



Primax Electronics Ltd.

2023 Annual Report



PRIMAX
Primax Electronics Ltd.

No. 669, Ruiguang Road, Neihu District,
Taipei City 114, Taiwan(R.O.C)
Tel: +886-2-2798-9008
www.primax.com.tw

2023 Annual Report

Information website: <https://mops.twse.com.tw>
Company website: <https://www.primax.com.tw>
Printing Date: February 29, 2024



Table of Content

1	Letter to Shareholders	2	6	Financial Overview	83	
	1. Business Operation Performance in 2023	3		1. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years	84	
	2. 2024 Business Plan and Business Development Strategies	6		2. Financial analysis for the Most Recent Five Years	86	
				3. Audit Committee Review Report of the Most Recent Financial Report	90	
2	Company Profile	7		4. Consolidated Financial Statements Audited and Certified by CPAs for the Most Recent Years	91	
	1. Date of incorporation	7		5. Individual Financial Statements Audited and Certified by CPAs for the Most Recent Years	91	
	2. Company History	7		6. The Impact on the Financial Turnover Difficulties	91	
3	Corporate Governance Report	8		7	Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks	92
	1. Organizational System	8		1. Financial Position	92	
	2. Profiles of the Directors and Managers	10		2. Financial Performance	93	
	3. Remuneration Paid to General Directors, Independent Supervisors, General managers and Vice General Managers	18		3. Cash flow	94	
	4. Status of Corporate Governance	24		4. The Impact of Most Recent Major Capital Expenditures on Financial Operations	94	
	5. Information on CPA Professional Fees	46		5. Investment Policy	94	
	6. Information on Replacement of CPA	46		6. Risk Analysis and Evaluation	96	
	7. Where the Company's Managers during the Past Year, Held a Position at the Accounting Firm of Its CPA of Such Accounting Firm	46		7. Other Important Matters	100	
	8. Conditions of Share Transfer from the Directors, Managers, and Major Shareholders	47		8	Corporate Sustainability	101
	9. Relationship among the Top Ten Substantial Shareholders	48		1. Overview	102	
	10. Information on Investees of Comprehensive Shareholding Ratio	49		2. Environmental Aspects	104	
				3. Social Aspects	110	
4	Capital Overview	50		9	Special Disclosure	113
	1. Capital and Shares	50		1. Information on Affiliated Companies	114	
	2. The Handling Situation of Corporate Bonds, Preferred Stocks, and GDR	55		2. Private Offering of Securities	121	
	3. Issuance of Employee Stock Options	55		3. Holding or Disposal of Shares of the Company by the Company's Subsidiaries	121	
	4. New Restricted Employee Shares	56		4. Other Necessary Supplements	121	
	5. The Handling Situation of Mergers and Acquisitions or the Issuance of New Shares by Other Companies	58		5. Other Significant Events Affecting Shareholders' Equity or Stock Price	121	
	6. Status of Implementation of Capital Allocation Plans	58		Appendix A. 2023 Consolidated Financial Statements Audited and Certified by CPAs	122	
5	Operational Overview	59		Appendix B. 2023 Individual Financial Statements Audited and Certified by CPAs	123	
	1. Content of Business	59				
	2. Overview of the Market as well as Production and Marketing Situation	71				
	3. Employee Information	76				
	4. Information on Environmental Protection Expenditures	76				
	5. Labor-management relations	77				
	6. Information Security Management	79				
	7. Important contracts	82				

Names, titles, telephone numbers and e-mail addresses of the Spokesperson and Deputy Spokesperson

Spokesperson: Hsiao, Yin-Yi
 Title: Chief Financial Officer
 Telephone: 886-2-2798-9008
 E-mail: IR@primax.com.tw

Deputy Spokesperson: Tseng, Ya-Lan
 Title: Investor Relation Assistant Vice General Manager

Telephone: 886-2-2798-9008
 E-mail: IR@primax.com.tw

Registered address and telephone of corporate headquarters

Registered address of corporate headquarters: No. 669, Ruiguang Road, Neihu District, Taipei City
 Telephone: 886-2-2798-9008

Name, address, website, and telephone number of share registration and transfer agent

Name: SinoPac Securities
 Address: 3F, No. 17, Bo'ai Road, Zhongzheng District, Taipei City
 Website: <https://www.sinotrade.com>
 Telephone: 886-2-2381-6288

Names, address, website, and telephone number of the CPA, CPA firms retained for service in the most recent period

Names of CPAs: Horng, Shyh-Gang ; Fu, Hung-Wen
 Name of CPA firm: KPMG Taiwan
 Address: 68F., No.7, Section 5, Sinyi Road, Sinyi District, Taipei City
 Website: <https://www.kpmg.com.tw>
 Telephone: 886-2-8101-6666

Names of the exchanges in foreign countries where the stock of PRIMAX is listed for trading and the means for inquiry of the securities:

None.

Company website

<https://www.primax.com.tw/>



Chapter 1

Letter to Shareholders

Dear shareholders,

The recovery of the global economy remained fragile in 2023. Although the interest rate hike cycle of major central banks neared its end, inflationary pressure continued to exist under the expectation that high interest rates in the US and Europe will persist for a period of time, which continued to suppress demand. At the same time, China's post-epidemic recovery was not as expected, and the industry continued to adjust inventory and decentralize manufacturing, leading to a challenging operating environment for the electronics manufacturing industry.

For PRIMAX, 2023 has been an important year for the Company's steady transformation. Starting from our core Three-Senses-In-One product development, we have continually expanded strategic planning and investment for new businesses and technologies, optimizing product portfolios to expand into automotive electronics, surveillance and security, conference products, professional audio, smart home solutions and building automation. PRIMAX has also actively invested into edge computing and AI-related AIoT Product development.

With market demand not meeting expectations, PRIMAX has performed strict controls on costs, expenses, and capital expenditure in 2023, allowing our cash on hand to rapidly return to pre-pandemic levels. Thanks to excellent business administration and resilience, PRIMAX has reached

new historic highs for its gross profit margin, operating income, and after-tax net-income margin in 2023. The Group's overall cash flow has also grown exponentially, providing a strong backing for future transformation strategies.

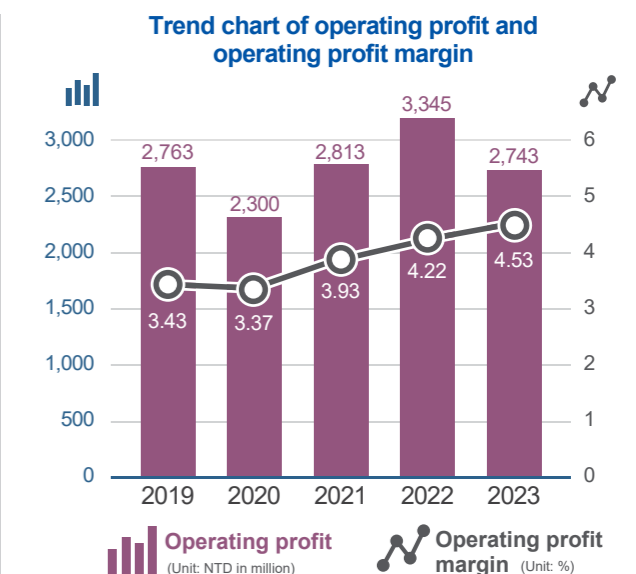
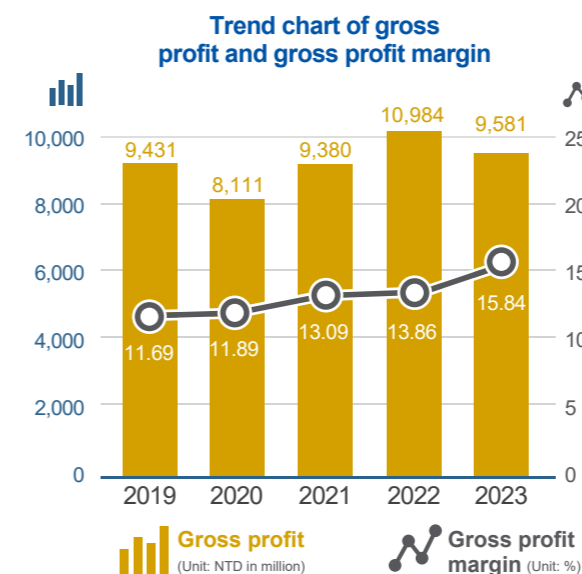
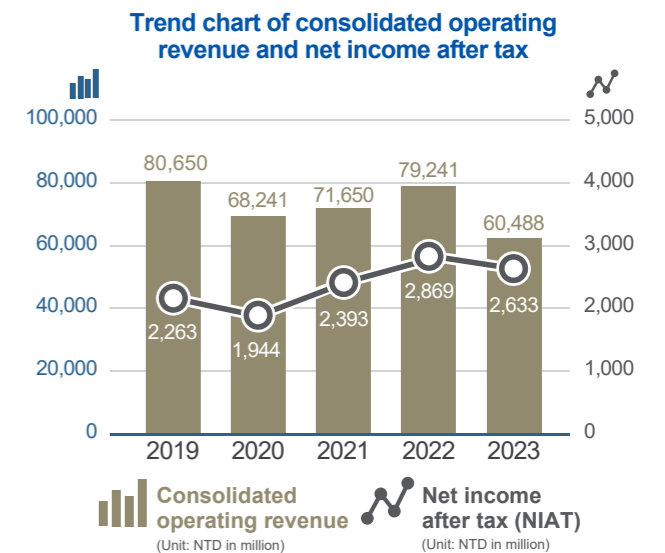
In regards to ESG, PRIMAX continues to examine and improve its ESG operational efficiency through adhering to domestic and global sustainability indexes. In 2023, PRIMAX was honored in the S&P Global Sustainability Yearbook 2024 for the first time, receiving the "Industry Mover" recognition. In the CDP Climate Change Questionnaire run by the authoritative environmental non-profit organization CDP, PRIMAX was recognized as a "Leadership Level A" enterprise, standing out among 21,000 participating businesses. This shows the PRIMAX's positive actions on global climate change issues and its leading performance in information disclosure transparency.

The following is an overview of the Company's 2023 performance.

1. Business Operation Performance in 2023

(1) Implementation Results of Business Plan

The Company generated worldwide consolidated net revenues of NT\$60,488,402 thousand in 2023, representing a 23.7% decrease over the NT\$79,240,765 thousand in 2022. Consolidated net income totaled NT\$2,633,489 thousand in 2023, representing a 8.2% decrease compared to the NT\$2,868,961 thousand in 2022.



(2) Budget execution status

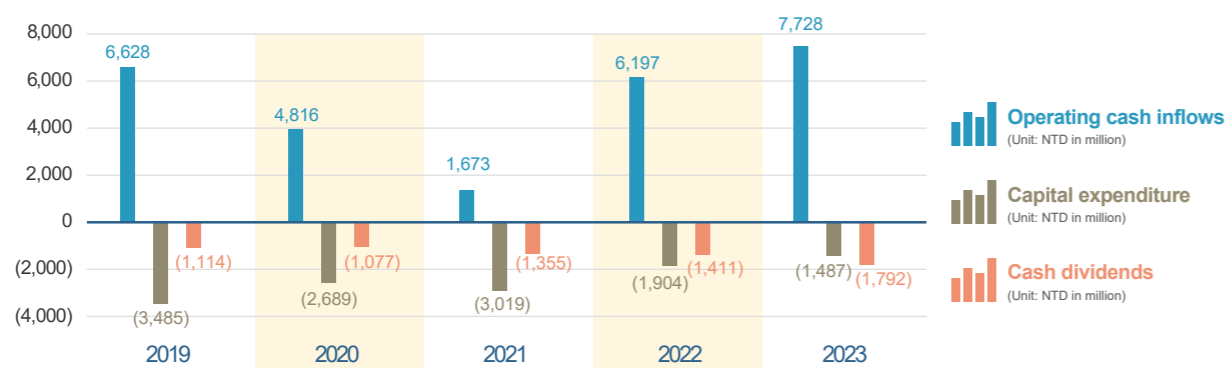
The Company did not disclose financial forecasts for 2023, so it is not applicable.

(3) Cash flow analysis

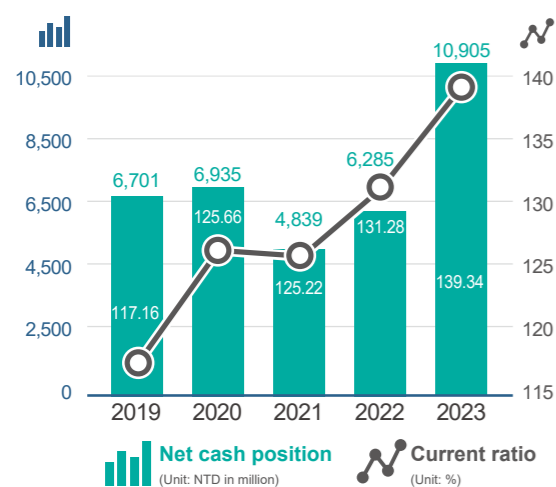
Unit: NT\$1,000

Item	2023	2022	Net change
Net cash inflows from operating activities	7,727,513	6,196,660	1,530,853
Net cash outflows from investing activities	(1,435,450)	(536,239)	(899,211)
Net cash outflows from financing activities	(1,496,505)	(4,532,764)	3,036,259

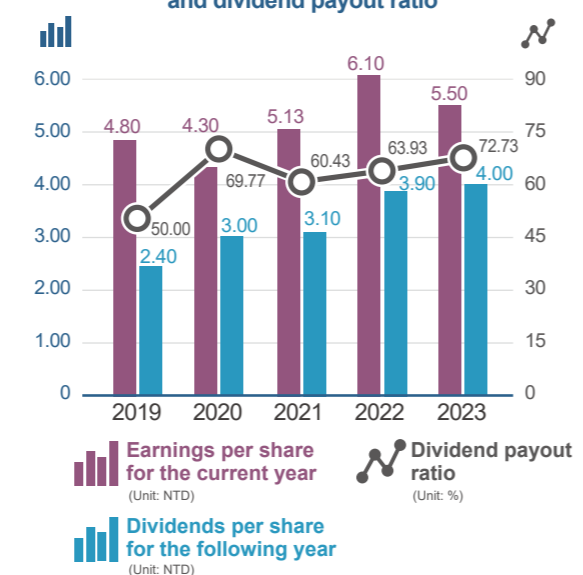
Operating cash and its major purpose distribution diagram



Trend chart of net cash position and current ratio



Trend chart of earnings per share, dividends per share and dividend payout ratio



Note: The surplus distribution for 2023 will be handled in accordance with the regulations after the resolution was adopted at the general shareholders' meeting on May 24, 2024.

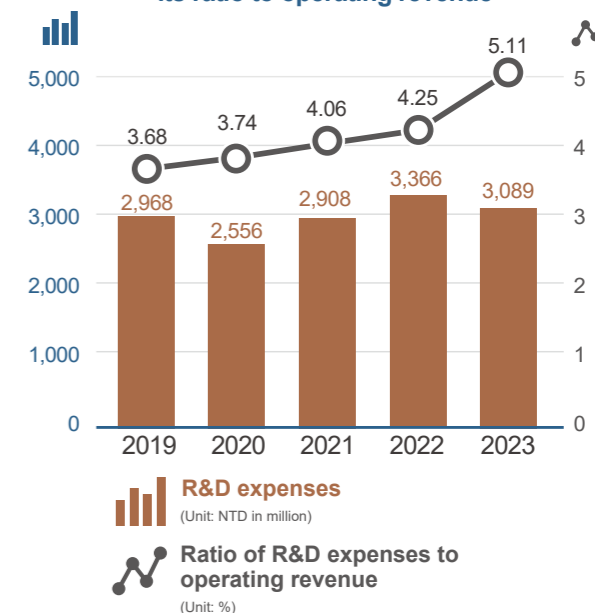
(4) Profitability analysis

Item	2023	2022
Return on shareholders' equity (%)	14.09	16.52
Ratio of operation profit to paid-in capital (%)	59.25	72.98
Ratio of income before tax to paid-in capital (%)	70.55	79.19
Net profit margin (%)	4.35	3.62
Earnings per share (NT\$)	5.50	6.10

(5) Research and development

To further maintain its technological lead and enhance competitiveness, the Company invested NT\$3,089,186 thousand in R&D in 2023 for the development of new technologies and products, while resources were also allocated for automation to upgrade and improve the production processes.

Trend chart of R&D expenses and its ratio to operating revenue



2. 2024 Business Plan and Business Development Strategies

PRIMAX continues to implement transformation of the Group, gaining entry to new businesses and technologies, and moving towards niche and high value-added products. Through the integration of audio, visual and interface technologies, PRIMAX is able to create key new technologies and products that can earn steady profits. The Company's commitment to system integration capabilities will provide comprehensive solutions for clients.

For visual technology, the proportion of new applications for automotive/industrial AIoT products is steadily increasing. PRIMAX is deeply committed to developing Smart AI security monitoring, ADAS, AIoT (B2B) visual products, and AR/VR/MR solutions. For audio, TYMPHANY will continue its focus on professional audio and high-end consumer solutions, accelerating the progress on bringing new AVAS products into the car audio market. Integrating group resources, TYMPHANY will enter the video conference product market and increase emphasis on high-end audio products to optimize audio product portfolios, preparing for the next stage of growth in the audio business. For its interface business, PRIMAX will focus on smart home related products such as door locks, door bells, surveillance and security systems. For the information product business groups, developing smart interface products will increase value-added and profit for current products.

In regards to global operations, manufacturing and output volume from the Thailand and Czech Republic production bases have seen steady growth. Meanwhile, construction of the Taiwan Innovation Center in Zhubei continues and will host advanced laboratories, the incubation center, and the new product manufacturing plant.

PRIMAX highly values corporate sustainability and has created a blueprint to achieve strategic sustainability goals, establishing short-term, mid-term, and long-term action plans. By joining RE100 and committing to achieving 100% renewable energy for all global operations before 2040, PRIMAX is dedicated to annual energy saving and carbon reduction programs in active pursuit of reaching its net zero target by 2050. With definitive sustainability goals set at the Group level, PRIMAX will also actively participate in charities and support for underprivileged in remote areas. Attention will be directed to employee welfare and corporate governance, in support of the Company goal as a best employer, preemptively preparing for climate change and playing its part for environmental sustainability.



Chairman and General Manager
Duh, Jia-Bin



Chapter 2 Company Profile

1. Date of Incorporation: March 20, 2006

2. Company History:

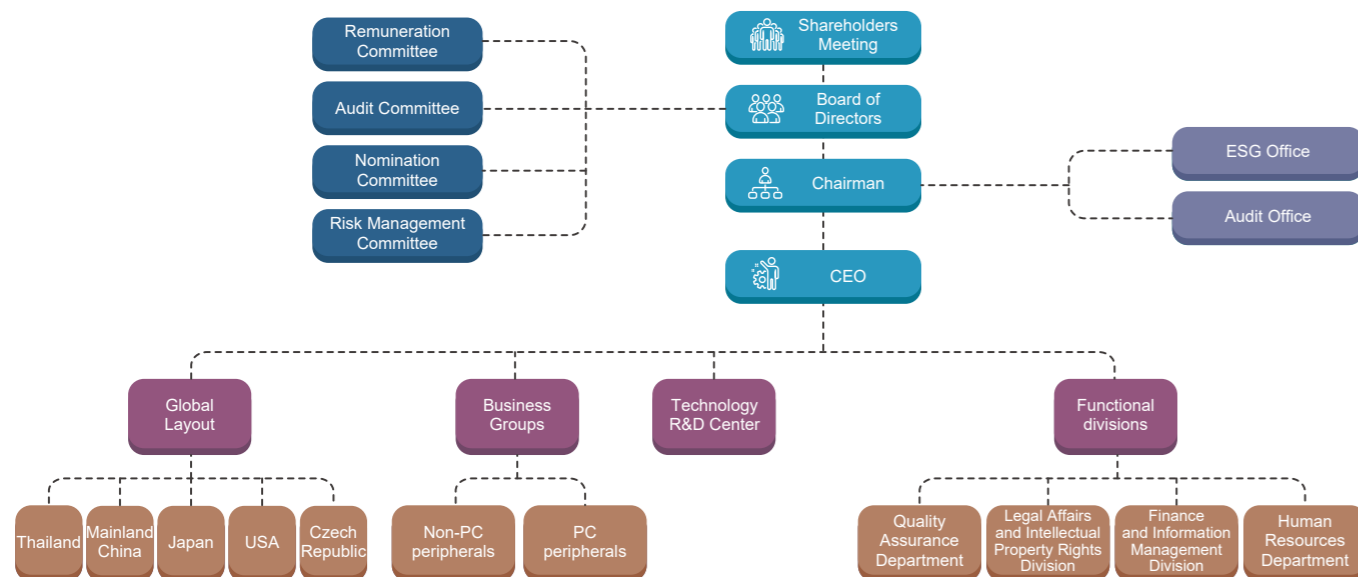
March 2006	The Company was approved to be established on March 20, 2006, formerly known as Hong Chuan Investments Ltd., with a capital of NT\$1,000,000.
October 2007	The Company was renamed Hong Chuan Electronics Ltd.
December 2007	The Company acquired Primax Electronics Ltd. (hereinafter referred to as "former PRIMAX"). After the acquisition, the Company remains to be the acquirer and former PRIMAX was the acquiree.
February 2008	The Company was renamed Primax Electronics Ltd. with Mr. Liang, Li-Sheng as the Chairman.
December 2009	IPO of the Company's shares.
December 2009	The Company listed its stock for trading in Taiwan's emerging stock market.
December 2009	The Investment Commission, MOEA, approved PRIMAX to invest in the establishment of Primax Electronics (KunShan) Co., Ltd. via a third place.
February 2011	The Investment Commission, MOEA, approved PRIMAX to invest in the establishment of Primax Electronics (ChongQing) Co., Ltd. via a third place.
October 2012	The stock was listed for trading on TWSE.
October 2012	New capital of NT\$235,290,000 raised through issuing new shares with its registered capital amounting to NT\$4,269,698,210.
January 2014	The Company successfully acquired 70% of the equity issued by Tymphany Group, a speaker driver manufacturer, and registered the shareholding change.
January 2015	The Company successfully acquired 30% of the equity issued by GLOBALTEK, an automobile and aerospace precision machinery manufacturer.
October 2016	The Company disposed 20% of the equity of GLOBALTEK, thus losing its power of control of GLOBALTEK.
June 2017	The Company completed the acquisition of 100% of the equity of Bang & Olufsen s.r.o. through Tymphany Worldwide Enterprise Limited.
November 2017	The Company established Primax AE (Cayman) Holdings Ltd.
January 2018	The Company acquired 37% of the equity of Belfast Limited through Primax AE (Cayman) Holdings Ltd.
August 2019	The Company invested in the establishment of Primax Electronics (Singapore) Pte. Ltd. and through its investment established Primax Electronics (Thailand) Co., Ltd.

Chapter 3

Corporate Governance Report

1. Organizational System

(1) Organizational structure



(2) Department functions

Department	Major Responsibilities
Remuneration Committee	<ol style="list-style-type: none"> 1. Formulate policies, systems, standards, and structure of remuneration to Directors (including the Chairman), General Manager, and Vice General Manager and review them as necessary based on factors, including the Company's goals, operational performance, and competitive environment. 2. Periodically assess the performance of the Chairman, General Manager, and Vice General Manager and verify the content and amount of their individual remuneration based on the evaluation results of individual performance. Review the relevance and rationality of the items and amounts of the remunerations of directors and officers according to the results of their performance evaluation results. 3. Assess and approve the standards of benefits for General Manager, and Vice General Manager.
Audit Committee	<ol style="list-style-type: none"> 1. Supervise the adequate presentation of the Company's financial statements. 2. Supervise the appointment (dismissal) of CPAs and their independence, competency and performance. 3. Supervise the effective implementation of the Company's internal control. 4. Supervise the Company's compliance with relevant laws and regulations. 5. Supervise the Company's control over existing or potential risks. 6. Supervise the performance of the Company's internal audit department.
Nomination Committee	<ol style="list-style-type: none"> 1. Search for qualified Directors and senior managers, and propose the lists to the Board of Directors, include the Company's Directors, General Manager, Chief Executive Officer, Chief Financial Officer, Directors and Supervisors of major subsidiaries. 2. Review the list of candidates and provide suggestions for the Board to determine if replacement is necessary.
Risk Management Committee	<ol style="list-style-type: none"> 1. Review risk management policies. 2. Review the appropriateness of the risk management framework. 3. Review the early warning and response measures for key risk management issues and supervise the improvement. 4. Periodically report the implementation of risk management to the Board.
ESG Office	<ol style="list-style-type: none"> 1. Assist each department to promote and implement sustainable development projects for enterprises in response to the Company's governance, environmental and social issues. 2. Learn from the best practices of sustainable operation of benchmarking companies at home and abroad, provide suggestions and guide relevant departments to implement accordingly, in order to continuously strengthen the Company's competitiveness in sustainable operation.
Audit Office	Review and audit the implementation of the internal control system and regularly report it to the Board of Directors and the management, while measuring operational efficiency and providing timely suggestions for improvement, to ensure effective implementation of the internal control system and to improve the effectiveness of the overall organization.
Quality Assurance Department	<ol style="list-style-type: none"> 1. Plan and supervise quality systems. 2. Upgrade design quality and technology. 3. Improve product quality. 4. Handle and improve customer complaints. 5. Plan and implement employee quality training.
Legal Affairs and Intellectual Property Rights Division	Manage intellectual property rights-related affairs and handle legal affairs.
Finance and Information Management Division	<p>Finance & Accounting Department:</p> <ol style="list-style-type: none"> 1. Responsible for accounting, finance, taxation, and shareholder service matters. 2. Assist in implementing and promoting projects. 3. Perform the businesses or duties related to or arising from spokesperson system and operation, investor relations activities and opinion addressing, information disclosure to the public and media release contact and etc. <p>IT Department:</p> <ol style="list-style-type: none"> 1. Coordinate and plan the security, implementation, and system integration of the Company's electronic information. 2. Establish and maintain computerized information management system while analyzing current manual processes and designing future operating processes. 3. Plan and develop new application systems as well as expand and update the functionality of the developed application systems. 4. Plan user education and training and operations. 5. Plan and execute disaster recovery management. 6. Plan and manage equipment. 7. Manage computer operations.
Human Resources Department	<ol style="list-style-type: none"> 1. Manage employees and human resource. 2. Manage salary and benefits. 3. Responsible for education and training and development. 4. Offer general affairs services. 5. Responsible for health and safety management.
Product Business Group	<ol style="list-style-type: none"> 1. R&D: research, design and development of new products. New product project assessment, analysis, and planning. New product manufacturing technology and document and data transfer. 2. Marketing: Product planning, marketing and market development.
Technology R&D Center	Responsible for the research, design, and development of forward-looking core technologies in various product areas.

