plant and equipment	(2,078)	(685)
B02800	Proceeds from disposal of property, plant and equipment	1	1

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Code		2023	2022
B03700	Increase in refundable deposits	(\$ 779)	(\$ 880)
B04500	Payments for intangible assets	(485)	(508)
B07600	Dividends received	<u>270,895</u>	<u>295,085</u>
BBBB	Net cash generated from investing activities	<u>267,554</u>	<u>293,013</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	200,000	-
C00200	Decrease in short-term loans	-	(600,024)
C00500	Proceeds from short-term bill payables	-	499,872
C00600	Repayments of short-term bill payables	(499,872)	-
C01600	Long-term loans	359,965	240,000
C03000	Receipt of guarantee deposits	-	13
C03100	Decrease in deposits received	(566)	-
C04020	Repayment of lease liabilities	(26,209)	(28,836)
C04500	Dividends paid	(<u>520,186</u>)	(<u>505,736</u>)
CCCC	Net cash used in financing activities	(<u>486,868</u>)	(<u>394,711</u>)
EEEE	Net increase (decrease) in cash	(41,170)	65,795
E00100	Cash at beginning of year	<u>113,092</u>	<u>47,297</u>
E00200	Cash at end of year	<u>\$ 71,922</u>	<u>\$ 113,092</u>

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

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

Huxen Corporation
Notes to Parent Company Only 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) was established in Taipei City in August 1984. The Company’s main businesses are 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 parent company only 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 parent company only 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 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 also lessees concurrently 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.

The Group has assessed that as of the publication date of this financial report, the amendments to other standards and interpretations will not have a material impact on its financial position and financial performance.

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note1)</u>
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 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.

Up to the date the parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance from the amendments to other standards and interpretations. The related impact will be disclosed when the Company completes its evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

The parent company only 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.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make profit/loss for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on parent company only financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the “investments accounted for using equity method,” “share of profits/losses of subsidiaries,” share of other comprehensive income of subsidiaries and related equity.

(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) Foreign Currencies

In preparing the financial statements, transactions in currencies other than the Company'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 parent company only 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.

(V) 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.

(VI) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary and distribution of dividends. In addition, the Company also recognizes the changes in the share of other equity of subsidiaries based on the shareholding ratios.

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

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

Profits or losses resulting from downstream transactions are eliminated in full only in the parent's company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent's company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(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) 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.

(X) 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 Company 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 Cash generating unit (collectively referred to as CGUs) 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.

(XI) Financial instruments

Financial assets and financial liabilities are recognized when the Company 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

The Company's financial assets are classified into financial assets at amortized cost and equity instruments at fair value through other comprehensive income.

A. Financial assets at amortized cost

The Company'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.
- B. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Company 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 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 Company's right to receive the

dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Company estimates impairment loss based on expected credit losses of financial assets at amortized cost on each balance sheet date.

Allowances for expected credit losses are recognized for Accounts receivable 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 Company 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 Company 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.

(XII) Income recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes income 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-function 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 Company recognizes income and Accounts receivable 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.

(XIII) Leases

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

1. The Company as lessor

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 Company 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 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 Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; 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.

(XIV) 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.

(XV) Income tax

The expense is the sum of the current income tax and deferred income tax.

1. Current income tax

The 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, except where the Company 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 Company expects, on the balance sheet date, 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 management 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 Company'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 Company.

VI. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working fund	\$ 945	\$ 960
Checking accounts and demand deposits	<u>70,977</u>	<u>112,132</u>
	<u>\$ 71,922</u>	<u>\$ 113,092</u>

VII. Financial assets at fair value through other comprehensive income

Investments in equity instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic listed shares		
Aurora Corporation	<u>\$ 717,074</u>	<u>\$ 735,001</u>

The Company has 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 Company's strategy of holding these investments.

VIII. Notes receivable and Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Total carrying amount measured at amortized cost	\$ 53,205	\$ 64,847
Less: Allowance for impairment loss	-	-
	<u>\$ 53,205</u>	<u>\$ 64,847</u>
<u>Accounts receivable</u>		
Total carrying amount measured at amortized cost	\$ 92,631	\$ 86,312
Less: Allowance for impairment loss	(2,563)	(1,357)
	<u>\$ 90,068</u>	<u>\$ 84,955</u>
<u>Accounts receivable – related parties</u>		
Total carrying amount measured at amortized cost	\$ 33,806	\$ 32,071
Less: Allowance for impairment loss	-	-
	<u>\$ 33,806</u>	<u>\$ 32,071</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 1,708	\$ 1,764
Less: Allowance for impairment loss	(1,708)	(1,764)
	<u>\$ -</u>	<u>\$ -</u>

Accounts receivable

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

The 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 Company'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 receivable.

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

The Company's loss allowance for Accounts receivable 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	\$ 90,813	\$ 1,305	\$ 513	\$ 92,631
Loss allowance (expected credit losses during the period)	(<u>1,390</u>)	(<u>660</u>)	(<u>513</u>)	(<u>2,563</u>)
Amortized cost	<u>\$ 89,423</u>	<u>\$ 645</u>	<u>\$ -</u>	<u>\$ 90,068</u>

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	\$ 82,457	\$ 1,667	\$ 2,188	\$ 86,312
Loss allowance (expected credit losses during the period)	(<u>254</u>)	(<u>176</u>)	(<u>927</u>)	(<u>1,357</u>)
Amortized cost	<u>\$ 82,203</u>	<u>\$ 1,491</u>	<u>\$ 1,261</u>	<u>\$ 84,955</u>

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

	<u>2023</u>	<u>2022</u>
Balance – beginning of year	\$ 3,121	\$ 2,562
Plus: recognized impairment loss of the current year	1,322	749
Less: write-off in the current year	(172)	(190)
Balance – end of year	<u>\$ 4,271</u>	<u>\$ 3,121</u>

IX. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Merchandise	\$ 156,797	\$ 146,338
Supplies	66,871	56,875
Inventory in transit	<u>313</u>	<u>4,738</u>
	<u>\$ 223,981</u>	<u>\$ 207,951</u>

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

X. Investments accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in subsidiaries		
Non listed (OTC) Company		
Aurora Leasing Corporation	\$ 2,552,878	\$ 2,598,452
Huxen (China) Co., Ltd.	<u>1,617,561</u>	<u>1,600,847</u>
	<u>\$ 4,170,439</u>	<u>\$ 4,199,299</u>

The percentage of the Company's equity and voting rights in subsidiaries as of the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aurora Leasing Corporation	100%	100%
Huxen (China) Co., Ltd.	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)) is a foreign-invested limited liability company established in Shanghai, China in November 2012. As of December 31, 2023, its paid-in capital amounted to RMB400,000 thousand, and it primarily engaged in the business lines including office machine sales, maintenance services and rental. The main operating risks are the political risk arising from the changes in governmental regulations and cross-strait relations, and exchange risk.