2. Profiles of the Directors and Managers

(1) Information on Directors

Information on Directors (1)

February 29, 2024; Unit: share; %

Title	Nationality/ Place of Registration	Name	Gender/Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Education and Work Experiences	Other Positions Concurrently Held at the Company or Other Companies	Other Executives, Directors, or Supervisors Who Are Spouses or within the Second Degree of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and General Manager	TW	Duh, Jia-Bin	Male/61~70 years old	2023.5.25	1.5 years	2021.7.13 (Note 9)	0	0	66,000	0.01	0	0	0	0	MBA, Kellogg School of Management at Northwestern University USA, Master's in Hong Kong University of Science and Technology Chairman of Foxcent Technology Co., Ltd.	Note 1	-	-	-	Note 8
Vice Chairman and General Manager of Business Department	TW	Pan, Yung-Tai	Male/71~80 years old	2021.7.13	3 years	2014.9.5	4,982,599	1.10	5,010,599	1.08	815,517	0.18	0	0	Department of Mechanical Engineering, Chung Yuan Christian University General Manager of Business Department of PRIMAX	Note 2	Director	Pan, Yung-Chung	Brothers	-
Director	TW	Pan, Yung-Chung	Male/61~70 years old	2021.7.13	3 years	2014.9.5	7,455,046	1.65	6,012,046	1.30	165,000	0.04	0	0	Department of Electronics, Feng Chia University General Manager of Business Department of PRIMAX	Note 3	Vice Chairman and General Manager of Business Department	Pan, Yung-Tai	Brothers	-
Director	TW	Green Land Investment Limited	-	2021.7.13	3 years	2021.7.13	130,000	0.03	1,030,000	0.22	-	-	-	-	-	None	-	-	-	-
		Representative: Lee, Ji-Ren	Male/61~70 years old				0	0	0	0	0	0	0	0	0	0	0	Doctor of Business Administration, University of Illinois, Urbana-Champaign; Associate Dean for Teaching and Resource Development, College of Management, National Taiwan University	Note 4	-
Independent Director	TW	Cheng, Chih-Kai	Male/61~70 years old	2021.7.13	3 years	2015.6.29	0	0	0	0	0	0	0	0	Department of Management Science, National Chiao Tung University Senior Vice President of Synnex USA	Note 5	-	-	-	-
Independent Director	TW	Wu, Chun-Pang	Male/61~70 years old	2021.7.13	3 years	2018.10.25	0	0	0	0	0	0	0	0	MBA, University of Missouri, U.S.A A Bachelor of Law degree from National Taiwan University General Manager, Taiwan Branch, Deutsche Bank	Note 6	-	-	-	-
Independent Director	TW	Wang, Jia-Qi	Female/51~60 years old	2021.7.13	3 years	2019.6.18	0	0	0	0	0	0	0	0	MBA, Kellogg School of Management, Northwestern University, USA Managing Director and Director of Zenith Consulting Company Limited	Note 7	-	-	-	-
Independent Director	TW	Shen, Ying-Chuan	Male/71~80 years old	2021.7.13	3 years	2021.7.13	0	0	0	0	0	0	0	0	Executive Program, University of Michigan; Independent Director of Qisda Corporation	None	-	-	-	-
Independent Director	TW	Ma, Hui-Fan	Female/61~70 years old	2023.5.25	1.5 years	2023.5.25	0	0	0	0	0	0	0	0	MBA, Department of International Business, National Taiwan University Vice President of Human Resources, TSMC	None	-	-	-	-

Note 1: legal representative and director of Primax Tech. (Cayman Holding) Ltd., Polaris Electronics, Inc. Director, legal representative and director of Destiny Tech. Holding Co., Ltd., legal representative and director of Primax Ind. (Cayman Holding) Ltd., legal representative and director of Primax Ind. (HK) Ltd., legal representative and director of Dongguan Primax Electronic & Telecommunications Products Ltd., legal representative and director of Primax Electronics (KunShan) Co., Ltd., legal representative and director of Primax Electronics (ChongQing) Co., Ltd., Chairman of Beijing Destiny Electronic Technology Co., Ltd., Director of Primax Destiny Co., Ltd., legal representative and director of Diamond (Cayman) Holdings Ltd., legal representative and director of Tymphany Worldwide Enterprises Ltd., Tymphany Acoustic Technology Limited Director, Tymphany Acoustic Technology (Thailand) Co., Ltd. Director, legal representative and director of Primax AE (Cayman) Holdings Ltd., Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director, Tymphany Acoustic Technology (Singapore) Pte. Ltd. Director, LAOWANG HOLDING LIMITED TAIWAN BRANCH (CAYMAN) Director.

Note 2: Tymphany Acoustic Technology (Huizhou) Co., Ltd. Director, Tymphany Acoustic Technology Limited Director, Tymphany Acoustic Technology (Thailand) Co., Ltd. Director, Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director.

Note 3: legal representative and director of Primax Ind. (HK) Ltd., Primax Tech. (Cayman Holding) Ltd. Director, legal representative and director of Primax Ind. (Cayman Holding) Ltd., legal representative and director of Tymphany Worldwide Enterprises Ltd., Tymphany HK Ltd. Director, Chairman of Tymphany Acoustic Technology (Huizhou) Co., Ltd., Executive Director of Dongguan Tymphany Acoustic Technology Co., Ltd., Executive Director of Dongguan Dongcheng Tymphany Acoustic Technology Co., Ltd., Tymphany Acoustic Technology HK Ltd. Director, Tymphany Logistics, Inc. Director, Chairman of Tymphany Acoustics Technology Limited, Gratus Technology Corp. Director, Tymphany Acoustic Technology (Thailand) Co., Ltd. Director, Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director, Tymphany Acoustic Technology (Singapore) Pte. Ltd. Director.

Note 4: Honorary Professor of National Taiwan University, Chairman of Cheng Zhi Education Foundation, legal representative and director of AXR Entrepreneurship and Business Consulting Co., Ltd., Chairman of B Current Impact Investment Fund3, Director of Social Enterprise Insights Co., Ltd., Independent director of Delta Electronics Inc., Legal representative and director of Longchen Paper & Packaging Co., Ltd., Director of Commonwealth Education Media and Publishing Co., Ltd., Director of Commonwealth Magazine Co., Ltd., Independent director of Airoha Technology Corp., Director of Advantech Co., Ltd.

Note 5: Director of Eureka Therapeutics (California), Chairman of B Current Impact Investment, Director of Social Enterprise Insights Co., Ltd., Director of H3 Platform, Chairman of B Current Impact Investment Fund II, Partner of Acorn Pacific Ventures, Director of B Current Impact Investment Fund3, Director of MStar B Current Impact Investment, Partner of Acorn Pacific Ventures Fund II, Independent director of Tymphany Worldwide Enterprises Ltd., Director of TRANS-IOT Technology Co., Ltd.

Note 6: Legal representative and director of Far Eastern International Bank.

Note 7: Zenith Consulting Company Limited Managing Director and Director; CITIC Capital Holdings Limited Managing Partner.

Note 8: Description of the reasons, reasonableness, necessity, and response measures where the Chairman and the General Manager are same person:

- Reason and necessity: In response to the rapid changes in the industry, more long-term technology development strategies and investments are needed, and the global layout is necessary to maintain this model for the time being.
- Rationality: Mr. Duh, Jia-Bin previously served as the Chief Strategy Officer and Director of the Company, with over 30 years of industry experience. He has extensive experience in information technology and business management, and possesses a thorough understanding of both the industry and the Company.
- Countermeasures:
 - More than half of the Directors of the Board of Directors do not serve as employees or managerial officers concurrently, and the number of Independent Directors have been increased to strengthen the structure of the Board of Directors.
 - Considering the needs for long-term corporate governance, the Board of Directors has passed a succession plan and is actively training candidates for the succession of the General Manager, and will appoint a candidate as the General Manager at an appropriate time according to actual needs.

Note 9: Did not serve as a director of the Company during November 18, 2022 to May 24, 2023.



Major Shareholders of Corporate Shareholders

February 29, 2024

Corporate Shareholder	Major Shareholders of Corporate Shareholders
Green Land Investment Limited	Liang, Li-Sheng (80%) and Yang, Chun-Ling (20%)

Information on Directors (2)

i. Qualifications and Independence Status of Directors (Including Independent Directors):

February 29, 2024

Qualification Name	Qualifications and Experience	Independence Status	Number of Other Public Companies Where the Individual Concurrently Serves as an Independent Director
Duh, Jia-Bin	He has worked as a director, Chairman of Board, President, and Chief Strategy Officer of the Company and its subsidiaries for more than 30 years, with the work experience required for this industry, R&D, marketing, management and the Company's business. He has the abilities in respects of decision-making, management, risk management, information technology, and accounting. He was Chairman of Foxcent Technology Co., Ltd., Chairman of Mobinnova Co., Ltd., CEO of Cisco Systems, Inc., Director of LAOWANG HOLDING LIMITED TAIWAN BRANCH (CAYMAN). There are not the matters specified in Article 30 of the Companies Act.	Non-independent director	None
Pan, Yung-Tai	He has worked as a senior manager and a director of the Company and its subsidiaries for more than 35 years, with work experience in the industry, research and development, management and the Company's business, and is well-qualified in decision-making, management and information technology. There are not the matters specified in Article 30 of the Companies Act.		None
Pan, Yung-Chung	He has worked as a senior manager and a director of the Company and its subsidiaries for more than 33 years with the work experience required for this industry, marketing, management and the Company's business. He has abilities in respects of decision-making, management, risk management and information technology. There are not the matters specified in Article 30 of the Companies Act.		None
Lee, Ji-Ren	He has served as Vice Dean engaging in Teaching and Resource Development, Vice Dean of the School of Management, and Executive Director of the EMBA program at National Taiwan University. He is now a professor emeritus of the University of Taiwan. He is specialized in strategic management and planning of enterprises. He won the National Golden Book Award in 2014 and 2015 and has helped enterprises establish medium- and long-term growth strategies, develop organizational capabilities and leadership talents, and promote transformation of enterprises. He has served as Manager of Marketing Service Department of Boehringer Ingelheim Taiwan Ltd., Chairman of Cheng Zhi Education Foundation, legal representative and Director of AXR Entrepreneurship and Business Consulting Co., Ltd., Chairman of B Current Impact Investment Fund3, Director of Social Enterprise Insights Co., Ltd., Independent Director of Delta Electronics Inc., Director of Commonwealth Education Media and Publishing Co., Ltd., Legal representative and director of Longchen Paper & Packaging Co., Ltd., Director of Commonwealth Education Media and Publishing Co., Ltd., Director of Commonwealth Magazine Co., Ltd., Independent Director of Airoha Technology Corp., and Director of Advantech Co., Ltd. There are not the matters specified in Article 30 of the Companies Act.		2

Qualification Name	Qualifications and Experience	Independence Status	Number of Other Public Companies Where the Individual Concurrently Serves as an Independent Director
Cheng, Chih-Kai	He has over 35 years of relevant working experience in industry, finance, financial accounting and management. He has demonstrated leadership in decision-making, business management, risk management, and financial accounting, and can enhance the supervision function of the Board of Directors and functional committees. He was the co-founder and General Manager of Harbinger Venture Management (USA), Senior Vice President of Synnex Corporation USA, President of Monte Jade West Science and Technology Association, Senior Management Roles of MiTAC International Corp., Chairman of B Current Impact Investment, Chairman of B Current Impact Investment Fund II, Director of B Current Impact Investment Fund3, Director of Eureka Therapeutics (California), Director of Social Enterprise Insights Co., Ltd., Director of H3 Platform, Partner of Acorn Pacific Ventures, Director of MStar B Current Impact Investment, Partner of Acorn Pacific Ventures Fund II, Independent Director of Tymphony Worldwide Enterprises Ltd., and Director of TRANS-IOT Technology Co., Ltd. There are not the matters specified in Article 30 of the Companies Act.	The five independent directors listed herein, during the two years before their appointment and throughout their tenure, all meet the qualification requirements set forth by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. Furthermore, these independent directors have been granted the right to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, thereby executing their relevant duties independently.	None
Wu, Chun-Pang	He has over 35 years of relevant working experience in marketing, finance, management and banking, and has a Bachelor of Law degree from National Taiwan University with legal expertise and relevant skills in leadership, decision making, business management, risk management, and financial accounting, and can enhance the supervision function of the Board of Directors and functional committees. He was the General Manager of Deutsche Bank Taipei, Vice Chairman of Citibank, Head of Fidelity Investments Taiwan, Head and Managing Director of Bankers Trust New York Corporation, Vice General Manager of Chase Bank, Representative of Institutional Director of Far Eastern International Bank. There are not the matters specified in Article 30 of the Companies Act.		None
Wang, Jia-Qi	She has more than 30 years of work experience in finance, risk, financial accounting and management, and good command in decision-making, management, risk management, and financial accounting. She can contribute to the quality of the board of directors and the supervision of its committees. She served as a mentor of the direct investment department of Ping An Trust of China, a global senior partner of Egon Zehnder International and general manager of its consumer electronics industry department, an associate of the corporate development department of Primax Electronics Ltd., a consultant of McKinsey (Hong Kong/Shanghai), a project manager of P&G Taiwan, managing director of Zenith Consulting Company Limited, and an operating partner of CITIC Capital Holdings Limited. There are not the matters specified in Article 30 of the Companies Act.		None
Shen, Ying-Chuan	He has more than 30 years of work experience in industry, R&D, and management, and the abilities in decision-making, operation management, risk management, and financial accounting. He can enhance the supervision functions of the board of directors and its committees. He was the Independent Director of Waffer Technology Corp., Independent Director of Qisda Corporation, President of Changan Ford Automobile Co., Ltd, China, President of Ford Lio Ho Motor Co., Ltd, and Chairman of EAGLE OTTAWA ASIA. There are not the matters specified in Article 30 of the Companies Act.		None
Ma, Hui-Fan	She has more than 30 years of work experience in information Technology, risk, and management, and good command in decision-making, management, risk management, and information technology. She can contribute to the quality of the board of directors and the supervision of its committees. She was Human Resources Director of NCR Corporation Greater China area, Human Resources Director of PE Bio Systems Asia Pacific area, Vice General Manager of Human Resources Department at PRIMAX, Senior Vice President of Human Resources at Trend Micro Inc., Manager of Human Resources for TSMC, and Vice President of Human Resources at TSMC. There are not the matters specified in Article 30 of the Companies Act.		None

ii. Board Diversity and Independence Status:

(i) Board diversity:

The Company attaches importance to the diversity of composition of directors and sets the specific stage targets for the diversity of the board: the ratio of female or foreign directors will reach more than 10% (achieved) before 2020, reaching more than 20% (achieved) in the period of 2024-2027, and reaching more than 30% in 2030-2033.

At the end of 2023, the Board of Directors of the Company had a total of 9 members, including 5 independent directors (accounting for 56%). Two of the independent directors is given a term of less than three years, two a term of three to six years, and one a term of six to nine years. There are seven male directors (accounting for 78%) and two female director (accounting for 22%). There are two directors aged 71 to 80 (accounting for 22%), six aged 61 to 70 (accounting for 67%), and one aged 51 to 60 (accounting for 11%), showing the gradual succession from one generation to another.

In terms of the professional backgrounds of directors, all nine of them have management backgrounds (accounting for 100%), and seven have industry backgrounds (accounting for 78%), three have research and development backgrounds (accounting for 33%), four have marketing backgrounds (accounting for 44%), and three have financial backgrounds (accounting for 33%). As for their expertise and professional knowledge, all nine have leadership and management skills (accounting for 100%), seven risk management (accounting for 78%), three information technology (accounting for 33%), five financial accounting (accounting for 56%), and one legal knowledge (accounting for 11%).

Title	Name	Basic Information				Experience					Expertise and Skills						
		Gender	Nationality	Age	Term of Independent Director	Industry	R&D	Marketing	Finance	Management	Leadership and Decision-making	Business Administration	Risk management	Information Technology	Finance and Accounting	Law	
Chairman	Duh, Jia-Bin	Male	Republic of China	61~70		✓	✓	✓		✓	✓	✓	✓	✓			
Director	Pan, Yung-Tai	Male		71~80		✓	✓			✓	✓			✓			
Director	Pan, Yung-Chung	Male					✓		✓	✓	✓	✓	✓	✓			
Director	Green Land Investment Limited Representative: Lee, Ji-Ren	Male					✓		✓	✓	✓	✓	✓			✓	
Independent Director	Cheng, Chih-Kai	Male		61~70	6 ~ 9 years	✓			✓	✓	✓	✓	✓			✓	
Independent Director	Wu, Chun-Pang	Male			3 ~ 6 years				✓	✓	✓	✓	✓			✓	✓
Independent Director	Wang, Jia-Qi	Female		51~60					✓	✓	✓	✓	✓			✓	
Independent Director	Shen, Ying-Chuan	Male		71~80	Less than 3 years	✓	✓			✓	✓	✓	✓				
Independent Director	Ma, Hui-Fan	Female		61~70		✓				✓	✓	✓					

(ii) Independence status:

- The total number of directors of the Company is 9, of which 5 are independent directors, accounting for 56%. Independent directors are independent, including, but not limited to, he, their spouse or any their near relative not being a director, a supervisor or an employee of the Company or its affiliated companies, not holding the shares in the Company, not being a director, a supervisor or an employee of a company with which the Company has a specific relationship; not receiving the amount of remuneration received for commercial, legal, financial or accounting services provided by the Company or its affiliates in the last two years. There are not the matters stated in Article 30, Companies Act.
- Except that Pan, Yung-Chung and Pan, Yung-Tai, the directors of the Company are brothers, and amongst the other directors there are no relative relations. So there is no violation of the provisions in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(2) Profiles of the Managers

February 29, 2024; Unit: share; %

Title	Nationality	Name	Gender	Date Taking Office	Shareholding		Spouse/Minor Shareholding		Shareholding by Nominees		Education and Work Experiences	Other Positions Concurrently Held at the Company or Other Companies	Managers Who Are Spouses or within the Second Degree of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and General Manager	TW	Duh, Jia-Bin	Male	2022.12.01	66,000	0.01	0	0	0	0	MBA, Kellogg School of Management at Northwestern University USA, Master's in Hong Kong University of Science and Technology Chairman of Foxcent Technology Co., Ltd.	Note 1	-	-	-	Note 10
Vice Chairman and General Manager of Business Department	TW	Pan, Yung-Tai	Male	2007.12.28 (Note 7)	5,010,599	1.08	815,517	0.18	0	0	Department of Mechanical Engineering, Chung Yuan Christian University General Manager of Business Department of PRIMAX	Note 2	-	-	-	-
General Manager of Operations	TW	Kuo, You-Min	Male	2018.01.15	0	0	0	0	0	0	University of North Carolina at Chapel Hill Industrial Marketing, MBA Senior Vice President, Hon Hai Group	Note 3	-	-	-	-
General Manager of Finance and Information Department	TW	Hsiao, Yin-Yi	Male	2016.09.19	804,000	0.17	0	0	0	0	Swiss Business School EMBA CFO of CMC Magnetics Co., Ltd	Note 4	-	-	-	-
General Manager of Business Department	TW	Chou, Yen-Chou	Male	2011.01.17	503,000	0.11	0	0	0	0	Doctor of Industrial Engineering, University of Cincinnati, USA Senior Vice President of PRIMA	Note 5	-	-	-	-
Vice General Manager	TW	Chiang, Yan-Ying	Female	2015.04.01	525,106	0.11	0	0	0	0	Department of Labor Relations, Chinese Culture University; EMBA, National Chengchi University Senior Assistant General Manager, PRIMAX	None	-	-	-	-
Vice General Manager	TW	Chang, Ching-Kai	Male	2015.04.01	917,703	0.20	0	0	0	0	Department of Information Engineering, Tamkang University Senior Assistant General Manager, PRIMAX	None	-	-	-	-
Vice General Manager	TW	Wei, Hao-San	Male	2015.10.07	933,732	0.20	0	0	0	0	Electrical Engineering Institute, California State University, Long Beach, USA Senior Assistant General Manager, PRIMAX	Note 6	-	-	-	-
Vice General Manager	TW	Chang, Chen-Te	Male	2020.04.15	356,880	0.08	0	0	0	0	Department of Mechanical Engineering, China University of Science and Technology Senior Assistant Vice General Manager in Administration Management, PRIMAX	Note 8	-	-	-	-
Vice General Manager	TW	Zhuo, Yi-Li	Male	2020.10.01	128,000	0.03	0	0	0	0	PhD, Claremont Graduate University Senior Assistant General Manager, PRIMAX	Note 9	-	-	-	-
Vice General Manager	TW	Wang, Ching-Der	Male	2020.10.05	97,000	0.02	0	0	0	0	Mechanical Engineering, University of California at Berkeley Vice President, Accton Technology Corporation	None	-	-	-	-
Vice General Manager	TW	Hsueh, Ya-Lin	Female	2022.04.01	75,000	0.02	0	0	0	0	Institute of Human Resources, National Changhua Normal University Global Chief HR Officer, Hon Hai Technology Group Mobile Phone A	None	-	-	-	-
Vice General Manager	TW	Hsu, Chia-Chih	Male	2022.10.01	194,500	0.04	0	0	0	0	Master's in Institute of Finance and Banking at the University of Texas at Arlington USA Senior Assistant Vice General Manager, PRIMAX	None	-	-	-	-
Vice General Manager	TW	Hu, Ching-Yuan	Male	2022.10.01	27,000	0.01	0	0	0	0	Thunderbird, THUNDERBIRD SCHOOL OF GLOBAL MANAGEMENT MBA Senior Assistant Vice General Manager, PRIMAX	None	-	-	-	-
Accounting Supervisor	TW	Chang, Shu-Chuen	Female	2017.11.15	135,500	0.03	0	0	0	0	Institute of Accounting, National Cheng Kung University Assistant General Manager, Finance Department, Lian Hwa Foods Corp.	None	-	-	-	-
Head of Corporate Governance	TW	Su, Yu-Chen	Male	2020.08.06	242,000	0.05	0	0	0	0	Master's in Business Administration, Case Western Reserve University, USA Assistant Vice General Manager, PRIMAX	None	-	-	-	-

Note 1: legal representative and director of Primax Tech.(Cayman Holding) Ltd., Polaris Electronics, Inc. Director, legal representative and director of Destiny Tech. Holding Co.,Ltd., legal representative and director of Primax Ind.(Cayman Holding) Ltd., legal representative and director of Primax Ind. (HK) Ltd., legal representative and director of Dongguan Primax Electronic & Telecommunications Products Ltd., legal representative and director of Primax Electronics (KunShan) Co., Ltd., legal representative and director of Primax Electronics (ChongQing) Co., Ltd., Chairman of Beijing Destiny Electronic Technology Co., Ltd., Director of Primax Destiny Co., Ltd., legal representative and director of Diamond (Cayman) Holdings Ltd., legal representative and director of Tymphony Worldwide Enterprises Ltd., Tymphony Acoustic Technology Limited Director, Tymphony Acoustic Technology (Thailand) Co., Ltd. Director, legal representative and director of Primax AE (Cayman) Holdings Ltd., Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director, Tymphony Acoustic Technology (Singapore) Pte. Ltd. Director, LAOWANG HOLDING LIMITED TAIWAN BRANCH (CAYMAN) Director.

Note 2: Tymphony Acoustic Technology (Huizhou) Co., Ltd. Director, Tymphony Acoustic Technology Limited Director, Tymphony Acoustic Technology (Thailand) Co., Ltd. Director, Primax Electronics (Singapore) Pte. Ltd. Director, Primax Electronics (Thailand) Co., Ltd. Director.

Note 3: Polaris Electronics, Inc. Director, Gratus Technology Corp. Director.

Note 4: legal representative and supervisor of Dongguan Primax Electronic & Telecommunication Products Ltd., legal representative and supervisor of Primax Electronics (KunShan) Corp., Ltd., legal representative and supervisor of Primax Electronics (ChongQing) Corp., Ltd., legal representative and director of Beijing Destiny Electronic Technology Co., Ltd., Primax Destiny Co., Ltd. Director, Primax Tech. (Cayman Holding) Ltd. Director, legal representative and director of Primax Ind. (Cayman Holding) Ltd., legal representative and director of Diamond (Cayman) Holdings Ltd, Tymphony Acoustic Technology (Huizhou) Co., Ltd. Supervisor, Dongguan Tymphony Acoustic Technology Co., Ltd. Supervisor, Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd. Supervisor, Tymphony Acoustic Technology Co., Ltd. Supervisor, legal representative and director of Primax AE (Cayman) Holdings Ltd.

Note 5: Primax Destiny Co., Ltd. Supervisor.

Note 6: legal representative and director of Beijing Destiny Electronic Technology Co., Ltd.

Note 7: The date of appointment is based on the base date of merger of former PRIMAX.

Note 8: legal representative and chairman of Dongguan Primax Electronic & Telecommunication Products Ltd., legal representative and supervisor of Beijing Destiny Electronic Technology Co., Ltd.

Note 9: Primax Destiny Co., Ltd. Director.

Note 10: Description of the reasons, reasonableness, necessity, and response measures where the Chairman and the General Manager are same person:

- Reason and necessity: In response to the rapid changes in the industry, more long-term technology development strategies and investments are needed, and the global layout is necessary to maintain this model for the time being.
- Rationality: Mr. Duh, Jia-Bin previously served as the Chief Strategy Officer and Director of the Company, with over 30 years of industry experience. He has extensive experience in information technology and business management, and possesses a thorough understanding of both the industry and the Company.
- Countermeasures:
 - More than half of the Directors of the Board of Directors do not serve as employees or managerial officers concurrently, and the number of Independent Directors have been increased to strengthen the structure of the Board of Directors.
 - Considering the needs for long-term corporate governance, the Board of Directors has passed a succession plan and is actively training candidates for the succession of the General Manager, and will appoint a candidate as the General Manager at an appropriate time according to actual needs.