The breakdown of the shares profit/loss and other comprehensive income of the Company's investments in subsidiaries accounted for using equity method is as follows:

(I) Investments in subsidiaries accounted for using equity method

		2023		2022	
		Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company	Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company
Aurora Leasing Corporation		\$ 224,954	\$ 224,954	\$ 254,960	\$ 254,960
Huxen (China) Co., Ltd.		66,914	<u>46,840</u>	75,404	<u>52,783</u>
			<u>\$ 271,794</u>		<u>\$ 307,743</u>

(II) Share of other comprehensive income of subsidiaries for using equity method

		2023		2022	
		Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company	Other comprehensive income of subsidiaries of the period	Other comprehensive income(loss) recognized by the Company
Aurora Leasing Corporation		(\$ 39,503)	(\$ 39,503)	(\$ 247,416)	(\$ 247,416)
Huxen (China) Co., Ltd.		(43,037)	<u>(30,126)</u>	31,858	<u>22,313</u>
			<u>(\$ 69,629)</u>		<u>(\$ 225,103)</u>

The share of profit and loss and other comprehensive income of the subsidiaries accounted for using the equity method in 2023 and 2022 was based on the financial statements of each subsidiary that have been audited by the external auditors for the same periods.

Please refer to Notes 15 and 28 for the pledge of the shares of the invested subsidiary, Aurora Development Co., Ltd., as collateral for the borrowings.

For the main businesses, principal place of business and registered nationalities information of the above subsidiaries, please refer to Tables 4 and 5 of Note 32.

XI. Property, plant and equipment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets for own use	\$ 19,813	\$ 18,799
Assets for leases	<u>281,295</u>	<u>244,890</u>
	<u>\$ 301,108</u>	<u>\$ 263,689</u>

(I) Assets for own use

	<u>Own land</u>	<u>House and buildings</u>	<u>Office equipment</u>	<u>Total</u>
<u>Cost</u>				
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	<u>-</u>	<u>-</u>	<u>(1,526)</u>	<u>(1,526)</u>
Balance on December 31, 2023	<u>11,927</u>	<u>9,946</u>	<u>5,032</u>	<u>26,905</u>
<u>Accumulated depreciation</u>				
Balance on January 1, 2023	-	5,032	2,390	7,422
Depreciation expense	-	177	1,019	1,196
Disposals	<u>-</u>	<u>(-)</u>	<u>(1,526)</u>	<u>(1,526)</u>
Balance on December 31, 2023	<u>-</u>	<u>5,209</u>	<u>1,883</u>	<u>7,092</u>
Net on December 31, 2023	<u>\$ 11,927</u>	<u>\$ 4,737</u>	<u>\$ 3,149</u>	<u>\$ 19,813</u>
<u>Cost</u>				
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	<u>-</u>	<u>-</u>	<u>(3,061)</u>	<u>(3,061)</u>
Balance, December 31, 2022	<u>11,927</u>	<u>9,946</u>	<u>4,348</u>	<u>26,221</u>
<u>Accumulated depreciation</u>				
Balance, January 1, 2021	-	4,855	4,070	8,925
Depreciation expense	-	177	1,381	1,558
Disposals	<u>-</u>	<u>-</u>	<u>(3,061)</u>	<u>(3,061)</u>
Balance, December 31, 2022	<u>-</u>	<u>5,032</u>	<u>2,390</u>	<u>7,422</u>
Carrying amounts, December 31, 2022	<u>\$ 11,927</u>	<u>\$ 4,914</u>	<u>\$ 1,958</u>	<u>\$ 18,799</u>

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

	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance – beginning of year	\$ 874,589	\$ 865,837
Inventories transferred to property, plant and equipment	189,051	131,789
Property, plant and equipment transferred to inventories	(70,364)	(72,539)
Disposals	(<u>43,322</u>)	(<u>50,498</u>)
Balance – end of year	<u>949,954</u>	<u>874,589</u>
<u>Accumulated depreciation</u>		
Balance – beginning of year	629,699	611,863
Depreciation expense	144,348	134,945
Property, plant and equipment transferred to inventories	(62,359)	(66,886)
Disposals	(<u>43,029</u>)	(<u>50,223</u>)
Balance – end of year	<u>668,659</u>	<u>629,699</u>
Carrying amounts – end of year	<u>\$ 281,295</u>	<u>\$ 244,890</u>

The Company leases business machines under operating leases; 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Year 1	\$ 69,872	\$ 59,183
Year 2	49,421	41,498
Year 3	30,369	27,140
Year 4	16,661	15,890
Year 5	5,501	5,223
More than 5 years	409	538
	<u>\$ 172,233</u>	<u>\$ 149,472</u>

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	3–5 years

XII. Lease arrangements

(I) Right-of-use assets

	<u>Land and buildings</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2023	\$ 65,432	\$ 5,035	\$ 70,467
Additions	25,849	2,291	28,140
Disposals	(35,085)	(2,592)	(37,677)
Balance on December 31, 2023	<u>56,196</u>	<u>4,734</u>	<u>60,930</u>
<u>Accumulated depreciation</u>			
Balance on January 1, 2023	30,263	2,803	33,066
Depreciation expense	24,035	2,042	26,077
Disposals	(30,401)	(2,592)	(32,993)
Balance on December 31, 2023	<u>23,897</u>	<u>2,253</u>	<u>26,150</u>
Net on December 31, 2023	<u>\$ 32,299</u>	<u>\$ 2,481</u>	<u>\$ 34,780</u>
<u>Cost</u>			
Balance, January 1, 2021	\$ 59,517	\$ 5,091	\$ 64,608
Additions	11,818	1,508	13,326
Disposals	(5,903)	(1,564)	(7,467)
Balance, December 31, 2022	<u>65,432</u>	<u>5,035</u>	<u>70,467</u>
<u>Accumulated depreciation</u>			
Balance, January 1, 2021	9,700	2,360	12,060
Depreciation expense	26,466	2,007	28,473
Disposals	(5,903)	(1,564)	(7,467)
Balance, December 31, 2022	<u>30,263</u>	<u>2,803</u>	<u>33,066</u>
Carrying amounts, December 31, 2022	<u>\$ 35,169</u>	<u>\$ 2,232</u>	<u>\$ 37,401</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amounts of lease liabilities		
Current	<u>\$ 17,357</u>	<u>\$ 23,806</u>
Non-current	<u>\$ 17,691</u>	<u>\$ 13,797</u>

Range of discount rate for lease liabilities is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	0.702%~1.631%	0.702%~0.823%
Vehicles	0.702%~1.631%	0.702%~0.829%

(III) Material leasing activities and terms

The Company leases land, buildings and vehicles for operating purposes for periods ranging from 1 to 6 years. Upon termination of the lease period, the Company does not have bargain purchase options to acquire the leased vehicles and business premises.