3. Remuneration paid to general directors, independent supervisors, general managers and vice general managers:

(1) Remuneration paid to the general directors and independent directors in the most recent year (2023)

Unit: NT\$1,000/thousand shares

Title	Name	Remuneration to Directors								Sum and Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 1)		Relevant Remuneration Received by Directors Who Are Also Employees								Sum and Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%) (Note 1)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiaries or Parent Company				
		Remuneration (A) (Note 4)		Pension (B)		Remuneration to Directors (C) (Note 2) (Note 5)		Business Expense (D) (Note 6)				Salary, Bonus, and Allowances (E)		Pension (F) (Note 9)		Employee Bonus (G) (Note 3)										
		The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company		All Companies Listed in the Consolidated Financial Statements		The Company	All Companies Listed in the Consolidated Financial Statements							
Chairman and General Manager	Duh, Jia-Bin (Note 7)	7,460	7,460	0	0	8,650	8,650	0	0	16,110	16,110	0.65%	0.65%	0	0	0	0	0	0	0	0	16,110	16,110	0.65%	0.65%	0
Chairman and General Manager	Liang, Li-Sheng (Note 8)																									
Vice Chairman and General Manager of Business Department	Pan, Yung-Tai	6,581	6,581	0	0	18,000	18,000	0	0	24,581	24,581	0.99%	0.99%	16,886	16,886	0	0	0	0	0	0	41,467	41,467	1.67%	1.67%	0
Director	Pan, Yung-Chung																									
Director	Green Land Investment Limited Representative: Lee, Ji-Ren																									
Independent Director	Cheng, Chih-Kai																									
Independent Director	Wu, Chun-Pang																									
Independent Director	Wang, Jia-Qi	0	0	0	0	18,015	18,015	695	695	18,710	18,710	0.75%	0.75%	0	0	0	0	0	0	0	0	18,710	18,710	0.75%	0.75%	0
Independent Director	Shen, Ying-Chuan																									
Independent Director	Ma, Hui-Fan (Note 7)																									

- Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks, and time spent:
The remuneration policy, procedures, standards, and structure of Independent Directors shall be governed by the "Remuneration Plan for Independent Directors" approved by the Board of Directors. A fixed amount of remuneration shall be paid to independent directors on a monthly basis. According to the Articles of Association, remuneration paid to directors every year shall be no more than 2% of annual profits. The rationality of remuneration for independent directors shall be reviewed by the Remuneration Committee and the Board of Directors. The remuneration system shall also be reviewed in a timely manner according to the operations and relevant laws and regulations to balance the Company's sustainable development and risk management.
- In addition to the remuneration disclosed in the table above, remuneration received by the Directors for services in the most recent year (e.g., serving as external consultants of the parent company/all companies listed in the financial statements/reinvestment companies): None.

Note 1: In 2023, the Company's net income after tax attributable to the parent company was NT\$2,485,289 thousand.
 Note 2: Refers to the earnings distribution proposal in the most recent year (2023) resolved by the Board (2024.02.26); the remuneration distributed to directors amounted to NT\$44,665 thousand; the amount to be distributed in the current year is estimated based on the proportion of the amount actually distributed last year.
 Note 3: Refers to the earnings distribution proposal in the most recent year (2023) resolved by the Board (2024.02.26); the remuneration distributed to employees amounted to NT\$89,330 thousand; the amount to be distributed in the current year is estimated based on the proportion of the amount actually distributed last year.
 Note 4: The remuneration to the Chairman is proposed by the Human Resource Department based on the considerations for the competitive environment and operational risks and in line with the corporate management policy and bonus plan and then is sent to the Board of Directors for resolution after the Remuneration Committee evaluates the performance results and approves the proposal.
 Note 5: The net income before the remuneration to employees and directors is deducted in 2023 is NT\$2,968,196 thousand, and the proportion of remuneration to directors is 1.50%. After being approved by the Remuneration Committee, the remuneration proposal is submitted to the Board of Directors; then, the remuneration is distributed after the resolution is adopted at the shareholders' meeting.
 Note 6: Reimbursement of meals, accommodation, and transportation is based on actual expenses.
 Note 7: Newly elected on May 25, 2023.
 Note 8: Resigned on May 24, 2023.
 Note 9: Pensions funded according to applicable law. According to the Company's retirement regulation, pension paid to Liang, Li-Sheng NT\$23,477 thousand.

Range of Remuneration Paid to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements
Less than NT\$1,000,000				
NT\$1,000,000 (inclusive) to 2,000,000 (not inclusive)				
NT\$2,000,000 (inclusive) to 3,500,000 (not inclusive)	Green Land Investment Limited; Ma, Hui-Fan	Green Land Investment Limited; Ma, Hui-Fan	Green Land Investment Limited; Ma, Hui-Fan	Green Land Investment Limited; Ma, Hui-Fan
NT\$3,500,000 (inclusive) to 5,000,000 (not inclusive)	Wu, Chun-Pang; Wang, Jia-Qi; Shen, Ying-Chuan	Wu, Chun-Pang; Wang, Jia-Qi; Shen, Ying-Chuan	Wu, Chun-Pang; Wang, Jia-Qi; Shen, Ying-Chuan	Wu, Chun-Pang; Wang, Jia-Qi; Shen, Ying-Chuan
NT\$5,000,000 (inclusive) to 10,000,000 (not inclusive)	Pan, Yung-Chung; Pan, Yung-Tai; Cheng, Chih-Kai	Pan, Yung-Chung; Pan, Yung-Tai; Cheng, Chih-Kai	Pan, Yung-Chung; Cheng, Chih-Kai	Pan, Yung-Chung; Cheng, Chih-Kai
NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)	Liang, Li-Sheng	Liang, Li-Sheng	Liang, Li-Sheng	Liang, Li-Sheng
NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)	Duh, Jia-Bin	Duh, Jia-Bin	Duh, Jia-Bin; Pan, Yung-Tai	Duh, Jia-Bin; Pan, Yung-Tai
NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)				
NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive)				
More than NT\$100,000,000				
Total	NT\$59,401 thousand	NT\$59,401 thousand	NT\$76,287 thousand	NT\$76,287 thousand

(2) Remuneration paid to General Managers and Vice General Managers in the most recent year (2023)

Unit: NT\$1,000/thousand shares

Title	Name	Salary (A)		Pension(B) (Note 5)		Bonuses and Allowances (C)		Amount of employee remuneration (D) (Note 1)				Sum and Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 2)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiaries or Parent Company
		The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company	All Companies Listed in the Consolidated Financial Statements	The Company		All Companies Listed in the Consolidated Financial Statements		The Company	All Companies Listed in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Chairman and General Manager (Note 3)	Liang, Li-Sheng													None
Chairman and General Manager (Note 4)	Duh, Jia-Bin													
General Manager of Operations	Kuo, You-Min													
Director and General Manager of Business Department	Pan, Yung-Tai													
General Manager of Business Department	Chou, Yen-Chou													
General Manager of Finance and Information Department	Hsiao, Yin-Yi													
Vice General Manager	Wei, Hao-San	51,811	51,811	1,407	1,407	167,116	167,116	0	0	0	0	220,334 8.87%	220,334 8.87%	
Vice General Manager	Hu, Ching-Yuan													
Vice General Manager	Chiang, Yan-Ying													
Vice General Manager	Chang, Ching-Kai													
Vice General Manager	Hsu, Chia-Chih													
Vice General Manager	Zhuo, Yi-Li													
Vice General Manager	Chang, Chen-Te													
Vice General Manager	Wang, Ching-Der													
Vice General Manager	Hsueh, Ya-Lin													

Note 1: Refers to the most recent year's (2023) earnings distribution proposal approved by the Board of Directors (2024.02.26) to distribute remuneration to employees totaling NT\$89,330 thousand. As of the publication date of this report, the remuneration paid to the General Manager and Vice General Managers has not been discussed by the Remuneration Committee; thus, the amount to be distributed in the current year is based on the proportion of the actual amount distributed last year.

Note 2: In 2023, the Company's net income after tax attributable to the parent company was NT\$2,485,289 thousand.

Note 3: Retired on May 31, 2023.

Note 4: Appointed on June 1, 2023.

Note 5: Pensions funded according to applicable law. According to the Company's retirement regulation, pension paid to Liang, Li-Sheng NT\$23,477 thousand.

Range of Remuneration Paid to the General Manager and Vice General Managers	Name of General Manager and Vice General Managers	
	The Company	All Companies Listed in the Consolidated Financial Statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) to 2,000,000 (not inclusive)		
NT\$2,000,000 (inclusive) to 3,500,000 (not inclusive)		
NT\$3,500,000 (inclusive) to 5,000,000 (not inclusive)		
NT\$5,000,000 (inclusive) to 10,000,000 (not inclusive)	Liang, Li-Sheng; Chang, Chen-Te; Chang, Ching-Kai; Chiang, Yan-Ying; Hu, Ching-Yuan; Wang, Ching-Der	Liang, Li-Sheng; Chang, Chen-Te; Chang, Ching-Kai; Chiang, Yan-Ying; Hu, Ching-Yuan; Wang, Ching-Der
NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)	Zhuo, Yi-Li; Hsueh, Ya-Lin; Hsu, Chia-Chih	Zhuo, Yi-Li; Hsueh, Ya-Lin; Hsu, Chia-Chih
NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)	Duh, Jia-Bin; Kuo, You-Min; Pan, Yung-Tai; Hsiao, Yin-Yi; Chou, Yen-Chou; Wei, Hao-San	Duh, Jia-Bin; Kuo, You-Min; Pan, Yung-Tai; Hsiao, Yin-Yi; Chou, Yen-Chou; Wei, Hao-San
NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)		
NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive)		
More than NT\$100,000,000		
Total	NT\$220,334 thousand	NT\$220,334 thousand

(3) Names of managerial officers who receive employee remuneration and the distribution in the most recent year (2023)

Unit: NT\$1,000/thousand shares

Title	Name	Value of Shares (Note 1)	Amount of Cash (Note 1)	Total	Total Remuneration as a Percentage of Net income after Tax (%) (Note 2)
Chairman and General Manager (Note 3)	Liang, Li-Sheng	0	0	0	0%
Chairman and General Manager (Note 4)	Duh, Jia-Bin				
General Manager of Operations	Kuo, You-Min				
Director and General Manager of Business Department	Pan, Yung-Tai				
General Manager of Business Department	Chou, Yen-Chou				
General Manager of Finance and Information Department	Hsiao, Yin-Yi				
Vice General Manager	Wei, Hao-San				
Vice General Manager	Hu, Ching-Yuan				
Vice General Manager	Chiang, Yan-Ying				
Vice General Manager	Chang, Ching-Kai				
Vice General Manager	Hsu, Chia-Chih				
Vice General Manager	Zhuo, Yi-Li				
Vice General Manager	Chang, Chen-Te				
Vice General Manager	Wang, Ching-Der				
Vice General Manager	Hsueh, Ya-Lin				
Head of Corporate Governance	Su, Yu-Chen				
Accounting Supervisor	Chang, Shu-Chuen				

Note 1: Refers to the most recent year's (2023) earnings distribution proposal approved by the Board of Directors (2024.02.26) to distribute remuneration to employees totaling NT\$89,330 thousand. As of the publication date of this report, the remuneration paid to the General Manager and Vice General Managers has not been discussed by the Remuneration Committee; thus, the amount to be distributed in the current year is based on the proportion of the actual amount distributed last year.

Note 2: In 2023, the Company's net income after tax attributable to the parent company was NT\$2,485,289 thousand.

Note 3: Retired on May 31, 2023.

Note 4: Appointed on June 1, 2023.

(4) Analysis of the proportion of total remuneration to net income after tax

Separate comparisons and descriptions of total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and all other companies included in the consolidated financial statements during the past two fiscal years to Directors, the General Manager and Vice General Managers, with analysis and description of remuneration policies, standards, and packages, procedure for determining remuneration, and its linkage to operating performance and future risks.

i. Analysis of total remuneration of Directors, the General Manager and Vice General Managers as a percentage of net income after tax during the past two fiscal years:

Personal Status	Ratio of Total Remuneration to Net Income (Loss) after Tax			
	2022		2023	
	The Company	Consolidated	The Company	Consolidated
Director	2.80%	2.80%	2.39%	2.39%
General Manager / Vice General Managers	7.79%	7.81%	8.87%	8.87%

ii. The remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risks:

- (i) The Company's remuneration to Directors includes Directors' remuneration and compensation.
- In accordance with Article 21 of the Company's Articles of Incorporation, the remuneration of all directors is authorized to be determined by the Board of Directors based on the industry standards.
 - The remuneration to Directors is stipulated in Article 25 of the Company's Articles of Association. No more than 2% of profit, if applicable, shall be allocated as remuneration to Directors. After the Remuneration Committee approves the remuneration proposal, it shall be submitted to the Board of Directors for resolution and reported to the shareholders' meeting.
 - Reasonable remuneration to Directors shall be given based on the Company's operating results and sustainable development as well as each Director's contribution to the Company's performance and the results of the Board's performance evaluation.
 - The remuneration to the Chairman is proposed according to the corporate management policy and bonus plan and then is sent to the Board of Directors for resolution after the Remuneration Committee evaluates the performance results and approves the proposal.
 - Indicators of remuneration include the following, but are not limited to:
 - Operating performance, such as revenue, gross profit, earnings per share, etc.
 - External evaluation, such as corporate governance evaluation, etc.
 - Corporate sustainability indicators, such as carbon reduction strategies and compliance status.

Such performance evaluation and the reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is also reviewed constantly based on actual business operations and applicable laws.

- (ii) The remuneration policy for the General Manager and Vice General Managers of the Company is proposed by the Human Resources Department based on the position held, the operating scale, the competitive environment, the salary standard in the industry, the Company's overall operating performance, and individual performance achievement rate and in line with the corporate management policy and bonus plan; after evaluated and approved by the Remuneration Committee, the proposal is sent to the Board of Directors for resolution. The remuneration consists of fixed salary and variable rewards. The fixed salary is the basic salary of employees, and the variable rewards are mainly linked to the Company's (or various business units') operational performance and strategic goal achieving status, and there are short-term and long-term incentives, deferred compensation, and peer company comparison mechanisms, to avoid risks caused by managerial officers' excessive pursuit of short-term benefits, to effectively guide long-term business performance, and to increase the Company's value. The main operating performance and strategic objectives covered include but are not limited to:

- Revenue, gross profit, net income, free cash flow, return on invested capital, productivity, earnings per share (EPS), and return on shareholders' equity (ROE).
- Achieving specific strategic goals for specific important technologies, products, clients, and markets within a specified period.
- Other major ESG-related strategic objectives, such as carbon reduction product design and development, manufacturing base carbon reduction rate, talent development plan, etc.

The aforementioned performance evaluation and reasonableness of the remuneration to the General Manager, Vice General Managers, and managerial officers are all reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at any time according to the actual operating conditions and relevant laws and regulations.

4. Status of Corporate Governance

(1) Operations of the Board of Directors

In 2023 (8 times) and 2024 (twice) as of the publication date of this Annual Report, the Company's Board of Directors held a total of 10 meetings; the attendance of the Directors and the Supervisors is as follows:

Title	Name	Number of Attendance Required in Person (A)	Actual attendance in Person (B)	By Proxy	Actual Attendance Rate (%) [B/A]	Remarks
Chairman	Liang, Li-Sheng	3	3	0	100%	Resigned on May 24, 2023. Attendance three times is required.
Chairman	Duh, Jia-Bin	7	7	0	100%	Appointed on May 25, 2023. Attendance seven times is required.
Vice Chairman	Pan, Yung-Tai	10	10	0	100%	
Director	Pan, Yung-Chung	10	10	0	100%	
Director	Green Land Investment Limited Representative: Lee, Ji-Ren	10	10	0	100%	
Independent Director	Cheng, Chih-Kai	10	9	1	90%	
Independent Director	Wu, Chun-Pang	10	10	0	100%	
Independent Director	Wang, Jia-Qi	10	10	0	100%	
Independent Director	Shen, Ying-Chuan	10	10	0	100%	
Independent Director	Ma, Hui-Fan	7	7	0	100%	Appointed on May 25, 2023. Attendance seven times is required.

Other matters

- With regard to the operation of the Board of Directors, if any of the following circumstances occur, the date, term of the meetings, content of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:
 - Matters listed in Article 14-3 of the Securities and Exchange Act: The company has established an audit committee, so there is no need to fill in the report.
 - In addition to the aforementioned matter, other resolutions at the Board meetings about which independent directors expressed objection or reservations, which are recorded on the record or in a written statement: None.
- For avoidance of any resolution involving a director's conflicts of interest, the director's name, the content of the resolution, the reason for the avoidance of conflicts of interest, and participation in voting shall be specified: The Company's Directors attendance at meetings encountered no problem and participated in voting based on their powers and responsibilities; the following is the implementation of avoidance of proposals involving personal conflicts of interest:
 - On January 17, 2023, the Board of Directors discussed the first case: the Company sponsored Cheng Zhi Education Foundation for the KIST school experiment project for the 2023-2028 school year in Taoyuan Elementary School in Taitung County. The director Lee, Ji-Ren was the related party in the case to avoid the case, and the remaining directors present agreed to pass the case. The fifth case was about the second allocation of new shares of the Company's restricted employee rights in 2022. Except that the director Pan, Yung-Tai being a party to the case, Pan, Yung-Chung recused himself from the case, the rest attending directors agreed to pass the case. The sixth case was proposal to distribute bonuses to the Company's senior managerial officers for 2022, Director Pan, Yung-Tai was a party involved in this proposal, and Director Pan, Yung-Chung avoided this proposal and did not participate in the discussion and voting, the remaining attending directors agreed to pass the case. The seventh case was about the chairman of the Company being allocated bonus case in 2022, the chairman is the party avoiding to vote for the case, the other attending directors agreed to pass the case.
 - On February 24, 2023, for the 23rd proposal discussed by the Board of Directors on 2023 bonus plan for senior executives and important leaders, Director Pan, Yung-Tai was a party involved in this proposal, and director Pan, Yung-Chung avoided this proposal and did not participate in the discussion and voting, the remaining attending directors agreed to pass the case.; for the 24th proposal for 2023 Chairman's performance standards and bonus plan, as the Chairman was the main party discussed, he did not participate in the discussion and voting to avoid conflicts of interest, the remaining attending directors agreed to pass the case.
 - On May 9, 2023, the board of directors discussed the 6th proposal, 2022 annual senior manager salary survey report and 2023 annual salary adjustment plan. Besides Director Pan, Yung-Tai being a party involved in this proposal and director Pan, Yung-Chung recused himself from this proposal and thus did not participate in the discussion and voting, the rest of directors present agreed to pass the case.
 - On May 25, 2023, the board of directors discussed the 2nd proposal on appointing the third Audit Committee vacancy, besides Ms. Ma, Hui-Fan being a party involved in this proposal and was not counted during the vote, the rest of the directors agreed to pass the case; on the 3rd proposal of the fifth Remuneration Committee vacancy, besides Ms. Ma, Hui-Fan being a party involved in this proposal and was not counted during the vote, the rest of the directors agreed to pass the case; on the 4th proposal of appointing the third Nomination Committee vacancy and election of the convener of the Nomination Committee, besides Mr. Duh, Jia-Bin being a party involved in this proposal and was not counted during the vote, the rest of the directors agreed to pass the case and elect Mr. Duh, Jia-Bin as the convener; on the 5th proposal of appointing the first Risk Management Committee and election of the convener, besides Mr. Duh, Jia-Bin being a party involved in this proposal and was not counted during the vote, the rest of the directors agreed to pass the case and elect Mr. Duh, Jia-Bin as the convener.
 - On June 9, 2023, the board of directors discussed the 1st proposal of the nomination of Directors for the Company's major subsidiaries, 2022 annual senior manager salary survey report and 2023 annual salary adjustment plan. Besides Mr. Duh, Jia-Bin being a party involved in this proposal and not counted in the vote, the rest of directors present agreed to pass the case.
 - On August 3, 2023, for the 10th proposal discussed by the Board of Directors of the Company's first distribution to non managerial employees of new restricted employee shares in 2023, besides director Pan, Yung-Tai and director Pan, Yung-Chung recused from this proposal and did not participate in the voting, the remaining attending directors agreed to pass the case; for the 11th proposal for the first distribution of managerial officer shares, as Mr. Duh, Jia-Bin and Mr. Pan, Yung-Tai were parties involved in the proposal, and Mr. Pan, Yung-Chung recused from the proposal, the remaining attending directors agreed to pass the case.
 - On January 24, 2024, for the 3rd proposal discussed by the Board of Directors on 2023 bonus plan for senior executives, Director Pan, Yung-Tai was a party involved in this proposal, and director Pan, Yung-Chung avoided this proposal and did not participate in the voting, the remaining attending directors agreed to pass the case; for the 4th proposal for 2023 Chairman's performance standards and bonus plan, as Mr. Duh, Jia-Bin was the main party discussed, he recused from voting in this proposal to avoid conflicts of interest, and the remaining attending directors agreed to pass the case.
 - On February 26, 2024, for the 16th proposal discussed by the Board of Directors on 2024 bonus plan for senior executives and important leaders, besides director Pan, Yung-Tai was a party involved in this proposal, and director Pan, Yung-Chung recused himself from this proposal and did not participate in the discussion and voting, the remaining attending directors agreed to pass the case; for the 17th proposal for 2024 Chairman's performance standards and bonus plan, as Mr. Duh, Jia-Bin was the main party discussed, he recused from voting to avoid conflicts of interest, and the remaining attending directors agreed to pass the case.

3. Evaluation of the performance of the Board of Directors

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once per year	Jan. 1, 2023 to Dec. 31, 2023	Performance Evaluation of the Board of Directors	Internal self-evaluation	<ol style="list-style-type: none"> Participation in the Company's operations Improvement of the quality of the Board's decision-making Composition and structure of the Board Election and continuing education of the Directors Internal control
		Performance Evaluation of the Board Members		<ol style="list-style-type: none"> Alignment of the Company's goals and tasks Awareness of Director's duties Participation in the Company's operations Management of internal relationship and communication The Director's professionalism and continuing education Internal control
		Performance Evaluation of the Audit Committee		<ol style="list-style-type: none"> Participation in the Company's operations Awareness of the Audit Committee's duties Improvement of the decision-making quality of the Audit Committee Management of internal relationship and communication The Director's professionalism and continuing education
		Performance Evaluation of the Remuneration Committee		<ol style="list-style-type: none"> Participation in the Company's operations Awareness of the Remuneration Committee's duties Improvement of the decision-making quality of the Remuneration Committee The composition of the Remuneration Committee and the election of committee members
		Performance Evaluation of the Nomination Committee		<ol style="list-style-type: none"> Participation in the Company's operations Awareness of the Nomination Committee's duties Improvement of the decision-making quality of the Nomination Committee The composition of the Nomination Committee and the election of committee members
		Performance Evaluation of the Risk Management Committee		<ol style="list-style-type: none"> Participation in the Company's operations Awareness of the Risk Management Committee's duties Improvement of the decision-making quality of the Risk Management Committee The composition of the Risk Management Committee and the election of committee members
Once every three years	Jan. 1, 2023 to Dec. 31, 2023	Performance Evaluation of the Board of Directors	External evaluation: The external evaluation was conducted by Taiwan Investor Relations Institute (TIRI) as the external unit of evaluating the Company's board performance	<ol style="list-style-type: none"> Composition and professional development of the Board Quality of the Board's decision-making Operational efficiency of the Board of Directors Internal control and risk management Participation of the Board on Corporate Social Responsibility
		Performance Evaluation of the Board Members		<ol style="list-style-type: none"> Management of the goals and missions of the Company Awareness of Director's duties. Participation in the Company's operations Management of internal relationship and communication The Director's professionalism and continuing education Internal control
		Performance Evaluation of the Functional Committees		<ol style="list-style-type: none"> Participation in the Company's operations Awareness of functional committees' duties Improvement of the decision-making quality of functional committees The composition of the functional committees and the election of their members Internal control

4. Goals for strengthening the functions of the Board of Directors (such as establishing an Audit Committee and enhancing information transparency) in the current and the most recent fiscal year and assessing implementation thereof.

(1) Goals for strengthening the functions of the Board of Directors

- a. The Company has established a Remuneration Committee under the Board of Directors on January 12, 2011 upon approval of the Board of Directors and appointed members of the Remuneration Committee in accordance with Article 5 of the Company's Remuneration Committee Charter. On March 10, 2020, the amendments to the Remuneration Committee Charter were approved so as to strengthen the functions of the Board of Directors.
 - b. The Company has set up an Audit Committee on July 7, 2015 upon approval of the Board of Directors and appointed members of the Audit Committee in accordance with Article 4 of the Company's Audit Committee Charter. On March 10, 2020, the amendments to the Audit Committee Charter were approved so as to strengthen the functions of the Board of Directors.
 - c. The Company has established a Nomination Committee under the Board of Directors on March 7, 2017 upon approval of the Board of Directors and appointed members of the Nomination Committee in accordance with Article 4 of the Company's Nomination Committee Charter. On March 28, 2019 and November 6, 2020, the amendments to the Nomination Committee Charter were approved by the Board of Directors so as to strengthen the functions of the Board of Directors.
 - d. On March 28, 2019, a resolution of the Board of Directors was adopted to formulate the Company's Standard Operating Procedures for Handling Directors' Requests, to assist Directors in performing their duties and enhance the effectiveness of the Board of Directors.
 - e. Implementing corporate governance system and enhancing information transparency: The Board of Directors operate in accordance with the Rules of Procedure for Board of Directors Meetings. In order to improve the supervision function and strengthen the management function, the amendments to the Rules of Procedure for Board of Directors Meetings were approved by the Board of Directors on March 10, 2020 and November 4, 2022, based on which the Company's Board of Directors is convened adequately.
 - f. The Company's Board of Directors resolved to pass the formulation of the Regulations on the Scope of Duties of Independent Directors on July 2, 2007. On November 14, 2017 and November 6, 2020, the amendments to the Regulations on the Scope of Duties of Independent Directors were approved, to enable the Company's independent directors to perform their functions for the Board of Directors and the Company's operations so as to strengthen the functions of the Board of Directors.
 - g. Directors' further training: The Company arranges further training sessions for Directors to obtain relevant information in order to maintain their core values and professional advantages and capabilities.
 - h. The Company's Board of Directors resolved to pass the formulation of the Corporate Governance Best Practice Principles on January 25, 2016 to protect the interests of shareholders and respect stakeholders. On May 7, 2020 and January 7, 2023, the amendments to the Corporate Governance Best Practice Principles were approved to strengthen the functions of the Board of Directors and enhance information transparency.
 - i. The Company established the Risk Management Committee and the "Risk Management Committee Charter" on November 4, 2021 upon approval of the Board of Directors, hoping to build an effective risk management mechanism, the Company revised "the Company's risk management policy and procedures" on November 4, 2022 for achieving business sustainability and strengthening the functions of the Board of Directors.
 - j. On March 24, 2016, the Board of Directors resolved to adopt the Company's "Code of Practice on Corporate Social Responsibility". On March 10, 2020 and November 4, 2021, the Board of Directors resolved to revise the "Code of Practice on Corporate Social Responsibility". On January 21, 2022, the Board of Directors resolved to change the above into the "Code of Practice on Sustainable Development" to actively practice sustainable development, in line with international development trends, and to enhance national economic contributions, improve the quality of life of employees, communities and society through corporate citizenship, and promote competitive advantages based on sustainable development.
 - k. On November 4, 2022, the Board of Directors of the Company resolved to determine that the Company's "Procedures for Preparation and Validation of Sustainability Reports" complied with the issued General Guidelines, Industrial Guidelines and Major Topic Guidelines for the preparation of the previous year's Sustainability Reports, disclosing the major economic, environmental and social topics and impacts identified by the Company, and disclosing the items and their reporting requirements. It is to strengthen the preparation and verification of sustainability reports.
 - l. On November 4, 2022, the Board of Directors of the Company resolved to establish an effective internal important information processing and disclosure mechanism by establishing the "Procedures for Internal Significant Information Processing and Prevention of Insider Trading Operations" to avoid improper leakage of information. The Board of Directors agreed to amend the Procedures on November 8, 2023 to ensure the consistency and correctness of the information exposed, and strengthen the prevention of insider trading to ensure its compliance.
- (2) Assessment of the implementation: The Company upholds the principle of operational transparency and posts important resolutions on the Market Observation Post System (MOPS) right after a Board meeting to protect shareholders' rights.

(2) Performance of Audit Committee:

The Audit Committee primarily assists the Board in carrying out its supervision responsibilities and the responsibilities under the Companies Act, the Securities and Exchange Act and other relevant laws. The audit committee of the Company is composed of all of the independent directors. The committee operates in accordance with the organizational rules applicable to the audit committee of the Company, and has an effective and close communication and contact with internal auditors and CPA of the Company.

- i. The key points that the Audit Committee reviews yearly.
 - (i) Proper presentation of the Company's financial statements.
 - (ii) Appointment, resignation, independence, competence and performance of CPA.
 - (iii) Effective implementation of internal controls within the Company.
 - (iv) The laws and regulations the company shall comply with.
 - (v) Control of the Company's existing or potential risks.
 - (vi) Performance of the Company's internal audit department.
- ii. The Company's Audit Committee consists of five members. This current term of office is from July 13, 2021 to July 12, 2024.

iii. There were four meetings of the Audit Committee in 2023 and one meetings held as of the issue date of this Annual Report in 2024; the Audit Committee of the Company held a total of 5 meetings. The attendance of independent directors is as follows:

Title	Name	Number of Attendance Required in Person (A)	Actual Attendance in Person (B)	By Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	Cheng, Chih-Kai	5	5	0	100%	
Independent Director	Wu, Chun-Pang	5	5	0	100%	
Independent Director	Wang, Jia-Qi	5	5	0	100%	
Independent Director	Shen, Ying-Chuan	5	5	0	100%	
Independent Director	Ma, Hui-Fan	3	3	0	100%	Newly elected on May 25, 2023, Attendance three times is required.

Other matters:

1. If the Audit Committee has any of the following circumstances, the date, session, and proposal content of the meeting held by the Audit Committee, Independent Directors' objections or reservations or recommendations, resolutions of the Audit Committee, and the Company's response toward the Audit Committee's opinions shall be specified.
 - (1) Matters listed according to in Article 14-5 of the Securities and Exchange Act: As of the publication date of this Annual Report, the resolutions of the Audit Committee of the Company were approved by all Audit Committee members present.

The following are the Committee's operation and implementation results:

Key Points	Implementation Status				
	Conference Date	Proposal	Opinions of independent directors	Resolutions	The Company's Response to the Audit Committee's Opinions
Proper presentation of the Company's financial statements	2023/2/23	Passed the proposal for the 2022 Business Report, Financial Statements and earnings distribution proposed.	All independent directors have no objections	The Audit Committee members present unanimously agreed.	Approved by all Directors present
	2023/5/9	Passed the proposal for the consolidated financial statements for the first quarter of 2023.			
	2023/8/3	Passed the proposal for the consolidated financial statements for the second quarter of 2023.			
	2023/11/7	1. Passed the proposal for the consolidated financial statements for the third quarter of 2023. 2. Discussion and update of major regulations with accountant on financial report audit results.			
	2024/2/26	Passed the proposal for the 2023 Business Report, Financial Statements and earnings distribution proposed.			
Appointment, resignation, independence, competence and performance of CPA	2023/2/23	1. Passed the proposal to change the Company's CPAs to Horng, Shyh-Gang and Fu, Hung-Wen due to internal organizational adjustment. 2. Passed the proposal for the Company's regular assessment of the independence of CPAs. 3. Passed the proposal for the plan to establish general principles of the Company's pre-approval of the Uncertain Service Policy.	All independent directors have no objections	The Audit Committee members present unanimously agreed.	Approved by all Directors present
	2024/2/26	1. Passed the proposal for the Company's regular assessment of the independence of CPAs. 2. Passed the proposal for the plan to establish general principles of the Company's pre-approval of the Uncertain Service Policy.			

Key Points	Implementation Status				
	Conference Date	Proposal	Opinions of independent directors	Resolutions	The Company's Response to the Audit Committee's Opinions
Effective implementation of internal controls within the Company	2023/2/23	1. Passed the proposal for the Company's Statement on Internal Control System for 2022. 2. Passed the proposal for the revision of the Company's Internal Control System.	All independent directors have no objections	The Audit Committee members present unanimously agreed.	Approved by all Directors present
The laws and regulations the company shall comply with	2023/8/3	Passed the Company's Ethical Corporate Management Best Practice Principles amendment proposal.			
Performance of the Company's internal audit department	2023/11/7	1. The audit officer must attend quarterly meetings to report on audit operations and plan implementation to report on major audit results. 2. Passed the proposal for Company's 2024 audit plan.			
Control of the Company's existing or potential risks	2024/2/26	1. Passed the proposal for the Company's Statement on Internal Control System for 2023. 2. Passed the proposal for the revision of the Company's Internal Control System.			
		1. Annual internal control self-assessment to identify risks. 2. Establish and perform annual audit plans according to risk level, completing all audits of 2023.			

(2) Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but approved by two-thirds of all Board of Directors members: None.

2. With regard to the recusal of Independent Directors from voting due to conflicts of interest, the name of the Independent Directors, the proposal content, reasons for recusal due to conflicts of interest, and voting outcomes shall be specified: None

3. The communication between Independent Directors and internal audit officer, and CPAs

(1) The Company's internal audit officer regularly reports at the meeting of the Audit Committee to the Independent Directors the auditing results and its follow-up. It is required that the auditing report for the meeting contain the risk level for identification and that a presentation on internal audit be given at the Audit Committee meeting based on the risk attributes of the operational cycle. The suggestions made by the Independent Directors have been implemented immediately, and the execution of the audit business and results have been fully communicated.

(2) The CPAs of the Company regularly reported to the Independent Directors the results of financial statement audits or reviews and other matters required by relevant laws and regulations. In 2023, the CPAs explained to the Independent Directors the significant accounting estimates and the key audit matters of the financial statements. The Company's Independent Directors and CPAs maintained good communication.

(3) Implementation status of corporate governance and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the Company establish and disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the Corporate Governance Best Practice Principles and disclosed them on the official website and MOPS.	No significant difference.
2. Shareholding structure & shareholders' rights (1) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and does the Company implement these procedures accordingly? (2) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (3) Has the Company established, and does it execute, a risk management and firewall system between the Company and its affiliated companies? (4) Has the Company established internal rules against insiders using undisclosed information to trade securities with?	✓ ✓ ✓ ✓		(1) The Company has engaged spokespersons and deputy spokespersons. There are share affairs and legal departments set up handling shareholders' suggestions or disputes. (2) The Company has entrusted a professional share affair agency to keep abreast of the shareholding status of directors, managers, and major shareholders. (3) The Company has established relevant guidelines in the internal control system, so as to set up an appropriate risk control mechanism and the firewall. (4) The Company has established management regulations for prevention of insider trading using undisclosed information to buy and sell securities.	No significant difference.
3. Composition and responsibilities of the Board of Directors (1) Has the Board developed, and does it implement, a diversity policy and specific management goals? (2) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees? (3) Has the Company formulated Board performance evaluation regulations and an evaluation method, and does it conduct performance evaluation annually and regularly, report the results of the performance evaluation to the Board of Directors, and use them as a reference for individual Directors' remuneration as well as nomination and renewal terms? (4) Does the board of directors of the company regularly (at least once a year) evaluate the independence and competency of the CPAs with reference to the Audit Quality Indicators (AQIs), and disclose the evaluation process in detail in the annual report?	✓ ✓ ✓ ✓		(1) The Company has formulated the Corporate Governance Best Practice Principles and disclosed the complete information on the Company's website and MOPS. Of them, Article 20 stipulates that the policy of board member diversity shall include but not limited to the following two aspects: i. Basic conditions and values: gender, age, nationality and culture, etc ii. Professional knowledge and expertise: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and experience in the industry. In addition, to achieve the ideal goal of corporate governance, the entire Board of Directors shall possess the following abilities: i. Operational judgment capability. ii. Accounting and financial analysis capability. iii. Business management capability. iv. Crisis management capability. v. Industry knowledge. vi. An international market perspective. vii. Leadership. viii. Decision-making capability. The Company attaches importance to the diversity of composition of directors. For specific stage targets for the diversity of the board, please refer to page 14 of this annual report. (2) The Company has established the Nomination Committee and the Risk Management Committee. In the future, it will also set up other functional committees according to actual needs. (3) The Company has formulated the Rules Governing the Performance Evaluation of the Board of Directors on November 10, 2016 and disclosed it on the Company's website and MOPS. In particular, the Rules stipulate that the Company shall perform an internal performance evaluation of the Board of Directors at least once a year, and at least every three years by an independent external professional agency or a team of external experts and scholars, and the annual performance evaluation shall be performed at the end of the year. The scope of evaluation includes the Board of Directors, Board Members, and Functional Committees. The results of the performance evaluation of the Board of Directors shall be completed before the most recent Board meeting held in the following year. The latest results for 2023 were reported to the Board of Directors on January 24, 2024. For relevant evaluation content, please refer to page 27 of this annual report.	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																											
	Yes	No	Description																												
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Has the Board developed, and does it implement, a diversity policy and specific management goals?</p> <p>(2) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?</p> <p>(3) Has the Company formulated Board performance evaluation regulations and an evaluation method, and does it conduct performance evaluation annually and regularly, report the results of the performance evaluation to the Board of Directors, and use them as a reference for individual Directors' remuneration as well as nomination and renewal terms?</p> <p>(4) Does the board of directors of the company regularly (at least once a year) evaluate the independence and competency of the CPAs with reference to the Audit Quality Indicators (AQIs), and disclose the evaluation process in detail in the annual report?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(4) The company's audit committee regularly evaluates the independence and competency of certified accountants every year, and then reports the evaluation results to the board of directors. The Company obtains information on 13 Audit Quality Indicators (AQIs) provided by the accounting firm, and evaluates the audit quality of the accounting firm and the audit team in accordance with the "Audit Quality Indicator (AQI) Interpretation Guidelines for Audit Committees" published by the regulatory authority. The latest evaluation was approved by the Audit Committee on February 26, 2024, and was reported to the Board of Directors for approval on February 26, 2024. The evaluation results are as follows:</p> <p>Accountant independence and competency assessment</p> <table border="1"> <thead> <tr> <th>Relevance</th> <th>Result</th> <th>Does it match</th> </tr> </thead> <tbody> <tr> <td>i. Confirming that CPAs are not a related party with the company or its directors.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>ii. Complying with the Corporate Governance Best Practice Principles, we rotate CPAs in accordance with the regulations.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>iii. In accordance with the Sarbanes-Oxley Act in the United States, accounting firms must obtain prior approval from the audit committee before being appointed for annual audits and other engagements.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>iv. In accordance with legal regulations, the CPAs regularly reports to the audit committee on the compliance of their performance of review/audit procedures and independence.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>v. A declaration of independence issued by the CPAs obtained regularly.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>vi. The independence of the CPAs with the company complies with relevant regulations such as the Accountant Act of the Republic of China, the Code of Ethics for Accountants, and the PCAOB.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>vii. The company has not appointed the same accountant for consecutive five years for audit purposes.</td> <td>YES</td> <td>YES</td> </tr> <tr> <td>viii. The professionalism and quality control are superior to the industry average (e.g. audit experience, training hours, professional support, audit engagement, etc.).</td> <td>YES</td> <td>YES</td> </tr> </tbody> </table> <p>Regarding the AQIs and other indicators with significant differences from the industry, the accounting firm has already provided explanations and improvement measures to the audit committee on February 26, 2024. The committee will continue to monitor the progress of improvement. The appointed accounting firm has no significant differences in AQIs compared to the industry.</p>	Relevance	Result	Does it match	i. Confirming that CPAs are not a related party with the company or its directors.	YES	YES	ii. Complying with the Corporate Governance Best Practice Principles, we rotate CPAs in accordance with the regulations.	YES	YES	iii. In accordance with the Sarbanes-Oxley Act in the United States, accounting firms must obtain prior approval from the audit committee before being appointed for annual audits and other engagements.	YES	YES	iv. In accordance with legal regulations, the CPAs regularly reports to the audit committee on the compliance of their performance of review/audit procedures and independence.	YES	YES	v. A declaration of independence issued by the CPAs obtained regularly.	YES	YES	vi. The independence of the CPAs with the company complies with relevant regulations such as the Accountant Act of the Republic of China, the Code of Ethics for Accountants, and the PCAOB.	YES	YES	vii. The company has not appointed the same accountant for consecutive five years for audit purposes.	YES	YES	viii. The professionalism and quality control are superior to the industry average (e.g. audit experience, training hours, professional support, audit engagement, etc.).	YES	YES	No significant difference.
Relevance	Result	Does it match																													
i. Confirming that CPAs are not a related party with the company or its directors.	YES	YES																													
ii. Complying with the Corporate Governance Best Practice Principles, we rotate CPAs in accordance with the regulations.	YES	YES																													
iii. In accordance with the Sarbanes-Oxley Act in the United States, accounting firms must obtain prior approval from the audit committee before being appointed for annual audits and other engagements.	YES	YES																													
iv. In accordance with legal regulations, the CPAs regularly reports to the audit committee on the compliance of their performance of review/audit procedures and independence.	YES	YES																													
v. A declaration of independence issued by the CPAs obtained regularly.	YES	YES																													
vi. The independence of the CPAs with the company complies with relevant regulations such as the Accountant Act of the Republic of China, the Code of Ethics for Accountants, and the PCAOB.	YES	YES																													
vii. The company has not appointed the same accountant for consecutive five years for audit purposes.	YES	YES																													
viii. The professionalism and quality control are superior to the industry average (e.g. audit experience, training hours, professional support, audit engagement, etc.).	YES	YES																													

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																								
	Yes	No	Description																									
<p>4. Has the Company (list on a stock or OTC market) engaged an appropriate number of qualified corporate governance personnel, and designated the corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with necessary information to perform business, assisting directors and supervisors in complying with laws and regulations, handling matters related to the meetings of the Board of Directors and the shareholders' meeting according to laws, and taking the minutes of board and shareholders' meetings)?</p>	<p>✓</p>		<p>The Company's ESG Office is the unit dedicated to corporate governance, and dedicated personnel are responsible for implementing and promoting corporate governance-related matters. On August 6, 2020, the board of directors passed a resolution to appoint Senior Assistant Vice General Manager Su, Yu-Chen as the head of corporate governance, and reporting directly to the chairman. Su, Yu-Chen been a supervisor in charge of finance in public companies for more than three years, and he is qualified as required by laws. The powers and duties of the corporate governance officer are as follows:</p> <p>(1) Report on the progress of corporate governance and the improvement plans to the Board of Directors regularly (at least once a year).</p> <p>(2) Proceed with the affairs related to meetings of Board of Directors and shareholders' meetings in compliance with the laws.</p> <p>(3) Produce meeting minutes for the meetings of the Board of Directors and shareholders' meetings.</p> <p>(4) Assist in directors' and supervisors' compliance of laws.</p> <p>(5) Assist directors in taking office and continuing education.</p> <p>(6) Provide directors with information required for performing duties.</p> <p>(7) Report to the Board of Directors on his/her findings as to whether the Independent Directors' qualifications at the time of nomination, election and during the term of office are in accordance with the relevant laws and regulations.</p> <p>(8) Handle the matters arising from changes in directors.</p> <p>(9) Other matters stipulated in the Company's Articles of Association or contracts, such as the evaluation of corporate governance of the TWSE, the trend of better corporate governance practices, and the amendments to the domestic corporate governance laws and regulations.</p> <p>The matters that were carried out in 2023 are as follows:</p> <p>(1) The annual board of directors and functional committees are scheduled to ensure compliance with relevant laws and regulations.</p> <p>(2) Schedule regular meetings between independent directors, CPAs, and internal audit directors.</p> <p>(3) Assisted in arranging suitable continuing education classes for directors, to ensure that all directors have completed the number of annual training hours.</p> <p>(4) Registered the date of the shareholders' meeting for 2023 in accordance with the laws and prepared the relevant materials for the meeting and the annual report in both Chinese and English.</p> <p>(5) Reported to the Board of Directors on the results of corporate governance implementation in the previous year, the current year's status, and the 2024 governance plan on May 9, 2023.</p> <p>(6) Arranged and planned the internal evaluation of the performance evaluation of the Board of Directors, individual Directors, and functional committees for 2023, and reported on said matters to the Board of Directors on January 24, 2024.</p> <p>Continuing Education for the officers: In accordance with related regulations, the Company's officers are required to complete 18 hours of continuing education within one year of appointment by the Board of Directors, with a minimum of 12 hours of continuing education per year. As of Dec. 31, 2023, Su, Yu-Chen, officer of the Company, has completed a total of 21 hours of continuing education courses. The content of courses is as follows:</p> <table border="1"> <thead> <tr> <th>Training date</th> <th>Organizer</th> <th>Class Title</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2023/4/27</td> <td>Taiwan Stock Exchange Corporation (TWSE)</td> <td>Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies Seminar</td> <td>3</td> </tr> <tr> <td>2023/7/4</td> <td>Taiwan Stock Exchange Corporation (TWSE)</td> <td>2023 Cathay Pacific Sustainable Finance and Climate Change Summit</td> <td>6</td> </tr> <tr> <td>2023/10/20</td> <td>Securities and Futures Institute</td> <td>2023 Insider Trading Prevention Seminar</td> <td>3</td> </tr> <tr> <td>2023/11/14</td> <td>Taiwan Institute for Sustainable Energy</td> <td>6th Global Corporate Sustainability Forum 1-2</td> <td>9</td> </tr> <tr> <td colspan="3">Total</td> <td>21</td> </tr> </tbody> </table>	Training date	Organizer	Class Title	Hours	2023/4/27	Taiwan Stock Exchange Corporation (TWSE)	Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies Seminar	3	2023/7/4	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Pacific Sustainable Finance and Climate Change Summit	6	2023/10/20	Securities and Futures Institute	2023 Insider Trading Prevention Seminar	3	2023/11/14	Taiwan Institute for Sustainable Energy	6th Global Corporate Sustainability Forum 1-2	9	Total			21	No significant difference.
Training date	Organizer	Class Title	Hours																									
2023/4/27	Taiwan Stock Exchange Corporation (TWSE)	Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies Seminar	3																									
2023/7/4	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathay Pacific Sustainable Finance and Climate Change Summit	6																									
2023/10/20	Securities and Futures Institute	2023 Insider Trading Prevention Seminar	3																									
2023/11/14	Taiwan Institute for Sustainable Energy	6th Global Corporate Sustainability Forum 1-2	9																									
Total			21																									

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
5. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established on the Company's website? Are major corporate social responsibility (CSR) topics about which the stakeholders are concerned addressed appropriately by the company?	✓		Besides following AA 1000 Stakeholder Engagement Standards (SES), to allow PRIMAX stakeholders to better identify adherence to GRI Standards (2021 Update), the Company evaluates actual or potentially affected stakeholders according to the management of each sustainability issue. The ESG office then identifies seven key stakeholders in accordance with the AA 1000 SES, including: Government/Competent authority, Customers, Shareholders/Investors /Financial Institutions/External Appraisal institutions, Employees, Suppliers/Contractors/Outsourcers, Local community, NPO/NGO. Every six months, the ESG Office issues questionnaires on various topics of interest to all stakeholders as a reference for the identification of relevant sustainability issues and significant topic of interest. The ESG Office then regularly reports the status of stakeholder communication to the Board of Directors. For further information on stakeholder communication and topics of interest, please see Chapter 8 - Corporate Sustainability on page 102-103 of this Annual Report.	No significant difference.
6. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company commissioned the SinoPac Securities Stock Affairs Agency to handle relevant matters.	No significant difference.
7. Information disclosure (1) Has the Company established a website to disclose information on financial operations and corporate governance? (2) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to collect and disclose information, creating a spokesperson system, and webcasting investor conferences)? (3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month in advance of the specified deadline?	✓ ✓ ✓		(1) The Company has set up a website with a section dedicated to "investment," which contains complete information on financial business activities and corporate governance. (2) The Company has set up an official website in both Chinese and English languages and has appointed dedicated personnel to disclose material information on MOPS in both Chinese and in English simultaneously, including information on the financial business activities and corporate governance. The Company has also engaged spokespersons and acting spokespersons, who are responsible for communication with the outside on corporate information and holding investor conferences. (3) The Company announced the self-closing profit and loss information in advance within 45 days after the end of fiscal year 2023 and before the end of the following month after the end of each quarter, and published each quarterly financial report one to two days before the prescribed period. The annual financial report was announced in advance on February 26, 2024. And publish and report the financial reports for the first, second and third quarters as well as its operating status for each month in advance of the specified deadline.	No significant difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of client policies, and participation in liability insurance by directors and supervisors)?	✓		(1) The Company protects employees' basic rights and interests in accordance with the Labor Standards Act and has established the Employee Welfare Committee in accordance with the Enforcement Rules of the Employee Welfare Fund Act. The current benefit system covers regular health checkups, bonuses (coupons) for birthday and three major holidays, marriage and funeral subsidies, scholarships, domestic and overseas travel subsidies, emergency relief loans, year-end party and luck draw, and club activities. (2) The Company attaches great importance to the harmony of labor-management relations. In order to protect employees' rights and benefits, employees can engage in two-way communication through departmental meetings, employee seminars, labor-management meetings, an employee suggestion box, and other channels to communicate the Company's various systems and work environment issues and to inspect and maintain the safety and health in the work environment regularly so as to ensure employees' safety and health while at work. (3) The Company has established smooth and effective communication channels and designated specific points of contact for employees, non-profit organizations, shareholders, clients, business partners, and the government, to protect their rights and interests. (4) The Company has established client service management procedures, client satisfaction surveys, and client complaints procedures, including identifying client complaints and determining the applicable responsibility for the complaints, while evaluating client satisfaction periodically, to ensure that the best service is provided to clients. (5) The Company has established various internal regulations and internal control systems in accordance with the laws, and conducts various risk management and evaluations, while the internal audit unit engages in both periodical and occasional review of the implementation of internal control systems. (6) For Directors' status of continuing education, please refer to "Directors' Continuing Education in 2023" in this Annual Report (page34). (7) The Company has purchased liability insurance for Directors. The current policy is valid until December 31, 2023 and the amount insured is US\$20 million.	No significant difference.
9. Describe improvements made according to the corporate governance assessment made in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out. The Company's corporate governance evaluation results from 2016 to 2022, except for 2018, which is 6-20%, the remaining five sessions (2016 to 2017, 2019 to 2022) are all ranked 5% of the overall listed companies. The Company's corporate governance evaluation results in 2023 were not published as of the publication date (February 29, 2024) of the Annual Report. The Company strove to improve the deficiencies identified in the corporate governance evaluation, and the main implementation results are as follows: (1) Diversified the composition and strengthened the structure and independence of the Board of Directors. At the 2019 and 2023 general shareholders' meeting, a female Independent Director was elected in a by-election, reaching a total of two female Independent Directors, and the number of independent directors has reached more than 50%. (2) Strengthened the disclosure of the operation of each functional committee (Audit Committee, Remuneration Committee, Nomination Committee, and Risk Management Committee). (3) The Board of Directors designated a full-time corporate governance officer in charge of matters related to corporate governance, and its operation and execution were fully disclosed. (4) Implemented and disclosed in detail the performance evaluation of the Board of Directors as planned, and the evaluation results were reasonably linked to the remuneration paid to Directors. (5) The sustainable report prepared in accordance with GRI Standards and will apply for SGS verification in accordance with AA 1000 ASv3 Type II Medium Assurance level, and prepared the sustainable report in both Chinese and English versions.				