(IV) Other lease information

For the Company's properties, plant and equipment, and investment properties leased out under operating leases, please refer to Note 11 and Note 13 respectively.

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases		
-Principal repayment	(\$ 26,209)	(\$ 28,836)
-Interest payments	(420)	(340)
	<u>(\$ 26,629)</u>	<u>(\$ 29,176)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease commitment	<u>\$ 14,852</u>	<u>\$ 2,782</u>

XIII. Investment properties

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Year 1	\$ 12,049	\$ 13,552
Year 2	8,748	12,049
Year 3	-	8,748
Year 4	-	-
Year 5	<u>-</u>	<u>-</u>
	<u><u>\$ 20,797</u></u>	<u><u>\$ 34,349</u></u>

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

House and buildings	
Main Buildings	55 years
Decoration works	10 years

For the amount of investment property pledged as collateral for loans, please refer to Note 28.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair values	<u>\$ 357,980</u>	<u>\$ 371,750</u>
XIV. <u>Other intangible assets</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Computer software	<u>\$ 581</u>	<u>\$ 600</u>
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance – beginning of year	\$ 1,149	\$ 734
Additions	485	508
Disposals	(672)	(93)
Balance – end of year	<u>962</u>	<u>1,149</u>
<u>Accumulated amortization</u>		
Balance – beginning of year	549	330
Amortization expense	504	312
Disposals	(672)	(93)
Balance – end of year	<u>381</u>	<u>549</u>
Carrying amounts – end of year	<u>\$ 581</u>	<u>\$ 600</u>

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.

XV. Loans

(I) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured loans</u>		
- Line of credit loans	<u>\$ 600,000</u>	<u>\$ 400,000</u>
Credit loan		
NTD	1.55% ~ 1.68%	1.57% ~ 1.80%

(II) Short-term bills payable

December 31, 2022

<u>Guarantor/ accepting institution</u>	<u>Face amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>
<u>Commercial paper payable</u>					
Dah Chung Bills Finance	\$ 200,000	(\$ 31)	\$ 199,969	1.928%	None
Taiwan Finance Corporation	100,000	(16)	99,984	1.928%	None
Mega Bills Bank of Taiwan	100,000	(21)	99,979	1.928%	None
	<u>100,000</u>	<u>(60)</u>	<u>99,940</u>	1.820%	None
	<u>\$ 500,000</u>	<u>(\$ 128)</u>	<u>\$ 499,872</u>		

For the guaranteed notes issued by the Company to financial institutions for said issuance of commercial paper, please refer to Note 29.

(III) Long-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u>		
Bank loans	\$ 499,970	\$ 440,000
<u>Unsecured loans</u>		
Bank loans	<u>599,995</u>	<u>300,000</u>
	<u>\$ 1,099,965</u>	<u>\$ 740,000</u>

The bank loans are secured by pledges of the Company's own land and buildings and the issuance of guarantee notes (see Notes 28 and 29), 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.

XVI. 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.

XVII. Other liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Other payables</u>		
Salaries and bonuses payable	\$ 53,521	\$ 53,666
Labor remuneration payable	4,748	4,121
Business tax payable	1,898	4,132
Interest payable	1,197	823
Leave payment payables	149	418
Others	<u>15,047</u>	<u>10,845</u>
	<u>\$ 76,560</u>	<u>\$ 74,005</u>
 <u>Other current liabilities</u>		
Temporary receipts	\$ 21,459	\$ 32,218
Others	<u>1,261</u>	<u>1,264</u>
	<u>\$ 22,720</u>	<u>\$ 33,482</u>

XVIII. Retirement benefit plans

(I) Defined contribution plans

The 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 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 Company has no right to influence the pension fund investment policy and strategy.

The amounts included in the parent company only balance sheets of the Company's defined benefit plans are as follows:

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

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	<u>\$ 169,977</u>	<u>(\$ 20,388)</u>	<u>\$ 149,589</u>
Service cost			
Current service cost	78	-	78
Interest expense (income)	<u>2,125</u>	<u>(286)</u>	<u>1,839</u>
Recognized in profit or loss	<u>2,203</u>	<u>(286)</u>	<u>1,917</u>
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	<u>(186)</u>	<u>(186)</u>
Actuarial loss – changes in financial assumptions	1,605	-	1,605
Actuarial gain – experience adjustments	<u>2,091</u>	<u>-</u>	<u>2,091</u>
Recognized in other comprehensive income	<u>3,696</u>	<u>(186)</u>	<u>3,510</u>
Contributions from the employer	-	<u>(4,862)</u>	<u>(4,862)</u>
Payment of benefits	<u>(4,942)</u>	<u>4,942</u>	<u>-</u>
December 31, 2023	<u>\$ 170,934</u>	<u>(\$ 20,780)</u>	<u>\$ 150,154</u>
January 1, 2022	<u>\$ 191,390</u>	<u>(\$ 23,820)</u>	<u>\$ 167,570</u>
Service cost			
Current service cost	189	-	189
Interest expense (income)	<u>1,196</u>	<u>(166)</u>	<u>1,030</u>
Recognized in profit or loss	<u>1,385</u>	<u>(166)</u>	<u>1,219</u>
Remeasurement			
Return on plan assets (excluding interest income calculated at discount rate)	-	<u>(1,492)</u>	<u>(1,492)</u>
Actuarial loss – changes in demographic assumptions	193	-	193
Actuarial loss – changes in financial assumptions	<u>(9,053)</u>	<u>-</u>	<u>(9,053)</u>
Actuarial gain – experience adjustments	<u>(3,786)</u>	<u>-</u>	<u>(3,786)</u>
Recognized in other comprehensive income	<u>(12,646)</u>	<u>(1,492)</u>	<u>(14,138)</u>
Contributions from the employer	-	<u>(5,062)</u>	<u>(5,062)</u>
Payment of benefits	<u>(10,152)</u>	<u>10,152</u>	<u>-</u>
December 31, 2022	<u>\$ 169,977</u>	<u>(\$ 20,388)</u>	<u>\$ 149,589</u>

The Company 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 Company'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 present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary. The significant assumptions at the measurement date are as follows.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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:

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

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.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan within one year	<u>\$ 5,049</u>	<u>\$ 4,959</u>
Average duration of the defined benefit obligation	7.5 years	8.2 years

XIX. Equity

(I) Capital stock

Common stock

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

(II) Capital surplus

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

- 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 21(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 the 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:

	<u>Appropriation of earnings</u>		<u>Dividends per share (\$)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
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:

	<u>Appropriation of earnings</u>	<u>Dividends per share (\$)</u>
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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Exchange differences on translation of foreign operation's financial statements		
Attributable to the Company	(\$ 150,070)	(\$ 119,944)
Unrealized valuation gains/loss from financial assets measured at fair value through other comprehensive income		
Attributable to the Company	274,348	292,275
Subsidiaries recognized under the equity method	733,330	772,833
	<u>1,007,678</u>	<u>1,065,108</u>
	<u>\$ 857,608</u>	<u>\$ 945,164</u>

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 Company (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

	<u>2023</u>	<u>2022</u>
Balance – beginning of year	<u>\$ 1,065,108</u>	<u>\$ 1,424,803</u>
Generated in the current year		
Unrealized gains or losses		
Equity instruments	(17,927)	(112,279)
Share of the subsidiaries accounted for using equity method	(<u>39,503</u>)	(<u>247,416</u>)
Other comprehensive income in the current year	(<u>57,430</u>)	(<u>359,695</u>)
Balance – end of year	<u>\$ 1,007,678</u>	<u>\$ 1,065,108</u>

XX. Revenue

Disaggregation of revenue

<u>Product type</u>	<u>2023</u>	<u>2022</u>
Multi-function printers, peripherals and consumables	\$ 816,836	\$ 815,880
Machine rental income, paper-based income, etc.	<u>612,362</u>	<u>599,757</u>
	<u>\$ 1,429,198</u>	<u>\$ 1,415,637</u>

<u>Region</u>	<u>2023</u>	<u>2022</u>
Asia	<u>\$ 1,429,198</u>	<u>\$ 1,415,637</u>

XXI. Net income

- (I) Other income

	<u>2023</u>	<u>2022</u>
Lease income		
Lease income from operating leases		
– Investment property	\$ 14,322	\$ 16,103
Dividend income	44,345	56,611
Miscellaneous income	<u>9,476</u>	<u>11,901</u>
	<u>\$ 68,143</u>	<u>\$ 84,615</u>

(II) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net foreign exchange gain (loss)	\$ 88	(\$ 608)
Loss from lease modification	(198)	-
Miscellaneous expenses	<u>(3,825)</u>	<u>(3,868)</u>
	<u><u>(\$ 3,935)</u></u>	<u><u>(\$ 4,476)</u></u>

(III) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 25,393	\$ 16,475
Interest on lease liabilities	420	340
Accrued interest on guarantee deposits	<u>52</u>	<u>32</u>
	<u><u>\$ 25,865</u></u>	<u><u>\$ 16,847</u></u>

(IV) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 145,544	\$ 136,503
Right-of-use asset	26,077	28,473
Investment property	3,541	3,541
Intangible asset	<u>504</u>	<u>312</u>
	<u><u>\$ 175,666</u></u>	<u><u>\$ 168,829</u></u>

Summary of depreciation by functions

Operating costs	\$ 144,348	\$ 134,945
Operating expenses	27,273	30,031
Non-operating expenses and losses	<u>3,541</u>	<u>3,541</u>
	<u><u>\$ 175,162</u></u>	<u><u>\$ 168,517</u></u>

Summary of amortization by functions

Operating expenses	<u>\$ 504</u>	<u>\$ 312</u>
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(V) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 317,536	\$ 324,247
Retirement benefits (Note18)		
Defined contribution plans	12,786	12,916
Defined benefit plans	<u>1,917</u>	<u>1,219</u>
Total employee benefit expenses	<u><u>\$ 332,239</u></u>	<u><u>\$ 338,382</u></u>

Summary by function

Operating expenses	<u><u>\$ 332,239</u></u>	<u><u>\$ 338,382</u></u>
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(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

	<u>2023</u>	<u>2022</u>
Remuneration to employees	1%	1%

Amount

	<u>2023</u>	<u>2022</u>
Remuneration to employees	\$ 5,393	\$ 6,166

If there is any change in the annual parent company only financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment and recognized 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 parent company only financial statements.

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

XXII. Income tax

(I) Major components of tax expense (gain) recognized under profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Current tax		
Tax expense generated in the current year	\$ 44,119	\$ 46,400
Deferred income tax		
Tax expense generated in the current year	(583)	2,801
Income tax expense recognized in profit or loss	<u>\$ 43,536</u>	<u>\$ 49,201</u>

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

	<u>2023</u>	<u>2022</u>
Net income before income tax	<u>\$ 533,825</u>	<u>\$ 610,376</u>
Income tax expense calculated at the statutory rate	\$ 106,765	\$ 122,075
Nondeductible expenses in determining taxable income	-	-
Tax-exempt income	(53,861)	(62,317)
Unrecognized deductible temporary differences	(<u>9,368</u>)	(<u>10,557</u>)
Income tax expense recognized in profit or loss	<u>\$ 43,536</u>	<u>\$ 49,201</u>

(II) Income tax expense recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred income tax</u>		
Remeasurement of defined benefit plans in respect of the current year	(<u>\$ 702</u>)	<u>\$ 2,828</u>

(III) Current tax liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income tax payables	<u>\$ 20,836</u>	<u>\$ 24,191</u>

(IV) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2023

<u>Deferred income tax assets</u>	<u>Balance – beginning of year</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Balance – end of year</u>
Temporary differences				
Deferred income	\$ 17,651	\$ 895	\$ -	\$ 18,546
Allowance for losses	254	238	-	492
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
	<u>\$ 38,599</u>	<u>\$ 500</u>	<u>\$ 702</u>	<u>\$ 39,801</u>

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	<u>\$ 295</u>	<u>(\$ 83)</u>	<u>\$ -</u>	<u>\$ 212</u>

2022

Deferred income tax assets	Balance – beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance – end of year
Temporary differences				
Deferred income	\$ 19,897	(\$ 2,246)	\$ -	\$ 17,651
Allowance for losses	123	131	-	254
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	<u>72</u>	<u>(22)</u>	<u>-</u>	<u>50</u>
	<u>\$ 44,307</u>	<u>(\$ 2,880)</u>	<u>(\$ 2,828)</u>	<u>\$ 38,599</u>

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	<u>\$ 374</u>	<u>(\$ 79)</u>	<u>\$ -</u>	<u>\$ 295</u>

- (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 Company's profit-seeking enterprise income tax return has been assessed by the tax authority through 2021, and the assessment result is no different from the return.