Directors' Continuing Education in 2023:

Title	Name	Training date	Organizer	Class Title	Hours	Total Hours in 2023
Director	Duh, Jia-Bin	2023/6/2	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Summit	3	6
		2023/9/4	Financial Supervisory Commission (FSC)	The 14th Taipei Corporate Governance Forum (Morning Session)	3	
Director	Pan, Yung-Tai	2023/12/13	Greater China Financial and Economic Development Association	Corporate Circular Economy and Sustainability	3	6
		2023/12/21	Taiwan Project Management Association	ESG Investing and Corporate Social Responsibility	3	
Director	Pan, Yung-Chung	2023/10/13	Securities and Futures Institute	2023 Insider Trading Prevention Seminar	3	6
		2023/11/22	Taiwan Project Management Association	ESG Investing and Corporate Social Responsibility	3	
Director	Green Land Investment Limited Representative: Lee, Ji-Ren	2023/3/16	Taiwan Corporate Governance Association	World Economic Outlook for 2023	1.5	9
		2023/5/4	Taiwan Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation 2023	1.5	
		2023/7/31	Taiwan Corporate Governance Association	AI Technologies, Applications and Socioeconomic Impact	3	
		2023/12/5	Taiwan Institute of Directors	Generative AI Leading Industry and Business Transformation	3	
Independent Director	Cheng, Chih-Kai	2023/4/11	Securities and Futures Institute	Global Economy and Industry Technology Development Trends	3	6
		2023/5/30	Taiwan Corporate Governance Association	The Emerging Risk: Climate Change	3	
Independent Director	Wu, Chun-Pang	2023/3/28	Securities and Futures Institute	How to Supervise the Company to Establish and Promote a Comprehensive Risk Management System for the Board	3	6
		2023/3/30	Securities and Futures Institute	Economy and Industry Trends 2023	3	
Independent Director	Wang, Jia-Qi	2023/2/14	Taiwan Corporate Governance Association	New Challenge to Corporate Governance as ESG Knocking	3	6
		2023/5/19	Greater China Financial and Economic Development Association	ESG and Compliance	3	
Independent Director	Shen, Ying-Chuan	2023/5/24	Taiwan Institute of Directors	SAP NOW Taiwan Sustainable Practices: Leading to the Future	3	6
		2023/9/4	Financial Supervisory Commission (FSC)	The 14th Taipei Corporate Governance Forum (Afternoon Session)	3	
Independent Director	Ma, Hui-Fan	2023/5/24	Taiwan Institute of Directors	SAP NOW Taiwan Sustainable Practices: Leading to the Future	3	15
		2023/5/30	Securities and Futures Institute	(Independent) Director, Supervisor and Corporate Governance Officer Practical Workshop	12	

(4) The composition, duties, and implementation status of the Company's Remuneration Committee and Nomination Committee:

1. Remuneration Committee

In order to improve corporate governance and strengthen the functions of the Board of Directors, PRIMAX established the Remuneration Committee in 2011, with the aim of assisting the Board of Directors in assessing and approving the remuneration policies and systems for the Chairman and managerial officers. According to the Company's "Remuneration Committee Charter," the members of the Remuneration Committee shall be appointed by the resolution of the Board of Directors, and the number of members shall not be less than three, one of whom shall be the convener and at least one of whom shall be Independent Director. The Remuneration Committee is composed of three members, who are appointed by the Board of Directors. The Remuneration Committee shall meet at least twice a year, and there have been four meetings in 2023 and two in 2024 as of the publication date of the annual report held; thus, the Remuneration Committee held a total of six meetings.

i. Information on the members of the Remuneration Committee

February 29, 2024

Identity	Name	Qualification	Qualifications and Experience	Independence Status	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Cheng, Chih-Kai		Industry, finance, and management	✓	None
Independent Director	Wu, Chun-Pang		Marketing, finance, and management	✓	None
Independent Director	Shen, Ying-Chuan		Industry, R&D, and management	✓	None
Independent Director	Ma, Hui-Fan (Note 1)		Industry, human resources, and management	✓	None

Note 1 : Newly elected on May 25, 2023

ii. Information on operations of the Remuneration Committee

(1) The 5th Remuneration Committee of the Company shall have four members at the beginning of its term, one of whom resigned on November 18, 2022, while one member was elected via by-election on May 25, 2023, and the 5th committee shall have four members as of the publication of the annual report.

(2) Term of office of the fifth committee: From July 22, 2021 to July 12, 2024, it held 4 meetings in 2023, and 2 meetings in 2024 as of the date of publication of the annual report, the Remuneration Committee held a total of 6 meetings, the membership and attendance are as follows:

Title	Name	Number of Attendance Required in Person(A)	Actual Attendance in Person(B)	By Proxy	Actual Attendance Rate(%) (B/A)	Remarks
Convener	Cheng, Chih-Kai	6	6	0	100%	
Member	Wu, Chun-Pang	6	6	0	100%	
Member	Shen, Ying-Chuan	6	6	0	100%	
Member	Ma, Hui-Fan	3	3	0	100%	Newly elected on May 25, 2023



Other matters:

- If the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (e.g., if the salary and remuneration approved by the Board of Directors are better than those proposed by the Remuneration Committee, please specify the differences and the reason): None.
- For the resolutions of the Remuneration Committee, if any member expresses objections or reservations, which are recorded on the record or in a written statement, the date, meeting session, content of the proposal, the opinions of all members, and the handling of the members' opinions shall be stated:

Key Points	Implementation Status			The Company's Response to the Remuneration Committee's Opinions
	Conference Date	Proposal	Resolutions	
1. Formulate policies, systems, standards, and structure of remuneration to Directors (including the Chairman), General Manager, and Vice General Manager and review them as necessary based on factors, including the Company's goals, operational performance, and competitive environment.	2023/2/23	2023 Bonus Plan for Senior Officers and Important Supervisors	The Remuneration Committee members present unanimously agreed.	Approved by all Directors present
		Chairman's 2023 Performance Standards and Bonus Plan		
	2023/5/9	2022 annual senior managers' remuneration survey report and 2023 annual remuneration adjustment plan		
	2023/2/23	Planned Issuance of Restricted Employee Shares in 2023		
		2023 Measures for Issuance of Restricted Employee Shares		
	2024/1/24	Planned issuance of restricted employee shares in 2024		
		2024 Allotment of New Employees Shares of Restricted rights		
	2024/2/26	2024 Bonus Plan for Senior Officers and Important Supervisors		
		Chairman's 2024 Performance Standards and Bonus Plan		
	2. Periodically assess the performance of the Chairman, General Manager, and Vice General Manager and verify the content and amount of their individual remuneration based on the evaluation results of individual performance. Review the relevance and rationality of the items and amounts of the remunerations of directors and officers according to the results of their performance evaluation results.	2023/1/16		
2022 Bonus for the Chairman				
2022 Second Allotment of New Employees Shares of Restricted rights				
2023/2/23		2022 Remuneration Distribution to Employees and Directors		
2023/8/3		First Allotment Proposal of the Company's 2023 Annual Restricted Employee Rights New Shares		
2024/1/24		2023 Bonus Distribution for Senior Managers		
	2023 Bonus for the Chairman			
2024/2/26	2023 Remuneration Distribution to Employees and Directors			
	2023 Remuneration Committee Year-end Report			
3. Assess and approve the standards of benefits for General Manager, and Vice General Manager.	2023/1/16	2022 Remuneration Committee Year-end Report		
	2024/1/24	2023 Remuneration Committee Year-end Report		

2. Nomination Committee

i. Information on the Members and Operations of the Nomination Committee

In order to comply with the direction of corporate governance development and strengthen the function of the board of directors, the Company formulated the "Organizational Regulations for Nomination Committee" in March 2017 and established a Nomination Committee to review the qualifications of company directors and senior managers, and propose a list of suitable candidates to the Board of Directors. The Nomination Committee periodically reviews the relevant qualifications and suitability of each director and senior manager, and makes recommendations to the Board of Directors. Qualifications: A total of five members, the four of whom are elected by the Chairman and the Board of Directors, including at least two Independent Directors.

(1) Information on Members and Operations of the Nomination Committee

- There are five members of the Nomination Committee of the Company, among whom Mr. Liang, Li-Sheng resigned on May 24, 2023, and Mr. Duh, Jia-Bin was newly elected on May 25, 2023.
- The 3rd term of office is from July 22, 2021 to July 12, 2024. Three meetings were held in 2023. The qualifications and experience of the members, their attendance and the matters discussed are as follows:

Title	Name	Qualifications and Experience	Number of Attendance Required in Person(A)	Actual Attendance in Person(B)	By Proxy	Actual Attendance Rate(%) (B/A)	Remarks
Chairman	Liang, Li-Sheng	Industry, marketing, and management	2	2	0	100%	Resigned on May 24, 2023
Chairman (Convener)	Duh, Jia-Bin	Industry, R&D, marketing, and management	1	1	0	100%	Newly elected on May 25, 2023
Director	Pan, Yung-Chung	Industry, marketing, and management	3	3	0	100%	
Director	Lee, Ji-Ren	Industry, marketing, and management	3	3	0	100%	
Independent Director	Cheng, Chih-Kai	Industry, finance, and management	3	2	1	67%	
Independent Director	Wu, Chun-Pang	Marketing, finance, and management	3	3	0	100%	

Other matters:

The date, session, and proposal content of the meeting held by the Nomination Committee, members' objections or reservations, resolutions of the Nomination Committee, and the Company's response toward the Nomination Committee's opinions shall be specified.

Key Points	Implementation Status			The Company's Response to the Nomination Committee's Opinions
	Conference Date	Proposal	Resolutions	
1. Search for qualified Directors and senior managers, and propose the lists to the Board of Directors, include the Company's Directors, General Manager, Chief Executive Officer, Chief Financial Officer, Directors and Supervisors of major subsidiaries.	2023/2/24	Supplementary nomination of candidates for PRIMAX Directors and Independent Directors	The Nomination Committee members present unanimously agreed.	Approved by all Directors present
	2023/5/9	Change of PRIMAX General Manager		
	2023/5/9	Nomination of candidates for supervisors of the subsidiary Tymphony Acoustic Technology (Huizhou) Co., Ltd.		
2. Review the list of candidates and provide suggestions for the Board to determine if replacement is necessary.	2023/6/9	Director nominations for major subsidiaries	One person from the Nomination Committee was appointed to attend and members present unanimously agreed.	Approved by all Directors present

(5) Implementation status of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Item	Implementation		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof	
	Yes	No		Description
1. Does the Company establish a sustainable development management framework and a dedicated (or part-time) unit for promoting sustainable development? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level and supervised by the Board of Directors?	✓		Please see Chapter 8 - Corporate Sustainability on page 102 of this Annual Report. (2) ESG Operation and Management	No significant difference.
2. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established relevant risk management policies or strategies?	✓		Please see Chapter 8 - Corporate Sustainability on page 102-103 of this Annual Report. (3) Communication with stakeholders and (4) Corporate Operational Risk Identification and Management	No significant difference.
3. Environmental Issues (1) Has the Company established a suitable Environment Management System (EMS) in line with the nature of its industry? (2) Is the Company committed to improving energy efficiency and utilizing renewable resources with reduced environmental impact? (3) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken relevant countermeasures? (4) Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reductions, water consumption, and waste management?	✓ ✓ ✓ ✓		Please see Chapter 8 - Corporate Sustainability of this Annual Report. 1. Page 104-105 : (1) Environmental Policy and (2) Environmental Management System 2. Page 108-109 : (3) Climate Change Response-Indicators and Objectives and (4) Green Design and Products 3. Page 105-109 : (3) Climate Change Response For more information on the Company's TCFD, please refer to the "TCFD Report". For details on climate change-related greenhouse gas emissions, water consumption, and total weight of waste annual results, achieved goals and related data, please read the Company's Sustainability Report Chapter Four: Environmental Sustainability. 4. Page 108-109 : (3)Climate Change Response-Indicators and Objectives	No significant difference.
4. Social issues (1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Has the Company established and offered proper employee benefits (including remuneration, leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately? (3) Has the Company provided employees with a safe and healthy work environment as well as conducted regular classes on health and safety? (4) Has the Company established effective career and competence development and training plans? (5) Has the Company complied with relevant laws, regulations and international guidelines for client health and safety, client privacy, and marketing and labeling of its products and services and established relevant consumer or client protection policies and grievance procedures? (6) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health, or labor rights and supervised the compliance?	✓ ✓ ✓ ✓ ✓ ✓		Please see Chapter 8 - Corporate Sustainability of this Annual Report. 1. Page 110 : (1) Human Rights Policy 2. Page 110 : (2) Talent Retention 3. Page 111 : (3) Occupational Safety and Health 4. Page 111 : (4) Employee Development 5. Page 111 : (5) Customer Relations 6. Page 104 : (5) Supply Chain Management	No significant difference.
5. Does the Company refer to internationally accepted reporting standards or guidelines for the preparation of sustainable reports and other reports that disclose non-financial information about the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?	✓		The Company's 2023 Sustainability Report was prepared in accordance with GRI Standards and will apply for SGS verification in accordance with AA1000 ASV3 Type II Medium Assurance level.	No significant difference.

6. If the Company has established the sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancy between the Principles and their implementation:

The Company has formulated the "Sustainable Development Best Practice Principles of PRIMAX," which has been implemented in aspects of corporate governance, environmental protection, social wellbeing, and corporate sustainability in compliance with the Principles without material discrepancy. For corporate governance, please refer to the "Status of Corporate Governance" of this Annual Report. For details regarding environmental protection and social wellbeing, please refer to the Annual Sustainability Report.

7. Other important information that facilitates understanding of the status of sustainable development:

Please see Chapter 8 - Corporate Sustainability on page 104 of this Annual Report : (6)2023 ESG Performance and Honors, and on page 112 : (6) Social Engagement.
The Company website ESG Section: <https://esg.primax.com.tw/>

8. Climate-related information

Climate-related information implementation status :

Item	Implementation
1. Describe board and management oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finances (short-term, medium-term, long-term) 3. Describing the financial impact of extreme climate events and transition actions. 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described. 6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs). 9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans.	Please see Chapter 8 - Corporate Sustainability (III) Climate Change Response of this Annual Report. 1. Page 105-106 : (I) Governance 2. Page 106 : (II) Strategy 3. Page 107 : Financial Impact Analysis of Climate Change Risks and Opportunities 4. Page 108 : C.Risk Management 5. Page 107 : Financial Impact Analysis of Climate Change Risks and Opportunities 6. Page 107 : Financial Impact Analysis of Climate Change Risks and Opportunities 7. There is currently no internal carbon pricing system in use, and it is expected to be evaluated in 2024 and piloted in 2025. 8. Page 108-109 : (3)Indicators and Objectives 9. Page 108-109 : (3)Indicators and Objectives



(6) Implementation status of ethical corporate management and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons thereof:

Evaluation Item	Implementation Status		Description	Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons Thereof
	Yes	No		
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?</p> <p>(2) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(3) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?</p>	✓		<p>(1) The Company has formulated the ethical corporate management policy approved by the Board of Directors, and published its ethical corporate management policy and approaches in internal regulations and on the Company's website to the public. In addition, the Board of Directors and the senior management have actively implemented the commitments set out in the operating policies and signed a statement on ethical corporate management.</p> <p>(2) The Company has incorporated ethical management operations in its internal control procedures, and the operation auditing unit will conduct regular risk assessments and report the audit results to the Board of Directors.</p> <p>(3) In order to prevent unethical conduct, the Company clearly stipulates the operating procedures, behavior guidelines, disciplinary actions for violations, and complaint reporting methods in the internal Code of Conduct, and the Human Resources Department reviews the internal regulations regularly.</p>	In compliance with the ethical corporate management principles without material differences.
<p>2. Fulfillment of ethical corporate management</p> <p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counter parties?</p> <p>(2) Has the Company set up a dedicated unit under the Board of Directors to implement ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct as well as the supervision of the execution process?</p> <p>(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(4) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?</p>	✓		<p>(1) In the Company's "Procedures for Ethical Management and Guidelines for Conduct," it has clearly defined the ethical corporate management evaluation procedure before a business relationship is established, regulated the avoidance of transactions with unethical business entities, and required inclusion of ethical corporate management in the contract terms at the time of signing contracts with others.</p> <p>(2) The Company designated the Human Resources Department as the dedicated unit to implement the Company's integrity management and to report the annual implementation status to the Board of Directors at least once a year. If any unethical conduct occurs, the dedicated unit will report the handling method and subsequent review and improvement measures to the Board of Directors.</p> <p>(3) A. The Company's "Rules of Procedure for Board of Directors Meetings" and "Procedures for Ethical Management and Guidelines for Conduct" have provisions for avoiding directors' conflicts of interest included, that is if the proposals by the Board of Directors are of interest to the directors themselves or the corporates they are representing, and are jeopardizing the Company's interests, those directors can make statements and provide answers but cannot participate in discussion and voting. They shall also avoid discussion and voting and cannot represent other directors to exercise their voting rights.</p> <p>B. When employees in the Company are performing business, if they encounter conflicts of interest, they shall report to their direct supervisors and the dedicated unit.</p> <p>(4) The Company has established an accounting system and internal control system in accordance with relevant laws and regulations. The Audit Office also inspects the compliance with the accounting system and internal control system and reports to the Board of Directors on a regular basis.</p> <p>(5) The Company's implementation of ethical corporate management in 2023 is as follows:</p> <p>A. Held communication meetings to raise employees' and suppliers' awareness of the Company's honest and ethical conduct and whistle-blowing system.</p> <p>B. Used electronic billboards to play promotion videos on integrity, along with fun games, to convey the value of integrity in an easy-to-understand but deep manner.</p> <p>C. Established an independent whistle-blowing mailbox on the Company's website and intranet to enhance the effectiveness of the whistle-blowing system.</p> <p>D. Arranged a one-hour session of introduction and explanation of integrity and ethics in the orientation for new employees.</p>	In compliance with the ethical corporate management principles without material differences.

Evaluation Item	Implementation Status		Description	Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons Thereof																																																					
	Yes	No																																																							
<p>2. Fulfillment of ethical corporate management</p> <p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counter parties?</p> <p>(2) Has the Company set up a dedicated unit under the Board of Directors to implement ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct as well as the supervision of the execution process?</p> <p>(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(4) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?</p>	✓		<p>E. The training results in 2023 are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Class Title</th> <th>CN</th> <th>TP</th> <th>TH</th> <th colspan="2"></th> </tr> <tr> <th>Number of Trainees</th> <th>Number of Sessions</th> <th>Number of Trainees</th> <th>Number of Sessions</th> <th>Number of Sessions</th> </tr> </thead> <tbody> <tr> <td>1. Orientation training (ethical corporate management) / indirect personnel</td> <td>32</td> <td>5</td> <td>71</td> <td>4</td> <td>158</td> </tr> <tr> <td>Orientation training (ethical corporate management) / direct personnel</td> <td>9,862</td> <td>464</td> <td>-</td> <td>-</td> <td>1,318</td> </tr> <tr> <td>2. PRIMAX Group information security training</td> <td>835</td> <td>12</td> <td>604</td> <td>4</td> <td>1,318</td> </tr> <tr> <td>3. Trade secret training</td> <td>173</td> <td>1</td> <td>236</td> <td>1</td> <td>158</td> </tr> <tr> <td>4. Customs laws and regulations (Customs trade compliance)</td> <td>619</td> <td>5</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>5. Critical function training (C-TPAT)</td> <td>1,088</td> <td>113</td> <td>-</td> <td>-</td> <td>1,318</td> </tr> <tr> <td>Total</td> <td>12,609</td> <td>600</td> <td>911</td> <td>9</td> <td>4,270</td> </tr> </tbody> </table> <p>F. The implementation of ethical corporate management in 2023 was reported to the Board of Directors on January 24, 2024.</p>	Class Title	CN	TP	TH			Number of Trainees	Number of Sessions	Number of Trainees	Number of Sessions	Number of Sessions	1. Orientation training (ethical corporate management) / indirect personnel	32	5	71	4	158	Orientation training (ethical corporate management) / direct personnel	9,862	464	-	-	1,318	2. PRIMAX Group information security training	835	12	604	4	1,318	3. Trade secret training	173	1	236	1	158	4. Customs laws and regulations (Customs trade compliance)	619	5	-	-	-	5. Critical function training (C-TPAT)	1,088	113	-	-	1,318	Total	12,609	600	911	9	4,270	In compliance with the ethical corporate management principles without material differences.
Class Title	CN	TP	TH																																																						
	Number of Trainees	Number of Sessions	Number of Trainees	Number of Sessions	Number of Sessions																																																				
1. Orientation training (ethical corporate management) / indirect personnel	32	5	71	4	158																																																				
Orientation training (ethical corporate management) / direct personnel	9,862	464	-	-	1,318																																																				
2. PRIMAX Group information security training	835	12	604	4	1,318																																																				
3. Trade secret training	173	1	236	1	158																																																				
4. Customs laws and regulations (Customs trade compliance)	619	5	-	-	-																																																				
5. Critical function training (C-TPAT)	1,088	113	-	-	1,318																																																				
Total	12,609	600	911	9	4,270																																																				
<p>3. Status of enforcing whistle-blowing systems in the Company</p> <p>(1) Has the Company established both reward and whistle-blowing systems and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?</p> <p>(2) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and relevant confidentiality mechanisms?</p> <p>(3) Does the Company provide protection to whistle blowers against receiving improper treatment?</p>	✓		<p>(1) The Company has specified the norms of rewards and punishments, grievance system, and disciplinary actions in the "Procedures for Ethical Management and Guidelines for Conduct," and has incorporated the ethical corporate management into in the Code of Conduct and human resources policies.</p> <p>(2) The Company has set up an anonymous whistle-blowing system and established a dedicated unit in charge of handling business secrets as well as formulating and implementing procedures for the management, retention, and confidentiality of the secrets; meanwhile, it shall review the implementation results regularly to ensure the continued effectiveness of the operating procedures.</p> <p>(3) The Company has updated the relevant regulations in the "Procedures for Ethical Management and Guidelines for Conduct" to ensure that whistle-blowers will not be treated improperly because of whistle-blowing.</p>	In compliance with the ethical corporate management principles without material differences.																																																					
<p>4. Enhanced disclosure of corporate social responsibility information</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	✓		<p>Please visit the MOPS (https://mops.twse.com.tw/) or the Company's website (https://www.primax.com.tw/) for the content of the Company's ethical corporate management best practice principles. For relevant information regarding implementation, please refer to the annual "Sustainability Report."</p>	In compliance with the ethical corporate management principles without material differences.																																																					
<p>5. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please describe any discrepancies between the prescribed best practices and the actual activities taken by the Company; No significant difference.</p> <p>The Human Resources Department is the dedicated unit responsible for the implementation in this regard. It formulates relevant regulations, including the Ethical Corporate Management Best Practice Principles and the Code of Conduct, to clearly prohibit acceptance of any improper benefits. It also advocates the importance of integrity and the value of ethics through internal training and promotion activities while establishing a whistle blowing system, to ensure the effectiveness of implementation.</p>																																																									
<p>6. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review of and amendment to the company's Ethical Corporate Management Best Practice Principles):</p> <p>(1) The Company's suppliers and subcontractors are required to sign the "Supplier Declaration."</p> <p>(2) In the Company's "Procedures for Ethical Management and Guidelines for Conduct," it clearly stipulates that employees shall explain the Company's ethical management policies and relevant regulations to the trading partners during business transactions. They must also explicitly refuse any direct or indirect offers, promises, or requests of improper benefits in any form or on anyone's behalf. These include rebates, commissions or facilitation payments, or any other improper benefits provided or received through other means.</p> <p>(3) During the training of new recruits, the importance of promoting integrity and ethics is stressed and promoted.</p>																																																									

(7) Please disclose access to the Company's corporate governance principles and relevant rules and regulations:

Please visit the MOPS (<https://mops.twse.com.tw/>) or the Company's website (<https://www.primax.com.tw/>) for the Company's corporate governance best practice principles and relevant rules and regulations.

(8) Other important information that can promote the understanding of the company's corporate governance status shall be disclosed:

The Company's Chairman and management succession plan has been approved by the Board of Directors in November 2018. The Human Resources Department is the dedicated unit responsible for the planning and execution of the plan, and shall report to the Board of Directors at least once a year. The most recent report on the implementation status to the Board of Directors was on November 8, 2023. In the Company's Chairman and management succession plan, the successors must have excellent work and strategic thinking abilities, whose values must be consistent with the those of the Company, including decency, honesty, humbleness, pragmatism, respect, promise keeping, and sharing. In 2019, the positions for successors in the first stage had been selected according to the needs in the organizational development, and candidates will be selected in three to five years. The succession training model will be based on "work rotation" and "project assignment" within the Group, to strengthen their strategic thinking and strategy formulation capabilities.



(9) The implementation of the internal control system shall disclose the following items.

i. Statement on Internal Control

Primax Electronics Ltd.
Statement on Internal Control System

Date: February 26, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

1. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
2. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the Company's internal control system has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
3. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The internal control system used in the "treatment criteria" to judge the project is divided into five components according to the process of management control: 1. Control Environment, 2. Risk Assessment, 3. Control Operations, 4. Information and Communication, and 5. Supervise the operation. Each constituent element includes a certain number of items. For more information on such items, please refer to the Regulations.
4. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of its subsidiaries), to provide reasonable assurance over the operational effectiveness and efficiency, reliability, timeliness, and transparency of reporting, as well as compliance with applicable laws and regulations.
6. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the contents above will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement had been approved by the Board of Directors on February 26, 2024. All nine attending Directors agree with the contents of this Statement in unanimity, and hereby this statement is made.

Primax Electronics Ltd.

Chairman:



Signature

General Manager:



Signature



ii. If a CPA has been hired to carry out a special audit of the internal control system, please furnish the CPA audit report: None.

(10) Any legal penalty enacted upon the Company, any penalty imposed to its personnel by the Company for violation of internal control rules, during the most recent fiscal year or during the current fiscal year up to the publication date of this Annual Report, where the result of such penalty could have a material effect on shareholder equity or securities prices, and major deficiencies and status of improvements: None.