XXIII. 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

	<u>2023</u>	<u>2022</u>
Net income for the period	<u>\$ 490,289</u>	<u>\$ 561,175</u>

Number of shares

Unit: Thousands of shares

	<u>2023</u>	<u>2022</u>
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	<u>128</u>	<u>153</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>144,624</u>	<u>144,649</u>

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.

XXIV. Cash flow information

(I) Non-cash transactions

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

	<u>2023</u>	<u>2022</u>
Inventories transferred to property, plant and equipment	<u>\$ 189,183</u>	<u>\$ 131,819</u>
Property, plant and equipment transferred to inventories	<u>\$ 8,005</u>	<u>\$ 5,653</u>

(II) Changes in liabilities from financing activities

2023

	January 1, 2023	Cash flow	Non-cash flow changes			December 31, 2023
			New leasehold	Interest expenses	Others	
Short-term borrowings	\$ 400,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 600,000
Short-term notes and bills payable	499,872	(499,872)	-	-	-	-
Long-term borrowings	740,000	359,965	-	-	-	1,099,965
Guarantee deposits	4,140	(566)	-	-	-	3,574
Lease liabilities	<u>37,603</u>	<u>(26,209)</u>	<u>28,140</u>	<u>420</u>	<u>(4,906)</u>	<u>35,048</u>
	<u>\$ 1,681,615</u>	<u>\$ 33,318</u>	<u>\$ 28,140</u>	<u>\$ 420</u>	<u>(\$ 4,906)</u>	<u>\$ 1,738,587</u>

2022

	January 1, 2022	Cash flow	Non-cash flow changes			December 31, 2022
			New leasehold	Interest expenses	Others	
Short-term borrowings	\$ 1,000,024	(\$ 600,024)	\$ -	\$ -	\$ -	\$ 400,000
Short-term notes and bills payable	96,787	499,872	-	-	-	499,872
Long-term borrowings	500,000	240,000	-	-	-	740,000
Guarantee deposits	4,127	13	-	-	-	4,140
Lease liabilities	<u>53,113</u>	<u>(28,836)</u>	<u>13,326</u>	<u>340</u>	<u>(340)</u>	<u>37,603</u>
	<u>\$ 1,557,264</u>	<u>\$ 111,025</u>	<u>\$ 13,326</u>	<u>\$ 340</u>	<u>(\$ 340)</u>	<u>\$ 1,681,615</u>

XXV. Capital risk management

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

XXVI. Financial instruments

(I) Information on fair value

1. Financial instruments not measured at fair value

The management of the Company 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 Company have an observable level of fair value in Level 1.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments		
-Domestic listed securities	<u>\$ 717,074</u>	<u>\$ 735,001</u>

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

(II) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 261,306	\$ 307,486
Financial assets measured at fair value through other comprehensive income – investments in equity instruments	717,074	735,001
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,859,945	1,764,308

Note 1: The balance includes cash, Accounts receivable, other receivables, refundable deposits and other financial assets measured 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 Company include equity instrument investments, Accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Company provides services to each business division, coordinates domestic and international market operations, supervises and manages financial risks related to the operation of the Company 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 Company exposed to in the business activities are foreign exchange risk, interest rate risk and other price risk.

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

(1) Exchange risk

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 31.

Sensitivity analysis

The Company 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 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 impact of profit or loss was mainly attributable to the demand deposits and loans for material purchasing denominated in USD that were still outstanding and not hedged in cash flows on the balance sheet date. The Company's sensitivity to the exchange rate of USD increased in the current period due to the increase in the net liability denominated in USD held by the Company.

(2) Interest rate risk

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
- Financial liabilities	\$ 35,048	\$ 537,475
Cash flow interest rate risk		
- Financial assets	30,326	64,949
- 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 decrease/increase by NT\$2,674 thousand and NT\$1,688 thousand in 2023 and 2022, respectively, mainly due to the exposure to interest rate risk on demand deposits and long-term borrowings of the Company.

(3) Other price risk

The Company 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\$35,854 thousand and NT\$36,750 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 Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the parent company only balance sheets.

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

3. Liquidity risk

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

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company 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
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Zero-interest-bearing liabilities		\$ 50,762	\$ 102,921	\$ 3,774	\$ 2,524
Lease liabilities		1,607	3,184	12,820	18,099
Variable-rate instruments	1.565%	-	-	-	1,100,000
Instruments with fixed interest rates	1.503%	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 652,369</u>	<u>\$ 106,105</u>	<u>\$ 16,594</u>	<u>\$ 1,120,623</u>

December 31, 2022

	Weighted average effective rate (%)	Payment on sight or within 1 month	1–3 months	3–12 months	1–5 years
<u>Non-derivative financial liabilities</u>					
Zero-interest-bearing liabilities		\$ 10,289	\$ 108,918	\$ 1,089	\$ 4,140
Lease liabilities		2,336	4,428	17,228	13,896
Variable-rate instruments	1.008%	-	-	-	740,000
Instruments with fixed interest rates	1.201%	<u>499,872</u>	<u>250,000</u>	<u>150,000</u>	<u>-</u>
		<u>\$ 512,497</u>	<u>\$ 363,346</u>	<u>\$ 168,317</u>	<u>\$ 758,036</u>

Line of credit

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured bank line</u>		
- Amount utilized	\$ 1,234,285	\$ 1,242,959
- Amount not utilized	<u>2,695,715</u>	<u>3,007,041</u>
	<u>\$ 3,930,000</u>	<u>\$ 4,250,000</u>
<u>Secured bank line</u>		
- Amount utilized	\$ 500,000	\$ 440,000
- Amount not utilized	<u>-</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ 440,000</u>

XXVII. Related parties transactions

Details of transactions between the Company and its related parties are disclosed below.

(I) Names and relations of related parties

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Aurora Corporation (Aurora)	Investor of significant influence
Aurora Leasing Corporation (Aurora Leasing)	Subsidiary
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
KM Developing Solutions Co., Ltd. (KM Developing)	Other related parties
General Integration Technology Co., Ltd. (General Integration)	Other related parties
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related parties

(II) Operating income

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
Aurora Leasing	\$ 202,790	\$ 191,383
Investor of significant influence	821	797
Other related parties	<u>765</u>	<u>1,985</u>
	<u>\$ 204,376</u>	<u>\$ 194,165</u>

Sales by the Company to related parties are made based on the market price, with payments collected within 1–2 months.

(III) Purchase of goods

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 33,677	\$ 27,308
Investor of significant influence	5,822	5,947
Other related parties	<u>87</u>	<u>2,684</u>
	<u>\$ 39,586</u>	<u>\$ 35,939</u>

Purchased by the Company from related parties are made based on the market price, with payments collected within 1–2 months.

(IV) Operating expenses

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
Investor of significant influence	\$ 39,077	\$ 39,291
Other related parties	<u>633</u>	<u>709</u>
	<u>\$ 39,710</u>	<u>\$ 40,000</u>

Operating expenses represent expenses paid to related parties for marketing expenditures of operational consulting and service fees.

(V) Other income

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 8,071	\$ 8,737
Investor of significant influence	<u>18</u>	<u>-</u>
	<u>\$ 8,089</u>	<u>\$ 8,737</u>

Other income is mainly from commissioned services for rental equipment maintenance and warranty services received from its subsidiaries based on their operating incomes. Other receivables from commissioned services are collected on a monthly basis.

(VI) Lease agreements

Assets for operating leases

The operating lease receivables are summarized as follows:

<u>Type/name of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investor of significant influence	\$ <u> -</u>	\$ <u> 35</u>

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

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

Lease incomes are summarized as follows:

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
Investor of significant influence	\$ 600	\$ 2,404
Other related parties	<u> 120</u>	<u> 120</u>
	\$ <u> 720</u>	\$ <u> 2,524</u>

The Company leases the right of use of office spaces to related parties under operating leases. The rent 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.

(VII) Receivables from related parties

<u>Accounting subject</u>	<u>Type/name of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Aurora Leasing	\$ 33,747	\$ 31,870
	Other related parties	55	188
	Investor of significant influence	<u> 4</u>	<u> 13</u>
		\$ <u>33,806</u>	\$ <u>32,071</u>
Other receivables	Other related parties	\$ <u> 36</u>	\$ <u> 17</u>

No guarantee is received for outstanding accounts receivable from related parties. No allowance for loss has been provided for accounts receivable from related parties in 2023 and 2022.

(VIII) Payables to related parties

<u>Accounting subject</u>	<u>Type/name of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Aurora Leasing	\$ 1,225	\$ 2,193
	Investor of significant influence	<u>261</u>	<u>23</u>
		<u>\$ 1,486</u>	<u>\$ 2,216</u>
Other payables	Investor of significant influence	<u>\$ 3,535</u>	<u>\$ 3,479</u>

The outstanding balance of related party accounts payable is not guaranteed.

(IX) Acquisition of property, plant, and equipment

	<u>2023</u>	<u>2022</u>
Investor of significant influence	<u>\$ 413</u>	<u>\$ 2</u>

The transaction prices are determined according to market conditions.

(X) Lease agreements

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
<u>Acquisition of right-of-use assets</u>		
Aurora Holdings	\$ 12,227	\$ 968
Investor of significant influence	<u>1,609</u>	<u>-</u>
	<u>\$ 13,836</u>	<u>\$ 968</u>

<u>Accounting subject</u>	<u>Type/name of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities – current	Aurora Holdings	\$ 4,058	\$ 9,401
	Investor of significant influence	<u>531</u>	<u>-</u>
		<u>\$ 4,589</u>	<u>\$ 9,401</u>
Lease liabilities – non-current	Aurora Holdings	\$ 6,213	\$ -
	Investor of significant influence	<u>859</u>	<u>-</u>
		<u>\$ 7,072</u>	<u>\$ -</u>

<u>Type/name of related parties</u>	<u>2023</u>	<u>2022</u>
<u>Interest expenses</u>		
Aurora Holdings	\$ 118	\$ 101
Investor of significant influence	<u>10</u>	<u>-</u>
	<u>\$ 128</u>	<u>\$ 101</u>

The 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

<u>Accounting subject</u>	<u>Type/name of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits	Aurora Holdings	<u>\$ 2,322</u>	<u>\$ 1,642</u>
Guarantee deposits	General Integration	\$ 21	\$ 21
	Aurora	<u>-</u>	<u>566</u>
		<u>\$ 21</u>	<u>\$ 587</u>

(XII) Remuneration to the management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 12,401	\$ 13,874
Retirement benefits	<u>373</u>	<u>457</u>
	<u>\$ 12,774</u>	<u>\$ 14,331</u>

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

XXVIII. Pledged assets

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

	<u>Contents</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment property	Land, houses and buildings	<u>\$ 228,458</u>	<u>\$ 231,999</u>
Investments accounted for using the equity method	8,400 thousand shares of Aurora Leasing	<u>\$ 179,845</u>	<u>\$ 183,056</u>

XXIX. 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 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 Company to financial institutions to meet short-term notes and bills and short-term and long-term borrowing lines was NT\$4,230,000 thousand.
- (III) Significant contracts of the Group are disclosed as follows:

<u>Type of contract</u>	<u>Contracting party</u>	<u>Contract duration Date</u>	<u>Contract content</u>	<u>Restrictions</u>
Long-term supply/sales contracts	Ricoh Asia Pacific 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 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.

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

XXXI. 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 disclosed are the rates at which these foreign currencies are exchanged for the functional currency. The significant impact on assets and liabilities denominated in foreign currencies is as follows:

Unit: various Foreign currencies/NTD Thousand

December 31, 2023			
	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 127	30.705 (USD:NTD)	\$ 3,882
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	373,830	4.327 (RMB:NTD)	1,617,561
December 31, 2022			
	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 666	30.710 (USD:NTD)	\$ 20,405
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	363,169	4.408 (RMB:NTD)	1,600,847

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

Foreign currency	2023		2022	
	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)

XXXII. 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.

(II) Information on the investment business: Please see Table 4.