(11) For the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, major resolutions of the shareholders' meeting and Board meetings.

i. Major resolutions at the shareholders' meeting and the implementation

Date	Important Proposal
2023.5.25	<ol style="list-style-type: none"> Passed the proposal for the Company's 2022 Business Report and Financial Statements. Performance results: approved. Passed the proposal for the Company's 2022 earnings distribution. Performance results: The base date of distribution was set on July 10, 2023, and the date of distribution was on July 28, 2023, with the cash dividend per share of NT\$3.9, and all payments had been distributed. Passed the proposal for amendments to the Company's Articles of Association. Performance results: The amendments were announced on the Company's website and implemented accordingly. Passed the proposal for issuance of new restricted employee shares. Performance results: It was approved by the Financial Supervisory Commission on July 20, 2023 and the said shares were issued within two year after entered into force. Passed the by-election of directors. Performance results: By-election of two Directors, Director Mr. Duh, Jia-Bin and Independent Director Ms. Ma, Hui-Fan, with approval for registration by the Ministry of Economic Affairs on June 16, 2023. Passed the lifting of the restrictions on non-competition for the original and new directors. Performance results: The non-compete clause for Directors was lifted, which was announced in material information on May 25, 2023.

ii. Major Resolutions of the Board Meetings

Date	Important Proposal
2023.1.17	<ol style="list-style-type: none"> Passed the proposal for the Company sponsored Cheng Zhi Education Foundation for the KIST school experiment project for the 2023-2028 school year in Taoyuan Elementary School in Taitung County. Passed the proposal for the Company's 2023 business plan and budget plan. Passed the formulation of the Company's "Corporate Governance Best Practice Principles". Passed the proposal for 2022 second distribution of new restricted employee shares issued. Passed the proposal for the 2022 bonus distribution to the Company's senior managerial officers. Passed the proposal for 2022 bonus to the Chairman.
2023.2.24	<ol style="list-style-type: none"> Passed the proposal for the Company's 2022 Business Report and Financial Statements. Approved the proposal for the subsidiary Primax Electronics (Thailand) Co., Ltd. acquires the land in Thailand. Passed the proposal for the engagement of CPAs Horng, Shyh-Gang and Fu, Hung-Wen from the fiscal year 2023 due to internal organizational adjustment. Passed the proposal for Company's regular assessment of the independence and competency of CPAs. Passed the proposal for the Company's 2022 earnings distribution. Passed the proposal for amendments to the Company's Articles of Association. Passed the company's by-election of directors. Passed the lifting of the restrictions on non-competition for the original and new directors. Passed the proposal for endorsement and guarantee of the 7 subsidiaries including Dongguan Primax Electronic & Telecommunication Products Ltd. Passed the proposal for the Company's 2022 remuneration distribution to employees and directors. Passed the proposal for issuance of new restricted employee shares. Passed the proposal for 2023 measures for issuance of new restricted employee shares. Passed the proposal for the date, time, place, and main proposals of the Company's 2023 general shareholders' meeting. Passed the proposed supplementary nomination of directors and independent directors of the company. Passed the proposal for 2023 bonus plan for the senior managerial officers and important leaders. Passed the proposal for 2023 Chairman's performance standards and bonus plan.
2023.5.9	<ol style="list-style-type: none"> Passed the proposal for the Company's Corporate Venture Capital investment evaluation procedures. Passed the proposal for the change of the Company's General Manager. Passed the proposal for 2022 annual senior managerial officers' salary survey report and 2023 annual salary adjustment.
2023.5.25	<ol style="list-style-type: none"> Passed the Company's election of the Chairman. Passed the selection of the 3rd Audit Committee vacancy. Passed the selection of the 5th Remuneration Committee vacancy. Passed the selection of the 3rd Nominating Committee vacancy and election of the committee convener. Passed the selection of the 1st Risk Management Committee vacancy and election of the committee convener. Passed the Company's election of the Vice Chairman.

Date	Important Proposal
2023.6.2	<ol style="list-style-type: none"> Passed the proposal for the determination of the ex-dividend base date and date of distribution of 2022 earnings and cash dividends. Passed the proposal for the Company's investment in THIN LINE CAPITAL FUND II, L.P. Passed the results of major issues and stakeholder communications in the 2022 Sustainability Report.
2023.6.9	<ol style="list-style-type: none"> Passed the company's nomination of directors for major subsidiaries.
2023.8.3	<ol style="list-style-type: none"> Passed the proposal for the withdrawal of the cancellation of new restricted employee shares. Passed the amendment proposal for the Company's Ethical Corporate Management Best Practice Principles. Passed the proposal for the first distribution to non managerial employees of new restricted employee shares in 2023. Passed the proposal for the first distribution to managerial officers of new restricted employee shares in 2023..
2023.11.8	<ol style="list-style-type: none"> Passed the proposal for Company's 2024 audit plan. Passed the proposal for the amendment of the Company's "Procedures for Internal Significant Information Processing and Prevention of Insider Trading Operations". Passed the proposal for the withdrawal of the cancellation of new restricted employee shares.
2024.1.24	<ol style="list-style-type: none"> Passed the proposal for the Company's 2024 business plan and budget plan. Passed the proposal for the establishment of a new Taiwan subsidiary. Passed the proposal for the 2023 bonus distribution to the Company's senior managerial officers. Passed the proposal for 2023 bonus to the Chairman.
2024.2.26	<ol style="list-style-type: none"> Passed the proposal for the Company's 2023 Business Report and Financial Statements. Passed the proposal for Company's regular assessment of the independence and competency of CPAs. Passed the proposal for the Company's 2023 earnings distribution. Passed the proposal for the Company's 2023 remuneration distribution to employees and directors. Passed the proposal for issuance of new restricted employee shares. Passed the proposal for "2024 measures for issuance of new restricted employee shares". Passed the company's new election of directors. Passed the proposal for lifting of non-compete clause for new directors. Passed the proposal for the date, time, place, and main proposals of the Company's 2024 general shareholders' meeting. Passed the proposal for accepting nominations for directors (and independent directors) according to the Company's 2024 general shareholders' meeting director election measures. Passed the proposal for 2024 bonus plan for the senior managerial officers and important leaders. Passed the proposal for 2024 Chairman's performance standards and bonus plan.

(12) Major issues of record or written statements made by any director dissenting to important resolutions passed by the Board of Directors in the most recent year and as of the publication date of this Annual Report: None.

(13) A summary of resignations and dismissals of the Company's Chairman, General Manager, accounting officer, financial officer, chief internal auditor, corporate governance officer, and research and development officer during the most recent year and up to the publication date of this Annual Report:

February 29, 2024

Title	Name	Date Taking Office	Date of Dismissal	Reason of Resignation or Dismissal
Chairman	Liang, Li-Sheng	2021/07/13	2023/05/24	Retirement
General Manager	Liang, Li-Sheng	2018/10/01	2023/05/31	Retirement

5. Information on CPA Professional Fees

Unit: NT\$ 1,000

CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
KPMG Taiwan	Hong, Shyh-Gang	2023	9,360		9,360	
	Fu, Hung-Wen	2023				
KPMG Taiwan	Hong, Shyh-Gang	2023		1,170	1,170	1. Assurance service for 2023 profit-seeking enterprise income tax returns filing: NT\$1,070 thousand 2. Business registration service: NT\$100 thousand

(1) Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made were less than those in the previous fiscal year before the replacement, the amount of the audit fees paid before/after the replacement and reasons thereof shall be disclosed: None.

(2) Where the audit fees paid for the current year was more than 10% less than those paid in the previous year, the amount, proportion, and reasons thereof shall be disclosed: None.

6. Information on Replacement of CPA:

(1) About the former CPA:

Replacement Date	Reason for replacement and explanation	Description of whether the CPA or the Company terminated or rejected the engagement	Opinion and reasons for issuing audit reports other than unqualified opinions within the last two years	Any disagreement with the issuer	Other disclosures (What shall be disclosed in Article 10, Paragraph 6, item 1-4 to item 1-7 of the Regulations)
2022.02.25	Internal organizational adjustment of KPMG Taiwan	None	None	None	None
2023.02.24	Internal organizational adjustment of KPMG Taiwan	None	None	None	None

(2) About the Succeeding CPA

Firm Name	Name of CPA	Date of engagement	Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	Written opinion of the succeeding CPA's disagreement with the former CPA
KPMG Taiwan	Wu, Mei-Pin and Hong, Shyh-Gang	2022.02.25	None	None
KPMG Taiwan	Hong, Shyh-Gang ; Fu, Hung-Wen	2023.02.24	None	None

(3) Reply from the former CPA to Head 1 and Item 3 of Head 2 of Article 10, Paragraph 6 of the Regulations: None.

7. Where the Company's Managers during the Past Year, Held a Position at the Accounting Firm of Its CPA of Such Accounting Firm: None.

8. Conditions of Share Transfer from the Directors, Managers, and Major Shareholders

(1) Conditions of share transfer and changes in equity pledge

Title	Name	2023		As of February 29, 2024	
		Shareholding Increase (Decrease)	Pledged Share Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Share Increase (Decrease)
Chairman and General Manager	Liang, Li-Sheng (Note 1)	0	0	-	-
Chairman and General Manager	Duh, Jia-Bin (Note 2)	0	0	66,000	0
Vice Chairman and General Manager of Business Department	Pan, Yung-Tai	86,000	0	6,000	0
Director	Pan, Yung-Chung	(1,515,000)	(900,000)	(48,000)	0
Director	Green Land Investment Limited	0	0	0	0
	Representative: Lee, Ji-Ren	0	0	0	0
Independent Director	Wang, Jia-Qi	0	0	0	0
Independent Director	Cheng, Chih-Kai	0	0	0	0
Independent Director	Wu, Chun-Pang	0	0	0	0
Independent Director	Shen, Ying-Chuan	0	0	0	0
Independent Director	Ma, Hui-Fan (Note 3)	0	0	0	0
General Manager of Operations	Kuo, You-Min	(734,000)	0	(141,000)	0
General Manager of Finance and Information Department	Hsiao, Yin-Yi	170,000	0	32,000	0
General Manager of Business Department	Chou, Yen-Chou	90,000	0	9,000	0
Vice General Manager	Chiang, Yan-Ying	(50,000)	0	12,000	0
Vice General Manager	Chang, Ching-Kai	42,000	0	18,000	0
Vice General Manager	Wei, Hao-San	72,000	0	32,000	0
Vice General Manager	Chang, Chen-Te	3,000	0	0	0
Vice General Manager	Hsu, Chia-Chih	36,000	0	24,000	0
Vice General Manager	Zhuo, Yi-Li	(8,000)	0	(17,000)	0
Vice General Manager	Wang, Ching-Der	21,000	0	31,000	0
Vice General Manager	Hsueh, Ya-Lin	39,000	0	18,000	0
Vice General Manager	Hu, Ching-Yuan	(21,000)	0	0	0
Accounting Supervisor	Chang, Shu-Chuen	30,500	0	8,000	0
Head of Corporate Governance	Su, Yu-Chen	76,000	0	12,000	0

Note1 : Resigned as Director on May 24, 2023, Resigned as General Manager on May 31, 2023.

Note2 : Newly elected as Director on May 25, 2023, took office as General Manager on June 1, 2023.

Note3 : Newly elected as Director on May 25, 2023.

(2) Shares are transferred to and from related parties:

Name	Reasons for Transfer	Transfer Date	Transferee	Relation with the Transferee	Shares	Transfer Price
Pan, Yung-Chung	Gift	2023/10/11	Yu, Hsiu-Mei	Spouse	900,000	-

(3) Shares are pledged with related parties: None.

9. Relationship among the Top Ten Substantial Shareholders

July 6, 2023; Unit: shares

Name	Current Shareholding		Spouse/Minor Shareholding		Shareholding by Nominees		Name and Relationship between the Company's 10 Largest Shareholders, or Spouses or Relatives within the Second Degree of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
LGT Bank (Singapore) Ltd.	9,936,000	2.16%	0	0	0	0	None	None	
FUBON LIFE INSURANCE CO., LIMITED-TWOTC-FFI	9,764,000	2.13%	0	0	0	0	None	None	
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool	8,918,000	1.94%	0	0	0	0	None	None	
Pan, Yung-Chung	7,575,046	1.65%	0	0	0	0	None	None	
Yeh, Yu-Fen's trust property account under custody of Cathay United Bank	7,380,227	1.61%	0	0	0	0	None	None	
Chunghwa Post Co., Ltd.	6,948,000	1.51%	0	0	0	0	None	None	
HSBC Bank Escrow Account under Morgan Stanley & Co. International Plc	6,510,996	1.42%	0	0	0	0	None	None	
FARGLORY LIFE INSURANCE CO., LTD.	5,837,000	1.27%	0	0	0	0	None	None	
First Commercial Bank, Ltd	5,463,000	1.19%	0	0	0	0	None	None	
Yuanta Taiwan High Dividend Low Volatility ETF Account	5,409,000	1.18%	0	0	0	0	None	None	

10. Information on Investees of Comprehensive Shareholding Ratio

December 31, 2023; Unit: Thousand shares; %

Invested Company(Note 6)	Investment by PRIMAX		Investment by Directors/ Supervisors/ Managers and by Companies Directly or Indirectly Controlled by the Company		Total Investment	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage
Dongguan Primax Electronic & Telecommunication Products Ltd.	-(Note 1)	100.00	-	-	-(Note 1)	100.00
Primax Electronics (KunShan) Co., Ltd.	-(Note 1)	100.00	-	-	-(Note 1)	100.00
Primax Electronics (ChongQing) Co., Ltd.	-(Note 1)	100.00	-	-	-(Note 1)	100.00
Beijing Destiny Electronic Technology Co., Ltd.	-(Note 1)	100.00	-	-	-(Note 1)	100.00
Primax Destiny Co., Ltd.	0.5	100.00	-	-	0.5	100.00
Polaris Electronics Inc.	1,600	100.00	-	-	1,600	100.00
Primax Industries (Hong Kong) Ltd.	602,817	100.00	-	-	602,817	100.00
Primax Technology (Cayman Holding) Ltd.	285,067	100.00	-	-	285,067	100.00
Primax Industries (Cayman Holding) Ltd.	8,147,636	100.00	-	-	8,147,636	100.00
Destiny Technology Holding Co., Ltd.	1,050	100.00	-	-	1,050	100.00
Diamond (Cayman) Holdings Ltd.	129,050	100.00	-	-	129,050	100.00
Gratus Technology Corp.	300	100.00	-	-	300	100.00
Tymphony Worldwide Enterprises Ltd.	192,251	100.00	-	-	192,251	100.00
TYP Enterprises, Inc.(Note 2)	0.39	77.01	-	-	0.39	77.01
Tymphony HK Ltd.(Note 2)	111,199	77.01	-	-	111,199	77.01
Tymphony Logistics, Inc.(Note 2)	154	77.01	-	-	154	77.01
Tymphony Acoustic Technology (Huizhou) Co., Ltd. (Note 2)	291,493	77.01	-	-	291,493	77.01
Dongguan Tymphony Acoustic Technology Co., Ltd. (Note 2)	-(Note 1)	77.01	-	-	-(Note 1)	77.01
Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd. (Note 2)	-(Note 1)	77.01	-	-	-(Note 1)	77.01
Tymphony Acoustic Technology HK Ltd. (Note 2)	321,971	77.01	-	-	321,971	77.01
Tymphony Acoustic Technology (UK) Limited (Note 2)	308	77.01	-	-	308	77.01
Tymphony Acoustic Technology Europe, s.r.o.(Note 2)	144,625	77.01	-	-	144,625	77.01
Tymphony Acoustic Technology Limited (Note 2)	3,851	77.01	-	-	3,851	77.01
Primax AE (Cayman) Holdings Ltd.	48,200	100.00	-	-	48,200	100.00
Tymphony Acoustic Technology (Thailand) Co., Ltd.(Note 2 and 3)	5,998	77.01	-	-	5,998	77.01
Primax Electronics (Singapore) Pte.Ltd.	40,100	100.00	-	-	40,100	100.00
Primax Electronics (Thailand) Co.,Ltd.	1,244	99.99	-	-	1,244	99.99
Tymphony Acoustic Technology (Singapore) Pte. Ltd.(Note 4)	0 (Note 5)	100.00	-	-	0 (Note 5)	100.00

Note1 : This is a company with limited liability, so no shares are issued.

Note2 : Indirect holding of 77.01% of its shares through Tymphony Worldwide Enterprises Ltd.

Note3 : Investment in 99.99% of its shares through Tymphony Acoustic Technology HK Ltd.

Note4 : Indirect holding of 100.00% of its shares through Tymphony Worldwide Enterprises Ltd.

Note5 : As of December 31, 2023, no funds have been invested.

Note6 : Investments accounted for using equity method.



Chapter 4 Capital Overview

1. Capital and Shares

(1) Sources of Capital

February 29, 2024 Unit: NT\$1,000; thousands shares

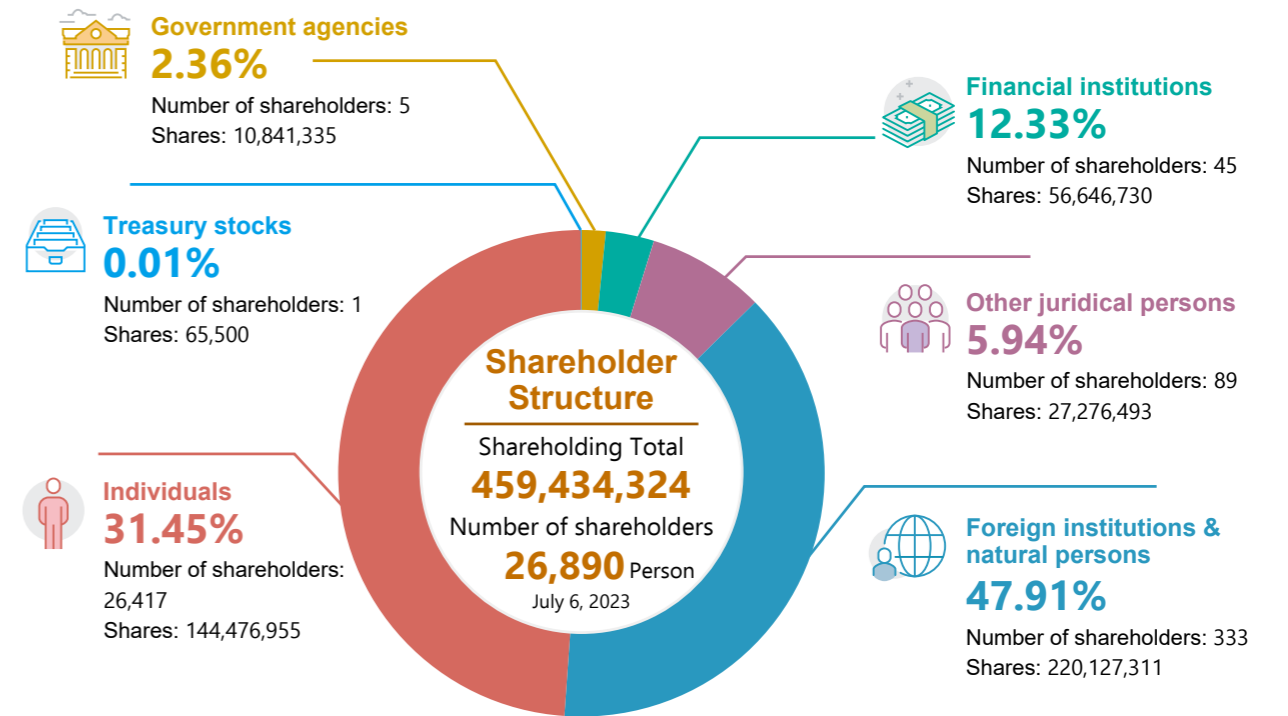
Year and month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Others
2023.03	10	550,000	5,500,000	459,434	4,594,343	Issuance of new restricted employee shares NT\$11,450 thousands.	None	Note 1
2023.08	10	550,000	5,500,000	463,075	4,630,748	1. Cancellation of new restricted employee shares issued of NT\$995 thousands. 2. Issuance of new restricted employee shares as stock dividends: NT\$37,400 thousands.	None	Note 2
2023.12	10	550,000	5,500,000	462,974	4,629,738	Cancellation of new restricted employee shares issued of NT\$1,010 thousands.	None	Note 3

Note1 : Issued by the Ministry of Economic Affairs, R.O.C. No. 11230026470 dated March 1, 2023.
 Note2 : Issued by the Ministry of Economic Affairs, R.O.C. No. 11230158550 dated August 23, 2023.
 Note3 : Issued by the Ministry of Economic Affairs, R.O.C. No. 11230224830 dated December 7, 2023.

February 29, 2024 Unit: Shares

Share Type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	462,973,824	87,026,176	550,000,000	Listed

(2) Shareholder Structure



(3) Dispersion of Equity Ownership

July 6, 2023 Unit: Person/Share

Shareholding range	Number of shareholders	Shares	Percentage (%)
1 to 999	2,688	456,022	0.10%
1,000 to 5,000	20,310	39,152,216	8.52%
5,001 to 10,000	1,963	16,203,940	3.53%
10,001 to 15,000	516	6,745,172	1.47%
15,001 to 20,000	379	7,127,971	1.55%
20,001 to 30,000	272	7,073,546	1.54%
30,001 to 40,000	137	4,966,288	1.08%
40,001 to 50,000	90	4,268,649	0.93%
50,001 to 100,000	188	13,875,879	3.02%
100,001 to 200,000	106	14,729,715	3.21%
200,001 to 400,000	76	22,262,355	4.85%
400,001 to 600,000	28	13,851,808	3.01%
600,001 to 800,000	31	21,424,363	4.66%
800,001 to 1,000,000	18	16,108,395	3.51%
1,000,001 or more	88	271,188,005	59.03%
Total	26,890	459,434,324	100%

(4) List of Major Shareholders

July 6, 2023 Unit: Shares

Name of major shareholder	Shares	Percentage (%)
LGT Bank (Singapore) Ltd.	9,936,000	2.16%
FUBON LIFE INSURANCE CO., LIMITED.-TWOTC-FFI	9,764,000	2.13%
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool	8,918,000	1.94%
Pan, Yung-Chung	7,575,046	1.65%
Yeh, Yu-Fen's trust property account under custody of Cathay United Bank	7,380,227	1.61%
Chunhwa Post Co., Ltd.	6,948,000	1.51%
HSBC Bank Escrow Account under Morgan Stanley & Co. International Plc	6,510,996	1.42%
FARGLORY LIFE INSURANCE CO., LTD.	5,837,000	1.27%
First Commercial Bank, Ltd.	5,463,000	1.19%
Yuanta Taiwan High Dividend Low Volatility ETF Account	5,409,000	1.18%

(5) Market Price, Net worth, Earnings, Dividends per share, and Relevant Information for the Most Recent Two Fiscal Years

Item	Year	2022	2023	Current year up to February 29, 2024 (Note 5)	
		Market price per share	Highest	72.1	73.9
	Lowest	50.0	55.1	64.2	
	Average (Note1)	58.95	63.78	67.62	
Net worth per share	Before distribution	35.67	36.75	-	
	After distribution	31.76	32.75 (Note 2)	-	
Earnings per share	Weighted average shares	449,522	452,268	-	
	Earnings per share	6.1	5.5	-	
Dividends per share	Cash dividend (Note 4)	3.9	4 (Note 2)	-	
	Stock dividend	From retained earnings	0	0	-
		From capital surplus	0	0	-
	Cumulative unpaid dividends	0	0	-	
Return on investment (Note 3)	Price/Earnings ratio	9.66	11.6	-	
	Price/Dividend ratio	15.12	15.95 (Note 2)	-	
	Cash dividend yield(%)	6.62%	6.27% (Note 2)	-	

Note1: The average market price of each year is calculated based on the transaction value and volume of each year.

Note2: The proposed distribution of the Company's 2023 earnings has been approved by the Board of Directors on February 26, 2024 and has not yet been approved by the shareholders' meeting.

Note3: Price/Earnings ratio = Average closing price per share for the current fiscal year /Earnings per share.

Price/Dividend ratio = Average closing price per share for the current fiscal year/Cash dividend per share.

Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note4: The Company's dividend payment rate for the earnings distribution in 2022 was 63.93%, respectively, and the estimated dividend payment rate for the 2023's earnings distribution is 72.73%.

Note5: As of the date of publication of the annual report, there is no financial information for the first quarter of 2024 has been audited and certified by CPAs.

(6) The Company's Dividend Policy and Implementation Status**i. The dividend policy stipulated in the Company's Articles of Association:**

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to cover accumulated losses and allocate 10% of the remaining net earnings as the Company's legal reserve unless and until the accumulated legal reserve reaches the Company's paid-in capital. In addition, after the appropriation or reversal of special reserve according to relevant laws and regulations, for the undistributed surplus at the beginning of the same period as the cumulative earnings distributable to shareholders, the Board of Directors shall put forward a surplus distribution proposal and submit it to the shareholders' meeting for resolution.

The Company's dividend policy is formulated by the Board of Directors based on its operating conditions, capital expenditure budget, future capital needs, and long-term financial planning while having the shareholders' interests and the balance of dividends considered. In the current stage of the dividend policy, in the absence of other special circumstances, the principle of not less than 50% of the current year's surplus after tax prevails. If the surplus is distributed as stock dividends or cash dividends, the distribution ratio of cash dividends shall not be less than 10% of the total dividends, but this distribution ratio of cash dividends may be adjusted according to the overall operating conditions of the year.

ii. The proposed dividend distribution of the year:

The Company's 2023 earnings distribution plan has been passed by the board of directors on February 26, 2024. It is proposed to issue a cash dividend of NT \$1,851,727,296 (the dividend payment rate is about 72.73%) to shareholders. This case will be handled in accordance with the relevant provisions after the resolution of the shareholders' ordinary meeting on May 24, 2024.

iii.Explanation of expected major changes in dividend policy: None.**(7) Impact of Stock Dividends Issuance by the Resolution of the Shareholders on the Company's Business Performance and Earnings per Share: Not applicable.****(8) Remuneration to Employees, Directors, and Supervisors****i. The percentages or ranges with respect to remuneration to employees, directors, and supervisors, as set forth in the Company's Articles of Association:**

If there is profit at the end of a fiscal year, the Company shall appropriate 2% to 10% of the profit for the remuneration to employees and no more than 2% for the remuneration to directors. However, if the company has accumulated losses, the amount shall be set aside to cover the deficit, and then distributed to employees and directors in accordance with the aforementioned percentage.

The employee remuneration in the preceding paragraph can be distributed in the form of shares or cash, and the recipients of the said remuneration shall include the Company's employees who meet specific criteria.