(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 5
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 6.

(IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage: Table 7.

Huxen Corporation
 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	Carrying amount	Shareholding %	Market price (Note1)	
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 4 and 5.

Huxen Corporation

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

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	To the notes/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%	
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%)	
"	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	212,030	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).

Huxen Corporation
Information on investee companies, locations thereof etc.
January 1~December 31, 2023

Table 4

Unit: NTD in Thousands/Thousand Shares

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	子 公 司

Note: The amounts have been offset due to consolidation.

Huxen Corporation
Investment in Mainland China
January 1~December 31, 2023

Table 5

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		Accumulated outward remittance for investment from Taiwan as of the end of the period	Net income of investee of the period	The Company's Shareholding % of direct or indirect investment	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
					Outward	Inward						
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 audited by the auditor of parent company.
 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\$4,528,208 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

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 6

Unit: Thousand NTD

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 the general transactions	Balance	Percentage (%) (Note)		
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	212,030	"	"	"	-	-	-	

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
Information on major shareholders
December 31, 2023

Table 7

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 quarter. Share capital indicated in the Company's 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.

§ STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS §

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Huxen Corporation
Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income – Current
December 31, 2023

Statement 1

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

Name of financial instrument	Summary	Number of shares	Face value	Total	Interest rate (%)	Acquisition cost	Accumulated impairment	Fair values	
								Unit price (\$)	Total
Current									
Aurora Corporation	Share	9,435	94,350	<u>\$ 717,074</u>	-	<u>\$ 442,726</u>	不適用	76.00	<u>\$ 717,074</u>

Note: The unrealized valuation gain on the financial assets at fair value through other comprehensive income - current amounted to NT\$274,348 thousand at the end of the period.

Huxen Corporation
Statement of Notes Receivable
December 31, 2023

Statement 2

Unit: NTD in Thousand

ITEM	Summary	Amount
Company A	Payment	\$ 7,189
Others (Note)	//	46,016
Less: Allowance for impairment loss		-
		\$ 53,205

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation
Statement of Accounts receivable/Accounts receivable – Related Parties
December 31, 2023

Statement 3

Unit: NTD in Thousand

ITEM	Summary	Amount
Non-related parties		
Others (Note)	Payment	\$ 92,631
Less: Allowance for impairment loss		(<u>2,563</u>)
		<u>\$ 90,068</u>
Related parties		
Aurora Leasing Corporation	Payment	\$ 33,747
Others (Note)	"	<u>59</u>
		<u>\$ 33,806</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation
Statement of Changes in Investments Accounted for Using the Equity Method
January 1~December 31, 2023

Statement 4

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

Name	Beginning balance		Increase of the period		Decrease of the period		Gain (loss) on investments (Note 2)	Deferred Realized gross profit	Exchange differences on translation of foreign operation's financial statements	Investment gains/losses financial instrument of the period (Note 3)	Ending balance			Market Value/Net Equity Value (Note 4 & 5)		Guarantee or pledge	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount (Note 1)					Number of shares	Shareholding (%)	Amount	Unit price (\$)	Total		
Unlisted companies																	
Aurora Leasing Corporation	119,237,000	\$ 2,598,452	-	\$ -	-	(\$ 226,550)	\$ 224,954	(\$ 4,475)	\$ -	(\$ 39,503)	119,237,000	100.00	\$ 2,552,878	20.18	\$ 2,406,625	Note 6	
Huxen (China) Co., Ltd.	280,000,000	<u>1,600,847</u>	-	<u>-</u>	-	<u>-</u>	<u>46,840</u>	<u>-</u>	<u>(30,126)</u>	<u>-</u>	280,000,000	70.00	<u>1,617,561</u>	5.78	<u>1,617,561</u>		
		<u>\$ 4,199,299</u>		<u>\$ -</u>		<u>(\$ 226,550)</u>	<u>\$ 271,794</u>	<u>(\$ 4,475)</u>	<u>(\$ 30,126)</u>	<u>(\$ 39,503)</u>			<u>\$ 4,170,439</u>		<u>\$ 4,024,186</u>		

Note 1: The decrease of the period is due to the cash dividends paid by Aurora Leasing.

Note 2: The calculation is based on the financial statements audited by the independent auditors.

Note 3: Unrealized gains or losses on financial instruments are recognized in accordance with the shareholding percentage in the investee company.

Note 4: These are the net equity of the investee company based on the financial statements audited by independent auditors for the same period.

Note 5: The difference between the ending balance of investment in AURORA LEASING and its net equity is NT\$146,253 thousand, which represents the investment premium of NT\$238,980 thousand and the deferred gross profit of NT\$92,727 thousand.

Note 6: As of the end of the period, 8,400 thousand shares of investments held under the equity method were pledged as collateral for financing.

Huxen Corporation
Statement of Short-term Loans
December 31, 2023

Statement 5

Unit: NTD in Thousand

<u>Type of loans</u>	<u>Creditor</u>	<u>Ending balance</u>	<u>Loan period</u>	<u>Interest rate range</u>	<u>Line of credit</u>	<u>Pledge or guarantee</u>
Credit loan	Taishin Bank	\$ 150,000	December 13, 2023~January 12, 2024	1.68%	\$ 250,000	None
	First Bank	100,000	December 20, 2023~January 19, 2024	1.65%	200,000	"
	Bank of Communications	100,000	November 3, 2023~January 3, 2024	1.55%	150,000	"
	HSBC	<u>250,000</u>	December 28, 2023~January 17, 2024	1.65%	<u>250,000</u>	"
		<u>\$ 600,000</u>			<u>\$ 850,000</u>	

Huxen Corporation
Statement of Accounts Payable
December 31, 2023

Statement 6

Unit: NTD in Thousand

ITEM	Summary	Amount
Non-related parties		
Company B	Payment	\$ 18,079
Company C	"	13,003
Company D	"	9,804
Company E	"	6,834
Company F	"	6,498
Company G		6,450
Company H		5,999
Others (Note)		<u>67,262</u>
		<u>\$ 133,929</u>
Related parties		
Aurora Leasing Corporation	Payment	\$ 1,225
Aurora Corporation	"	<u>261</u>
		<u>\$ 1,486</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Huxen Corporation
Statement of Long-term Loans
December 31, 2023