The term "profit for the current year" mentioned in Paragraph 2 refers to earnings of the pre-tax benefit of the current year deducting the remuneration to employees and directors.

The remuneration distributed to employee and directors shall be adopted by the Board of Directors via a resolution with more than two-thirds of the directors present and a majority of the directors' attendance while being reported to the shareholders' meeting.

ii. The estimation of the amount of remuneration to employee, directors, and supervisors, respectively, is based on the calculation of the number of shares paid to employees as remuneration and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The remuneration distributed to employees and directors by the Company in accordance with the Company Act and the Company's Articles of Association is based on the initial estimation of amount of remuneration to employees and directors, during the preparation of mid-term and annual financial statements and listed under proper accounting accounts under the operating costs or operating expenses, based on the nature of the remuneration to employees and directors. If there is a discrepancy between the amount for distribution approved at the shareholders' meeting and the amount estimated in financial statements, it is considered as a change of estimate and is listed as profit or loss for the current period.

iii.Information on remuneration distribution approved by the Board of Directors:

1. Remuneration to employees, directors, and supervisors is distributed by cash or stock. If there is any discrepancy between the amount and the estimated amount for the fiscal year when these expenses are recognized, the discrepancy, reason thereof, and the status of treatment shall be disclosed.

The Company, a resolution of the Board of Directors on February 26, 2024, approved the proposed distribution of employee cash remuneration and director remuneration of NT \$89,330,000 and NT \$44,665,000, respectively. There are no differences between the proposed amount and the amount in the accounts.

2. The amount of employee remuneration distributed by stock and the proportion to the total net income after-tax and total employee remuneration for the current period:

This is not applicable as the Company has not proposed allocation of employee stock remuneration.

iv.Actual distribution of remuneration paid to employees and directors in the previous year (including the number, sum, and price of shares distributed), and where there is any discrepancy between the amount actually distributed and the one recognized, the sum, reason thereof, and treatment of the discrepancy shall be described:

The Company's distribution of employee cash remuneration and director remuneration in 2022 is NT \$99,830,000 and NT \$49,915,000, respectively. There are no differences between the proposed amount and the amount in the accounts.

(9) The Company's Buying Back of Shares: None.**2. The Handling Situation of Corporate Bonds, Preferred Stocks, and GDR: None.****3. Issuance of Employee Stock Options: None.**

4. New Restricted Employee Shares

(1) The new restricted employee shares that have not fully met the vesting conditions, and the impact on the shareholders' equity.

February 29, 2024

Type of new restricted employee shares	The first issue in 2020	The second issue in 2020	The first issue in 2021	The second issue in 2021	The first issue in 2022	The second issue in 2022	The first issue in 2023
Date of effective registration	2020/7/20 3,000,000 shares		2021/8/11 4,000,000 shares		2022/7/26 4,500,000 shares		2023/7/20 4,500,000 shares
Date of issuance	2020/7/30	2021/1/25	2021/10/18	2022/2/9	2022/8/9	2023/2/8	2023/8/4
Number of new restricted employee shares issued (shares)	2,260,000	740,000	3,800,000	200,000	3,355,000	1,145,000	3,740,000
Number of restricted employee shares available to issue (shares)	0		0		0		760,000
Issue price	0	0	0	0	0	0	0
Ratio of the number of new restricted employee shares issued to the total shares issued (%)	0.49	0.16	0.82	0.04	0.72	0.25	0.81
Vesting conditions for new restricted employee shares	It must meet the Company's operating results and personal performance as stipulated in the issuance rules.						
Restricted rights for new restricted employee shares	<ol style="list-style-type: none"> Employees granted new restricted employee shares, before fulfilling the vesting conditions, shall not sell, pledge, transfer, or donate them to others or perform any other means of disposal. Employees shall attend, propose, speak, and vote at the shareholders' meeting according to the trust or custody contract. In addition to the aforementioned restrictions, before the vesting conditions are met, employees' other rights after granted new restricted employee shares in accordance with the regulations, including but not limited to: dividends, bonuses, the right for being distributed with capital surplus, the subscription rights for cash capital increase, and voting rights, are the same as the ones bestowed by the Company's ordinary shares issued. 						
Custody of new restricted employee shares	In the custody of trust.						
Handling of new restricted employee shares granted or subscribed to when the vesting conditions are not fully met	For new restricted employee shares granted to employees, when the vesting conditions are not fully met, the shares will be fully withdrawn by the Company and canceled without any compensation.						
Number of new restricted employee shares that have been withdrawn or repurchased	280,000	96,000	202,500	0	116,000	30,000	20,000
Number of restricted shares with the restrictions lifted	1,820,000	644,000	2,164,500	120,000	1,058,500	334,500	0
Number of restricted shares with the restrictions not yet lifted	160,000	0	1,433,000	80,000	2,180,500	780,500	3,720,000
The ratio of the number of unreleased restricted shares to the total number of issued shares (%)	0.03	0	0.31	0.02	0.47	0.17	0.8
Impact on shareholders' equity	No significant impact.						

Note: The total number of shares issued as of Feb. 29, 2024 is 462,973,824.

(2) Name and acquisition status of managerial officers having acquired new restricted employee shares and of employees ranking among top 10 in the number of new restricted employee shares acquired:

Feb. 29, 2024 Unit: Shares

Title	Name	New restricted employee shares acquired	Ratio of new restricted employee shares issued to the total shares issued	Released			Unreleased				
				Number of released restricted shares	Issue price	Issuance Amount	Ratio of released restricted shares to the total shares issued	Number of unreleased restricted shares	Issue price	Issuance Amount	Ratio of unreleased restricted shares to the total shares issued
General Manager	Duh, Jia-Bin	5,850,000	1.26%	2,644,500	0	0	0.57%	3,205,500	0	0	0.69%
General Manager of Business Department	Pan, Yung-Tai										
General Manager of Operations	Kuo, You-Min										
General Manager of Finance and Information Department	Hsiao, Yin-Yi										
General Manager of Business Department	Chou, Yen-Chou										
Vice General Manager	Chang, Chen-Te										
Vice General Manager	Chang, Ching-Kai										
Vice General Manager	Chiang, Yan-Ying										
Vice General Manager	Wei, Hao-San										
Vice General Manager	Zhuo, Yi-Li										
Vice General Manager	Wang, Ching-Der										
Vice General Manager	Hsueh, Ya-Lin										
Vice General Manager	Hsu, Chia-Chih										
Vice General Manager	Hu, Ching-Yuan										
Accounting Supervisor	Chang, Shu-Chuen	2,735,000	0.59%	1,067,500	0	0	0.23%	1,667,500	0	0	0.36%
Head of Corporate Governance	Su, Yu-Chen										
Employee	Chang, Shih-Peng										
Employee	Yang, Chang-Lung										
Employee	Chen, Chi-Shiu										
Employee	Li, Yi-Ju										
Employee	Hu, Chih-Wei										
Employee	Chen, Chung-Yuan										
Employee	Fan, Kang-Yang										
Employee	Wu, Chang-I										
Employee	Ho, Yi-Ying										
Employee	Chang, Liang-Ping										

Note1: The total number of shares issued as of February 29, 2024 is 462,973,824.

5. The Handling Situation of Mergers and Acquisitions or the Issuance of New Shares by Other Companies

- (1) Completion of mergers and acquisitions or issuance of new shares in connection with any acquisition of shares of another company in the most recent year and up to the publication date of this annual report: **None**
- (2) Any issuance of new shares in connection with acquisition of shares of another company approved by the Board of Directors in the most recent year up to the date of publishing of this annual report: **None**

6. Status of Implementation of Capital Allocation Plans

(1) Description of the Plans

As of the quarter before the publication date of this annual report, previous issuance or private placement of marketable securities that have not been completed, or that have been completed but are yet to record any benefit within the past three fiscal years: **Not applicable.**

(2) Execution status:

As of the quarter before the publication date of this annual report, regarding the implementation of each plan mentioned in the preceding paragraph, please conduct an item-by-item analysis that compares the status of implementation and expected benefits: **Not applicable.**



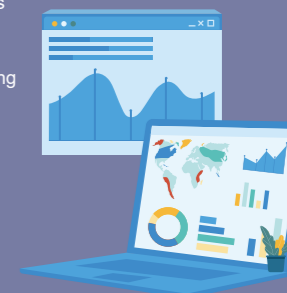
Chapter 5 Operational Overview

1. Content of Business

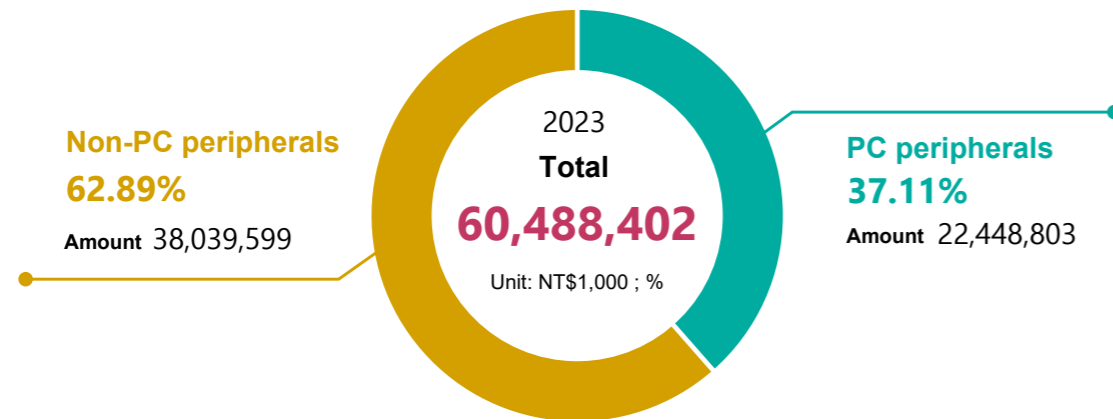
(1) Business scope

1. Main content of the Company's business activities:

CB01020 Office Machines Manufacturing	F113050 Wholesale of Computing and Business Machinery Equipment
CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing	F118010 Wholesale of Computer Software
CC01060 Wired Communication Equipment and Apparatus Manufacturing	F213030 Retail Sale of Computing and Business Machinery Equipment
CC01070 Telecommunication Equipment and Apparatus Manufacturing	F218010 Retail Sale of Computer Software
CC01080 Electronic Parts and Components Manufacturing	C805050 Industrial Plastic Products Manufacturing
CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing	CA02010 Metal Architectural Components Manufacturing
CC01110 Computers and Computing Peripheral Equipment Manufacturing	CA02090 Metal line Products Manufacturing
CE01030 Photographic and Optical Equipment Manufacturing	F401010 International Trade
F401021 Restrained Telecom Radio Frequency Equipment and Materials Import	F114030 Wholesale of Motor Vehicle Parts and Supplies
I301010 Software Design Services	F214030 Retail Sale of Motor Vehicle Parts and Supplies
	ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval



2. Percentage



3. Current products (services)

Information Products

A-1 PC Peripherals

- Wired/wireless optical mice, Wireless Bluetooth dual-mode mice
- Mechanical laptop keyboards
- Ultra-thin tablet keyboards
- Wired/wireless keyboards
- Wired backlit membrane keyboards, MFi wired keyboards
- Wireless pointers
- Laptop keyboard modules, backlit laptop keyboard modules
- Laptop touchpads
- Tap feedback/force-sensitive/haptic feedback/dynamic full-color light-effect precise multi-point touch panel modules

A-2 Gaming Products

- Wired gaming mice, wired and wireless dual-mode gaming mice, wired/wireless/Bluetooth triple-mode gaming mice
- Wired mechanical/wireless mechanical/wired optical gaming keyboards
- Wired Mechanical keyboard with magnetic axis
- Wired/Bluetooth game consoles/MFi game console for phone/smart TV remote control
- Wired/wireless gaming headphones

A-3 Business Equipment Product

- Image scanners, printers, multifunctional office machines, and office automation products
- Office scanner modules
- Development of control panels for monochrome/color printers/development of control panels for multifunctional office machines
- Development of scanner software and firmware module/development of control panels for monochrome/color printers/development of control panels for multifunctional office machines
- Thermal induction/thermal transfer label printers


A-4 Multifunctional Docks

- Intel Thunderbolt 3/4 docks
- USB-C docks
- USB-C Travel power docks with integrated power supply
- Wireless charger docks
- Integrated expansion base (Stand docks)
- Content creation docks, live streaming and post production controllers

A-5 Wireless Charging

- 5 - 15W Qi-certified finished modules and devices for receiving (Rx) and transmitting (Tx) power

- 30W medium- and high-power modules and devices for receiving (Rx) and transmitting (Tx) power
- MagSafe (MFM) related wireless charging devices and modules
- 10W - 40W wireless charging solution with large area and non-fixed positioning for phone fast charging
- 10W - 15W magnetic wireless charging modules, applicable to phone fast charging
- 10W - 15W Qi-certified original equipment multi-coil wireless in-car charging modules, applicable to fast charging
- <5W low-power wireless charging modules for NFC-like hearing aids and other medical or miniaturized IoT devices



Smart Lifestyle

B-1 Consumer Speaker

- Smart voice-controlled speakers
- Bluetooth portable amplifiers
- One-piece surround speakers (2.1 and 5.1 channels)
- One-piece surround speakers supporting Dolby stereo specifications
- Computer/acoustic speakers

B-2 Headphones

- Wireless earbud headphones
- Headsets
- True wireless Bluetooth headphones
- Headphones for games
- Voice-controlled speakers

- Smart home wireless speaker systems
- Portable wireless amplifiers
- Speaker drivers

B-3 Microphones

- Speaker drivers
- Noise-cancelling true wireless earbud headphones
- True wireless Bluetooth hearing aid earphones
- USB smart microphones
- Wireless Smart Microphone

Automotive and AIoT

C-1 Automotive Electronic Products

1. Automotive Camera Modules

- Reversing and rear-view auxiliary camera modules
- Triple-camera modules for advanced driving assistance
- Camera modules and controllers for advanced driving assistance
- L4/L5 Camera modules for autonomous driving
- Camera modules for driving monitoring and in-vehicle detection
- Panorama camera modules
- ToF Time-of-Flight range sensor camera modules

2. Automotive IoT Product

- V2X imaging system
- V2X cameras
- Camera for advanced driving assistance
- V2X gateway device
- V2X smart sensors

3. Car Audio Products

- Portable speaker for cars
- In-Car Sound System

C-2 Smart IoT Products

1. Industrial IoT Product

- Industrial IoT Video Product
- Communication Gateway
- Security Monitoring Device

2. Smart Access Product

- Battery type smart doorbells

C-3 Vision Technology Product

1. IoT Camera Module

- AC type smart doorbells
- Smart doorbells equipped with MMW radar sensors
- 3D face recognition smart door locks
- Smart door locks
- Matter smart access control/door lock devices

2. Smart Vision Technology

- Security Control and Other B2B Camera Modules
- Camera Modules for Video Conferencing Systems
- Drone Camera Modules
- AR/MR/VR Camera Modules
- Smart Robot Camera Modules
- Smart speaker/home central device camera modules
- Smart Doorbell/Smart Door Lock Camera Modules
- Intelligent Networked Fitness Device Camera Modules
- Smart Shop Camera Modules

3. Surveillance Products

- WiFi 6E Household network storage devices
- WiFi 6E Home wireless fast charging and wireless backup storage devices
- Smart home multimedia servers and software for audio-visual entertainment
- Ultra-high-frequency radar sensors
- Smart radar doorbells
- MMWRadar fall detection and home safety protection sensing device
- 5G Anti-riot gun digital camera
- Professional 4G LTE wireless recorder
- Ultra-high resolution digital camera
- Quick Ball digital camera
- AI digital camera
- Digital camera for traffic monitoring
- Pet surveillance camera
- 3D ToF AI Camera

4. Professional Acoustic Products

1. Professional Speakers

- Professional acoustic equipment and digital mixers for personal performance
- Professional amplifiers for professional performance venues
- Full-frequency, low-frequency, high-frequency, and various professional speaker drivers

2. Conference Products

- Video conferencing system
- Online audio conference system

4. New Products (Services) under Development Plans

Information Products

- Green computer input devices, mice, and keyboards
- High-speed mice, keyboards, and headphones for gaming
- Multi-touch accurate panels
- Control devices for conference room system
- High-speed expansion docks
- Wireless charging modules (for hearing aids, other medical and miniaturized IoT modules, etc.)

Smart Lifestyle

- Speaker driver through new processes
- Wireless Smart Microphones

Automotive and AIoT

1. Automotive Camera Modules

- Automotive camera modules
- Reversing auxiliary camera modules
- Camera modules for driverless and advanced driver assistance
- Driving and in-car surveillance camera modules
- Triple-camera modules for advanced driving assistance
- Controllers for advanced driving assistance (ECU)
- ToF Time-of-Flight range sensor module

2. Automotive IoT Product

- Intelligent vehicle-connected video system
- Intelligent car gateway device
- Intelligent vehicle-connected asset management devices
- Smart bike monitoring recorder

3. Industrial IoT Product

- Integrated wireless (Wi-Fi, LTE, Zigbee, Z-wave) communication gateway devices
- Field surveillance IoT video devices

4. Smart Access Product

- Smart doorbells
- Smart door locks

5. Smart Vision Technology

- Portable wireless network (wide area network) portable camcorders
- Home security surveillance systems
- Smart surveillance systems
- Smart video conference systems
- Smart door lock fingerprint modules

6. Surveillance Products

- WiFi 6E Household network storage devices
- WiFi 6E Home wireless fast charging and wireless backup storage devices
- Smart home multimedia servers and software for audio-visual entertainment
- Ultra-high-frequency radar sensors
- Smart radar doorbells
- MMWRadar Fall Detection and Home Safety Protection Sensing Device
- 5G anti-riot gun digital camera
- Professional 4G LTE Wireless Recorder

- Ultra-high resolution digital camera
- Quick ball digital camera
- AI digital camera
- Digital camera for traffic monitoring
- Pet Surveillance Camera
- 3D ToF AI camera

(2) Overview of the Industry

1. Industry Status and Development

I Information Products

The Group's computer peripherals are used with desktop and laptop computers, tabs, and mobile phones, including keyboards, mice, keyboard modules, trackpad modules, high-speed transmission docks, gaming devices, creator device peripherals, and wireless charging products, etc., among which keyboards and mice are the main sales items. According to Gartner's statistics from October 2023, global PC shipments in the first three quarters of 2023 were approximately 163 million units, which marked an 18.1% decline compared to the same period in 2022, slightly lower than pre-pandemic levels. However, there are several growth drivers anticipated for 2024. One of them is the expected launch of Microsoft Windows 12 in the summer of 2024. This release is projected to trigger a wave of upgrades, leading to a surge in global PC shipments and promising future market prospects.

In recent years, the Group has successfully expanded into new technological areas. The development of technology related to audiovisual creator products has been completed. This includes providing high-speed expansion docks for commercial users and highly programmable controllers tailored for individual creators. These advancements empower users with a more comprehensive and diverse selection in multimedia creation, live streaming, gaming, and other applications.

Wireless charging is also a key focus of industry development. With advantages such as ease of use, portability, protection against electric shocks, and flexibility, it contributes to the growth of the global wireless charging market. Additionally, the increasing popularity of the Internet of Things (IoT) is driving demand for wireless charging. According to forecasts by IMARC Group, the global wireless charging market is expected to reach a value of US\$33.6 billion by 2028, with a compound annual growth rate (CAGR) of 13.77%. In the automotive sector, dual-charging wireless systems supporting both drivers and passengers have been successfully developed. In the future, in combination with relevant applications, such as NFC & Bluetooth, the convenience of wireless charging systems will be enhanced, which will realize business opportunities in the mobile office inside the car.

II Smart Lifestyle

Acoustic products mainly include a variety of integrated products and parts related with audio application such as speaker systems, headphones, power amplifiers, speaker manufacturer, microphones, and answering machines.

Speaker systems mainly include Bluetooth speakers, wireless speakers, smart speakers, sound bars, and Hi-Fi systems. In recent years, with the economic growth and the continuous innovation of audio signal technology, consumers' demand for speaker products with high performance and advanced technology has been increasing. Smart speakers can acquire high-quality contents on the Internet; combined with artificial intelligence technology, they have provided a better user experience, broadened the application boundaries of acoustic products, and accelerated the rapid development of the acoustic industry.

With the rapid development of the audiovisual entertainment industry and consumer electronics industry, headphones have been widely used in mobile phones, music players, and computers. In early days, headphones were connected to audio players through wires. In recent years, with technological innovation, major consumer electronics manufacturers and technology companies have entered the headphones industry, driving the development of the headphones industry in technology, scale, and application fields, to provide consumers with headphones products that are better in sound quality, more portable, a better smart interactive experience.

III Automotive and AIoT

With the promotion for driving safety requirements and the development of autonomous driving technology, cars are increasingly relying on advanced driver assistance systems (ADAS). Some countries mandate safety standards for new car models, which boosts the demand for automotive camera modules. As autonomous driving technology advances, the application of camera modules extends beyond driving safety to include perception of the vehicle's surroundings and autonomous driving capabilities.

At the same time, the increasing demand for personal vehicles and the development of autonomous driving and active safety systems are driving the growth in demand for automotive audio systems. Consumers' expectations for rich user experiences and in-car entertainment continue to rise, making high-quality automotive audio systems an important feature within vehicles. Market research reports indicate that the size of the automotive audio market is expected to increase from US\$5.5 billion in 2022 to US\$7.9 billion in 2030, with a compound annual growth rate of 5.30%.

Besides, benefiting from the development of cloud computing, artificial intelligence, and edge computing, the market demand for smart doorbells and smart door locks has increased significantly. With the camera and intercom function of the doorbell, consumers can still make video calls with visitors even when they are not at home. Smart door locks digitize keys and incorporate 3D facial recognition technology, offering consumers diverse, secure, and convenient unlocking methods.

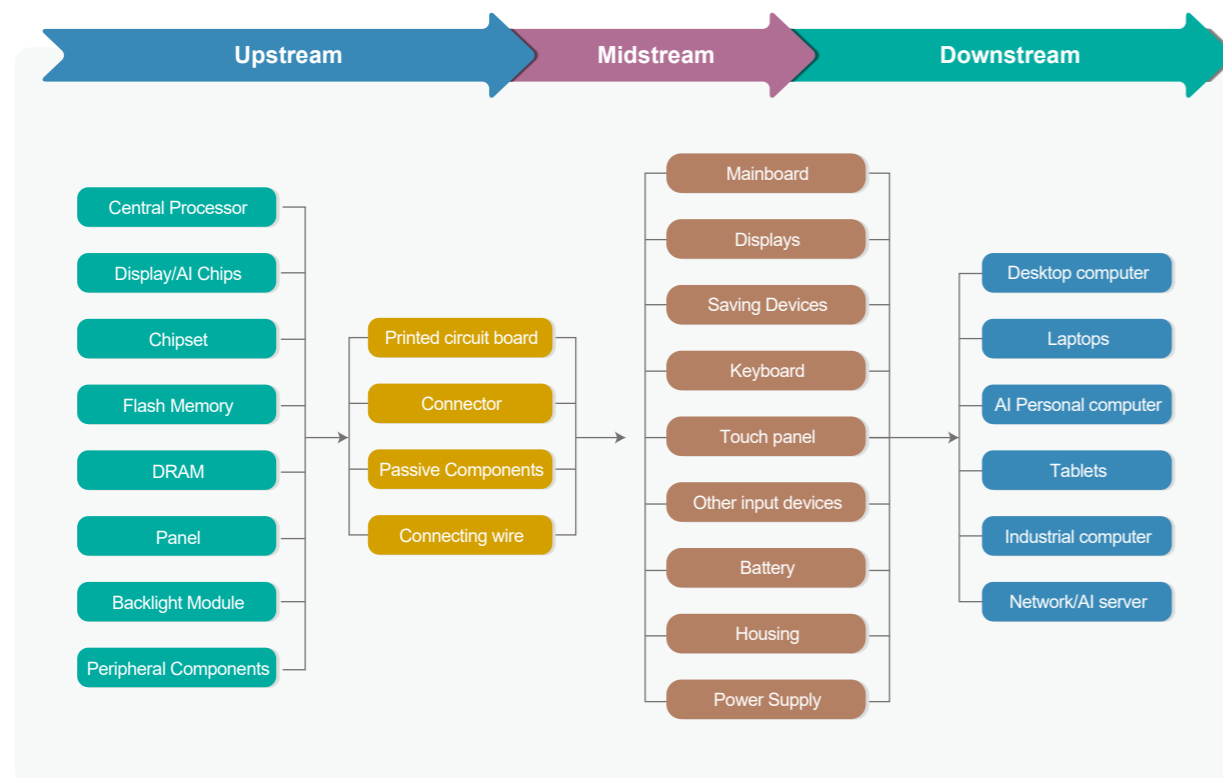
The pandemic has changed global work patterns, driving the development of high technology and digitization industries. There has been a significant increase in demand for remote meetings, education, healthcare, and other fields, accelerating the innovation and application of related technologies. Artificial intelligence (AI) smart imaging systems have played a crucial role in image recognition, analysis, and processing. Through deep learning and machine learning technologies, not only has the image quality of cameras been improved, but AI applications have also been brought to various industries.

The global impact of the COVID-19 pandemic has made video conferencing systems the primary communication method for users, bringing about significant changes. This new method of communication breaks geographical barriers and fosters cross-border collaboration. Meanwhile, the demand for AI smart imaging systems continues to increase, with applications expanding into emerging fields such as the metaverse and virtual mixed reality, creating more realistic and intelligent experiences.