Statement 7

Unit: NTD in Thousand

<u>Creditor</u>	<u>Summary</u>	<u>Borrowing amount</u>	<u>Contract period</u>	<u>Interest rate %</u>	<u>Pledge or guarantee</u>
Yuanta Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	\$ 299,995	November 2, 2023~June 15, 2025	1.585%	None
Yuanta Bank	Guaranteed Borrowings (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	64,000	November 29, 2023~June 15, 2025	1.53%	Please refer to Note 28
Yuanta Bank	Guaranteed Borrowings (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	435,970	November 29, 2023~June 15, 2025	1.53%	Please refer to Note 28
Mega Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	250,000	December 8, 2023~June 30, 2025	1.65%	None
Mega Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	<u>50,000</u>	December 20, 2023~June 30, 2025	1.65%	None
		<u>\$ 1,099,965</u>			

Huxen Corporation
Statement of Operating Income
January 1~December 31, 2023

Statement 8

Unit: NTD in Thousand

<u>ITEM</u>	<u>Quantity (thousand sets)</u>	<u>Amount</u>
Multi-function printers, peripherals and consumables	7,092	\$ 816,836
Machine rental income, paper-based income, etc.		<u>612,362</u>
		<u>\$ 1,429,198</u>

Huxen Corporation
Statement of Operating Costs
January 1~December 31, 2023

Statement 9

Unit: NTD in Thousand

ITEM	Amount
Beginning inventory	\$ 207,951
Net purchases for the period	807,945
Property, plant and equipment transferred to inventories	8,005
Others	197
Less: Ending inventory	(223,981)
Those reclassified to property, plant and equipment	(189,183)
Machine rental cost (depreciation)	<u>144,348</u>
Operating costs	<u>\$ 755,282</u>

Huxen Corporation
Statement of Operating Expenses
January 1~December 31, 2023

Statement 10

Unit: NTD in Thousand

ITEM	Amount	
	Marketing expenses	Administrative and general expenses
Salary expenses	\$ 225,668	\$ 50,459
Insurance expenses	25,088	4,887
Depreciation expense	17,572	9,701
Service expense	40	41,997
Miscellaneous expenses	<u>51,880</u>	<u>17,363</u>
	<u>\$ 320,248</u>	<u>\$ 124,407</u>

Note: If the balance of each account exceeds 5% of the account, it is listed as above.

Huxen Corporation
Summary Statement of Current Period Employee Benefits, Depreciation, Depletion and Amortization Expenses by Function
January 1~December 31, 2023 and 2022

Statement 11

Unit: NTD in Thousand

	2023				2022			
	Operation costs	Operation expenses	Non-operation expenses	Total	Operation costs	Operation expenses	Non-operation expenses	Total
Employee benefits								
Salaries	\$ -	\$ 241,175	\$ -	\$ 241,175	\$ -	\$ 245,592	\$ -	\$ 245,592
Labor and health insurance	-	29,432	-	29,432	-	29,433	-	29,433
Pensions	-	14,703	-	14,703	-	14,135	-	14,135
Remuneration paid to directors	-	6,680	-	6,680	-	6,680	-	6,680
Other employee benefits	-	40,249	-	40,249	-	42,542	-	42,542
	<u>\$ -</u>	<u>\$ 332,239</u>	<u>\$ -</u>	<u>\$ 332,239</u>	<u>\$ -</u>	<u>\$ 338,382</u>	<u>\$ -</u>	<u>\$ 338,382</u>
Depreciation	<u>\$ 144,348</u>	<u>\$ 27,273</u>	<u>\$ 3,541</u>	<u>\$ 175,162</u>	<u>\$ 134,945</u>	<u>\$ 30,031</u>	<u>\$ 3,541</u>	<u>\$ 168,517</u>
Amortization	<u>\$ -</u>	<u>\$ 504</u>	<u>\$ -</u>	<u>\$ 504</u>	<u>\$ -</u>	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ 312</u>

Note 1: As of December 31, 2023 and 2022, the number of employees of the Company is 401 and 410, respectively, among which the number of directors who are not concurrently employees is 6 and 7.

Note 2: Companies whose shares are listed on the Taiwan Stock Exchange or traded over-the-counter on the Taipei Exchange should disclose additional information on the following:

(1) The Company's average employee benefit expense for the current year was NT\$824 thousand ("Total employee benefit expense for the current year - total directors' remuneration" / "Number of employees for the current year - number of directors who did not also serve as employees").

The Company's average employee benefit expense for the previous year was NT\$802 thousand ("Total employee benefit expense for the previous year - total directors' remuneration" / "Number of employees for the previous year - number of directors who did not also serve as employees").

(2) The average employee salary expense for the current year was NT\$611 thousand (total salary expense for the current year / "number of employees for the current year - number of directors who did not also serve as employees").

The average employee salary expense for the previous year was NT\$609 thousand (total salary expense for the previous year / "number of employees for the previous year - number of directors who did not also serve as employees").

(3) Change in average employee salary expense was 2.18% ("Average employee salary cost for the current year - Average employee salary cost for the previous year" / Average employee salary cost for the previous year).

(4) The remuneration of the independent directors for both the current and the previous year was NT\$0 thousand.

Note 3: The Company's salary and compensation policy:

(1) Directors and independent directors: All are subject to the relevant provisions of the Company's Articles of Incorporation and the remuneration shall be approved in accordance with the principles of fairness and impartiality and the performance of each employee and paid based on the resolution of the Board of Directors.

(2) Managerial officers: The payment standard and combination are divided into fixed and variable remuneration. Fixed remuneration is ratified based on the responsibility of the position and the Company's operational goals, while variable remuneration is paid based on the achieved operating performance and contribution.

(3) Employees: Their salary consists of fixed and variable salary. Fixed salary is determined based on the value created by the job positions, their level of professionalism and skills, and their experience in their job positions, etc., with reference to the salary level of the industry.

The variable salary includes year-end bonuses, appraisal bonuses, and profits distributed to the employees, which are allocated by the Board of Directors based on the Company's annual profitability.

(4) Employee salary adjustment: In accordance with the Company's performance appraisal rules, the salary adjustment range is determined by factors, such as the assessment indicators of the employees' job responsibilities and the degree of accomplishment of the work plan every year. The accountable managers of the employees are tasked to perform comprehensive assessment to decide the range of salary adjustment while considering the Company's operating environment.

Relationship between operating performance and remuneration

Remuneration of the Company is based on the results of operating performance to align individual performances with the overall operating performance.