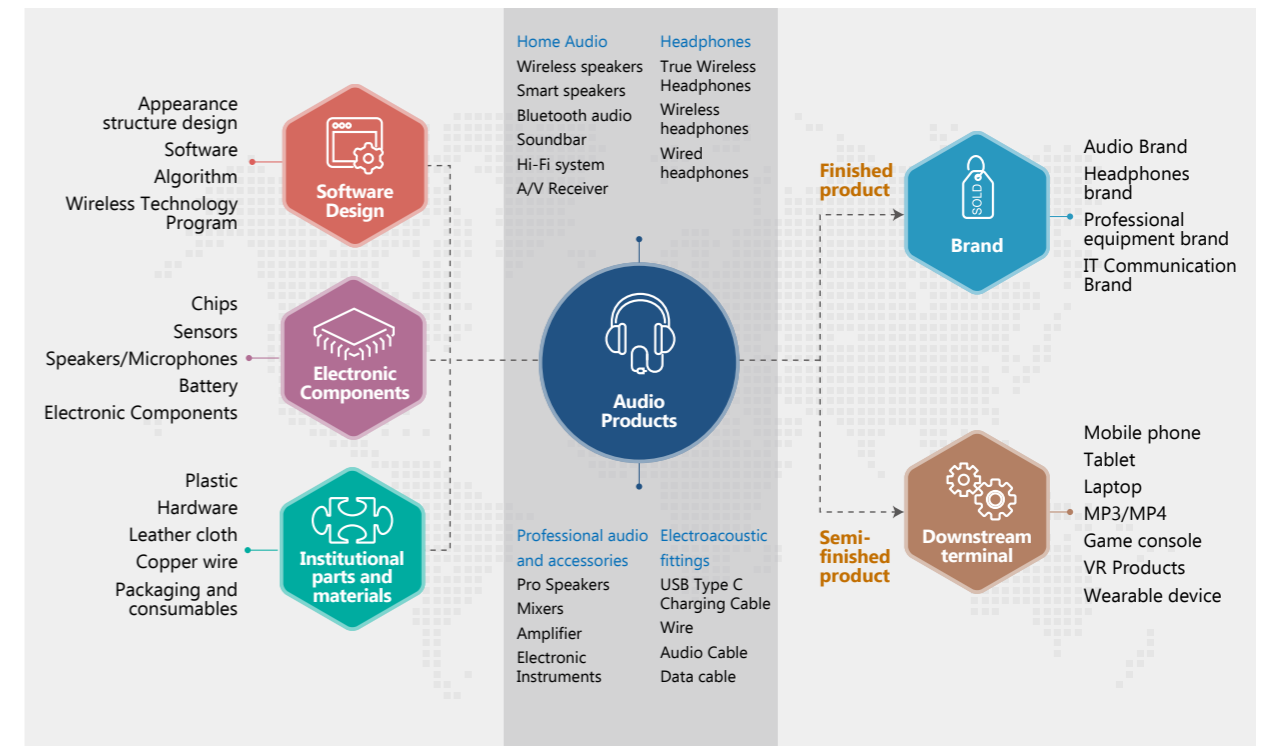
The increase in demand for home security, smart cities, intelligent transportation, and personal safety has led to the flourishing development of the security surveillance industry. Many manufacturers are introducing more diverse and comprehensive high-definition video surveillance products, integrating them with mobile devices and cloud computing. This significantly enhances the immediacy and convenience of security protection while reducing the complexity and costs of equipment deployment. Key technologies include artificial intelligence, edge computing, and high-speed wireless transmission technologies such as WiFi 6E and 5G. Continuous innovation in technology and applications has enabled the global security surveillance market to maintain double-digit growth momentum.

2. Links between the upstream, midstream, and downstream segments of the industry

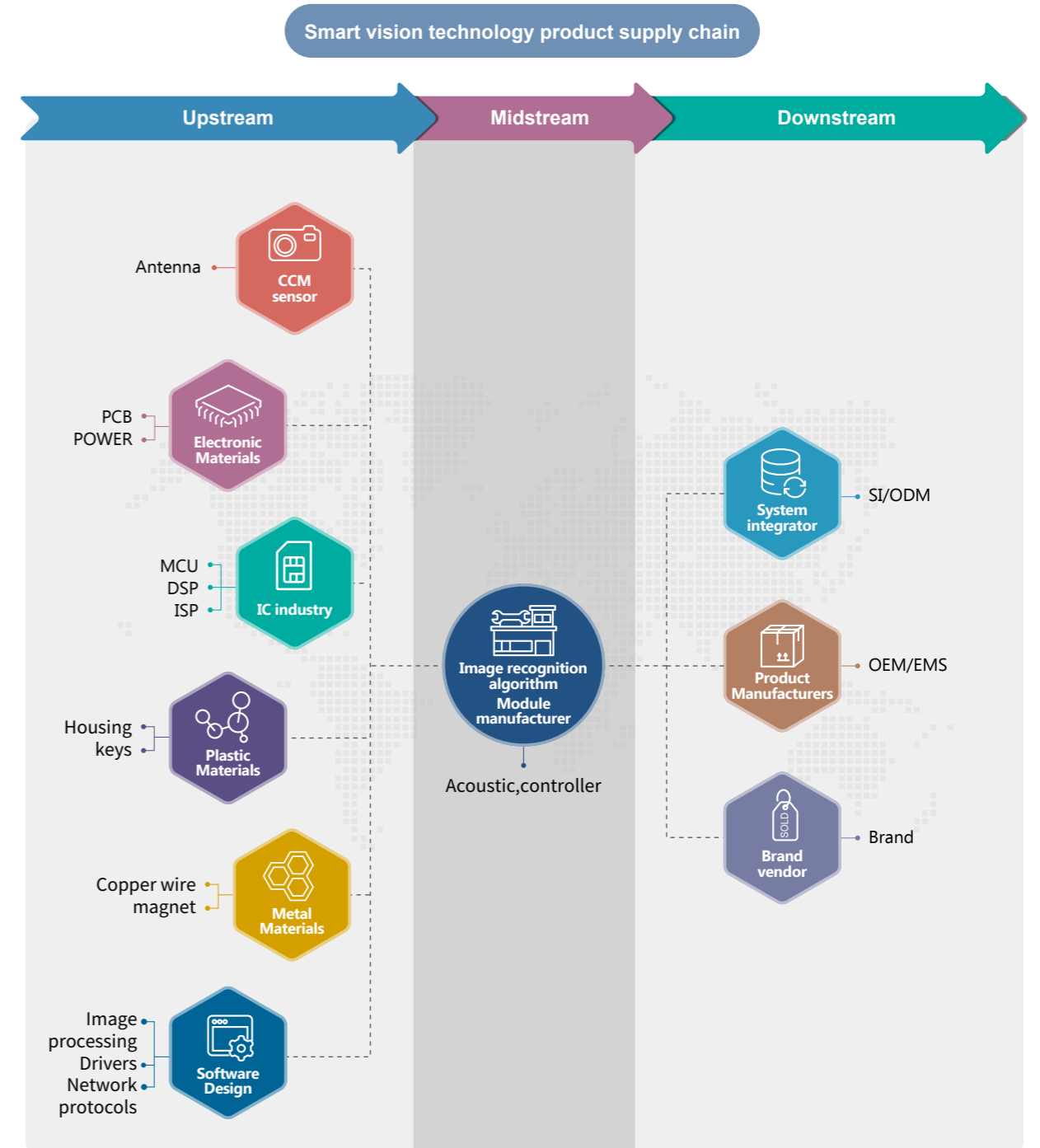
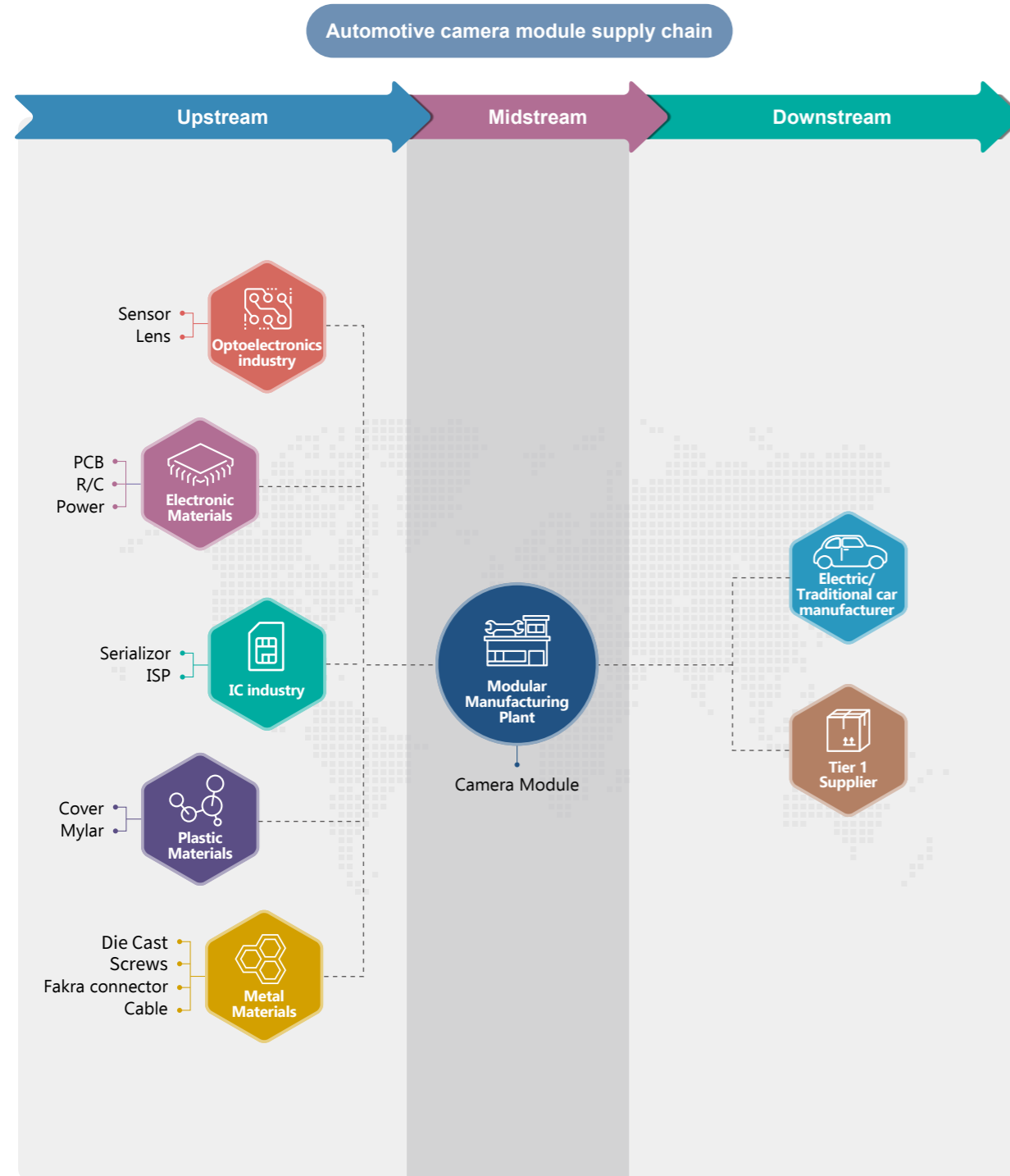
I Information Products



II Smart Lifestyle



III Automotive and AIoT



3. Competition of products

I Information Products

Although input methods such as voice input and motion sensing input for PCs are currently available, keyboard or mouse input devices are still a mainstream option in terms of input recognition, input efficiency, and terminal usage scenarios. As information and electronic products trend towards being lightweight, compact, and easy to carry, the characteristics of touch panels being able to receive and transmit information are widely applied in portable electronic products. However, desktop and laptop computers still primarily use keyboards as the main computer input method. To address this issue, the Group has developed a high-precision haptic feedback touchpad that can be used for extended periods, solving the problems of input accuracy and convenience.

In addition to conventional input applications, programmable controllers have become increasingly popular due to the demand for more personalized and specialized functionalities. This trend represents a market segment that the Group has targeted within the traditional human-machine interface market, aiming to gain a higher market share.

II Smart Lifestyle

With the continuous development of technology and the evolution of consumer demands, market trends closely align with our core capabilities. The Group's technological strengths include independently developed speaker components, audio engineering integration, mechanism and material development, digital signal processing, and automated production. Addressing various audio needs, the Company can quickly adjust and adapt, providing customers with high-quality audio and intelligent audio systems.

III Automotive and AIoT

The automotive camera module market is fiercely competitive, with competitors mainly consisting of large automotive component manufacturers and technology companies. Competition focuses on technological innovation, superior performance, cost-effectiveness, and quality assurance. Companies are actively introducing new technologies such as low-light noise reduction and high dynamic range (HDR) image processing to enhance the performance of camera modules. Additionally, collaboration with automotive manufacturers and brand reputation are important factors in competition, contributing to increased market share and influence for products.

In addition to striving for stable development of existing product lines, the Group is actively planning to develop new product lines with the most market potential. Applications related to smart vision technology are taken as the focus of development. The product categories include smart doorbells and portable security video devices, home digital audio and video smart surveillance system, digital smart video conference system, smart access control system, and smart surveillance system. In terms of market competition, manufacturers are actively innovating to meet the constantly changing user demands. Additionally, security and privacy protection have become crucial considerations for purchasing decisions, with products differentiating themselves in areas such as data encryption and identity authentication. PRIMAX masters key image processing engineering capabilities and has high-quality mass production capabilities, which will make the Company stand out from the competition.

(3) Overview of Technologies and R&D

1. Overview of invested R&D expenses

Unit: NT\$1,000

Year	R&D expenses	Ratio to operating revenue (%)
2023	3,089,186	5.11%

2. R&D accomplishments in the most recent fiscal year and as of the publication date of the annual report

Year	R&D results
2022	<ul style="list-style-type: none"> Design and development of wireless high-transmission e-sports mouse Design and development of wireless ultra-light e-sports mouse Design and development of live video controller Design and development of a new generation of force-sensing-based precise multi-point touch panel modules Design and development of a new generation of touch feedback-based precise multi-point touch panel modules Design and development of 3D face recognition smart doorbell/door lock Design and development of hemispherical outdoor anti-riot camera Design and development of hemispherical indoor camera Design and development of gun-shape anti-riot camera Design and development of intelligent image AI recognition system and algorithm Design and development of MMW smart doorbell Design and development of professional cameras Design and development of pet cameras Design and development of garage cameras Design and development of MMW radar and camera fusion system Design and development of MMW radar fall detection devices and algorithm Design and development of thermal transfer label printer Design and development of high-speed DADF scanners Design and development of clip-on wireless smart microphone Design and development of smart e-sports headphones Design and development of new portable conferencing audio device Design and development of AI microphone noise reduction technology Design and development of small space audio speaker Design and development of space audio speaker and sound correction mobile phone software
2023	<ul style="list-style-type: none"> Design and development of innovative wireless mouse with a built-in charging scroll Design and development of wireless keyboard with solar/ambient light charging capability Design and development of electromagnetic vibration-based touchpad Design and development of capacitive pressure sensing technology touchpad Design and development of content creator control software and algorithms for button controller application Design and development of audio conferencing computer docking station Design and development of USB 4.0-enabled computer docking station Design and development of computer docking station with remote control and upgrade capability Design and development of button controller with microphone input interface and customizable image and function settings Design and development of touch controller with automatic detection of panel activation and corresponding software functions Design and development of 8-coil dual-channel wireless charging module for automotive use Design and development of wireless low-latency e-sports headphones Design and development of USB high-fidelity smart e-sports headphones Design and development of pressure-sensitive keys for e-sports laptops Design and development of high-pressure sensation protective cover keyboard Design and development of high-speed autofocus camera with time-of-flight range technology Design and development of camera with automatic detection capability and deformation correction whiteboards Design and development of AI smart camera with brushless DC motor control Design and development of AI smart camera utilizing person tracking technology Design and development of AI smart camera with gesture control functionality Design and development of the fourth generation of professional law enforcement cameras Design and development of POV Professional Camera Design and development of the second generation of 3D face recognition smart door lock Design and development of OTS Smart Lock Design and development of Mini Dome AI Camera Design and development of Micro Dome AI Camera Design and development of 5G Bullet Surveillance AI Camera

(4) Long- and short-term business development plans

1. Short-term business development plans

- Continuously increase market share in information products, smart living, automotive, and IoT products.
- Improve product and service quality to meet customer needs.
- Foster strong customer relationships by engaging with customers in the early stages of product design, actively providing beneficial solutions, and growing together with customers to maintain stable order sources.
- Continuously expand the penetration rate of high-priced and high-value-added products to increase overall company profitability.

2. Long-term business development plans

- Continuously research and develop new technologies to enhance product competitiveness while also promoting environmentally friendly design to establish a comprehensive and eco-friendly safety ecosystem.
- Enhance the production automation capabilities of all manufacturing facilities to reduce manufacturing costs and shorten product lead times.
- Continuously develop new customers to expand the ongoing growth of the business.

2. Overview of the Market as well as Production and Marketing Situation

(1) Market analysis

1. Sales area of main products

Geographic Distribution	Year	2022		2023	
		Amount (NT\$1,000)	%	Amount (NT\$1,000)	%
Mainland China		28,212,456	35.60	23,867,070	39.46
Europe		20,771,566	26.21	15,358,686	25.39
USA		21,964,066	27.72	17,574,186	29.05
Others		8,292,677	10.47	3,688,460	6.10
Total		79,240,765	100.00	60,488,402	100.00

2. Market share

PRIMAX is a manufacturer of professional computer peripheral products, mobile device components, business equipment, acoustic products, and smart home-related products, with a high rating in the industry. Due to the wide variety and extensive applications of the Group's products, they encompass mice, keyboards, touchpads, laptops, smartphones, headphones, charging docks, printers, scanners, and products in the acoustic field. Since 2015, we have entered the automotive electronics market. Due to the diversity of product applications, there is currently no complete and objective market share statistical data available for reference.

3. Supply and demand in the market and growth in the future

I Information products

The peripheral products produced by PRIMAX include keyboards, mice, laptop keyboard module, touch panel modules, high-speed transmission docks, devices for e-sports and gaming creators, among which the keyboards and mice are the main sale items. With the trend of lightweight and slim design in laptops, the wave of upgrades brought by AIPC (AI Personal Computers), and the continuous development of the creator industry, overall market demand is rebounding and strengthening.

II Smart Lifestyle

The global home audio equipment market is expected to experience significant growth, increasing from US\$25.32 billion in 2021 to US\$82.07 billion in 2030, with a compound annual growth rate of 11.75%. This growth is primarily attributed to product innovation and the increasing popularity of durable electronic products among consumers.

The global headphone and headset market is expected to grow from US\$23.6 billion in 2022 to US\$48 billion in 2030, with a compound annual growth rate of 9.3%. The market is driven by the widespread adoption of music streaming services and the increasing demand for personal immersive music experiences. Additionally, with the proliferation of smartphones and changes in work patterns leading to increased demand for video conferencing, there is further expansion in the market for headphones and headsets.

The global microphone market is expected to grow from US\$2.3 billion in 2022 to US\$4.6 billion in 2032, with a compound annual growth rate of 7.1%. This trend reflects the market's demand for high-quality microphones, particularly in the entertainment, media, and public speaking sectors. With advancements in technology and changes in creator demands, the market's pursuit of advanced microphone technology is expected to continue strengthening.

III Automotive and AIoT

As autonomous driving technology and smart traffic systems become increasingly prevalent, along with the rise of in-car entertainment, the demand for automotive camera modules, automotive IoT devices, and automotive audio devices is being driven. With continuous advancements in vehicle technology, market growth stems from the development of emerging markets and technological innovation in the automotive industry.

Research firm Mordor Intelligence predicts a compound annual growth rate of 15.4% for smart doorbells and door locks between 2022 and 2029. It is projected that by 2024, the market size for smart doorbells and door locks will exceed US\$4.5 billion and US\$2.8 billion respectively. Faced with rapid market growth, PRIMAX will seize the growth opportunities in the smart IoT sector.

The pandemic has altered lifestyles, with the trend towards remote work and virtual collaboration continuing to strengthen, driving long-term demand for video conferencing systems. Many companies still adhere to remote work models, which further indicates the indispensability of efficient video conferencing systems. In the competitive market, innovation in security protection and privacy control will be key differentiating factors. Concerns about data security from both enterprises and users prompt vendors to provide more reliable security solutions, thereby gaining more market share. Therefore, video conferencing systems with high resolution and integrated artificial intelligence technology will exhibit strong and sustained demand. According to data from Grandview Research, the video conferencing device market is expected to grow at a compound annual growth rate of approximately 12.5% between 2022 and 2030, reaching an estimated US\$19.7 billion.

4. Competitive niches

A. People-machine interface integration technology and software development capacity

PRIMAX has an experienced software R&D team with the R&D capabilities of human-machine interface software and hardware. It not only helps customers improve product operation interfaces but also actively researches and develops highly user-friendly software, converting it to consumer electronic products widely accepted by the general consumers, such as personal network servers and wireless hard drives. These new applications that are integrated and developed from the existing technologies will become a big advantage for future development.

B. Sufficient production capacity and economies of scale

PRIMAX has decades of experience in the development, design, and manufacturing of imaging products and embedded devices, with a strong technological development team and strict manufacturing and quality management processes. Our strong R&D team can immediately adjust the production process and assist customers in optimizing their existing products to fulfill their needs. Additionally, PRIMAX has successively set up production bases in Thailand, Dongguan, Kunshan, Chongqing, and Huizhou in China, to continue to increase the production capacity. With efficient economies of scale and flexible capacity allocation, we have enhanced the difficulty for new competitors to enter the market.

C. Global logistics-based production

The Group operates our management under a global logistics strategy, providing high-quality products and logistical support. With excellent manufacturing process management and highly flexible production capabilities, we have established production and distribution networks in Thailand, Dongguan, Kunshan, Chongqing, Huizhou in China, and other locations. Additionally, to offer localized customer service and to stay close to the market, we shorten product delivery times through our global real-time supply warehouses in the United States, the Netherlands, China, and other regions, ensuring stable and prompt service for our customers and improving production efficiency.

D. Maintain deep partnership with international manufacturers

The Group focuses on the research and development of PC peripherals, mobile camera modules, business equipment, smart home, and electroacoustic-related products. We have gained international recognition for our quality and reliability. As strategic partners with our clients, we deeply engage in key technology developments to understand market trends. Over the years, we have established great cooperative relations with upstream and downstream industries. In the future, they will also be important partners for close cooperation with major manufacturers when developing new products.

5. Favorable and unfavorable factors of development prospect and response strategies

■ Favorable factors:

PRIMAX has established production bases in Thailand, Dongguan, Kunshan, Chongqing, and Huizhou in China in order to serve local customers in proximity. In recent years, PRIMAX has gained customers' recognition in product development technological capabilities as well as rich production resources, and we are able to provide the most complete services in a timely manner for our customers. With our professional development technological capabilities and great production management model, we can effectively reduce the production cost and expand business opportunities in the competitive market.

■ Unfavorable factors:

A. Shortened product life cycle

Information, communications, and consumer electronics products are changing rapidly, and product life cycles are shortening, which leads to increased management risks and challenges for inventory and cash flow management within the Company. Additionally, the shortened timeframes for product development, design, and mass production also test the professional and managerial capabilities of the Group.

Response measure:

PRIMAX actively develops new technologies to enhance its R&D capabilities and continues to train R&D personnel to improve the production efficiency and the yield rate to shorten the product development cycle. In addition, the Group has established long-term and good cooperative relations with a number of well-known domestic and foreign manufacturers. During the initial stages of product development, we fully understand customer needs and market trends, so that we can quickly develop and produce products that meet market needs. In addition, strict control of raw materials of special specifications, actively reducing inventory, and reducing the loss of product sluggishness can effectively reduce costs and improve market competitiveness.

B. Fierce price competition undermines profit margin

The vigorous development of electronic products has driven the market demand for relevant components for computer peripheral products, mobile camera modules, and business equipment products. At the same time, it intensifies market competition, leading to increased price pressures on products and impacting profit margins.

Response measure:

The Group focuses on enhancing its core competitiveness, strengthening product R&D technology and manufacturing capacity, continuously improving product processes through product design to reduce material consumption, and introducing advanced production equipment to improve production efficiency, while continuously expanding products with higher gross margins and added-value to seek product differentiation and create market distinctions, while maintaining close cooperation with existing customers to stabilize existing markets.

C. Labor shortages and rising labor costs in China

In recent years, rising wages and rapid economic development in mainland China have reduced the willingness of the working population to stay in coastal areas. As a result, labor shortages and increasing labor costs have led to higher operating costs for businesses.

Response measure:

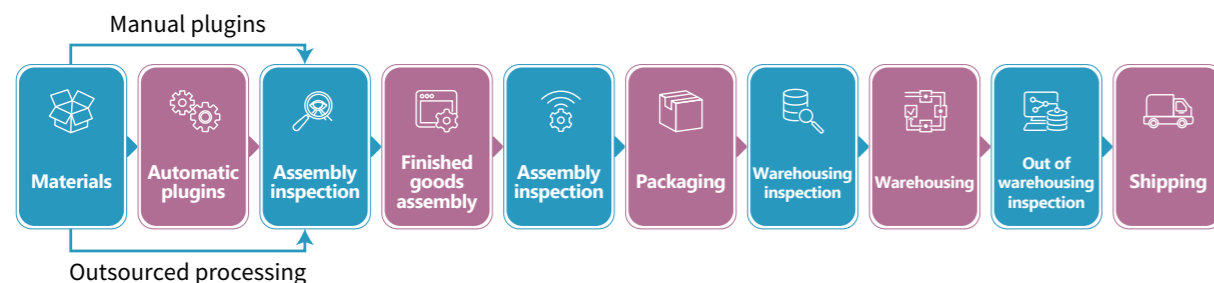
In order to improve labor issues and reduce labor costs, the Group actively introduced modular automated production equipment and processes to improve production efficiency and reduce labor costs. At the same time, through the improvement of its production process, process simplification, automated testing and other fields, and set up a dedicated unit responsible for the design, production and introduction of precision molds and automated assembly equipment, in order to master the production process and control product quality. The Group continuously develops highly automated production and online inspection equipment to further enhance efficiency and reduce production costs.

(2) Important uses and production process of main products

1. Important uses of main products

Main products and services	Important uses or functions
Mouse	Control computer cursor and scrolling of wheel, to enable easy operations in the window operating systems
Keyboard	Enable input of characters and provide other convenient computer shortcut keys
Touch panel	Use your finger to control your computer cursor, scrolling of wheel, and other convenient controls
Wireless charging device	Provide a supply of electricity and the charging function to mobile phones, tablets, laptops, consumer electronics, industrial products, machine tools, household products, medical equipment
Micro-camera module	Applicable to mobile phones, tablets, commercial and home surveillance devices, smart TVs, game consoles, dash cam, GPS built-in camera modules, video conferencing system, and smart door lock camera module
Network camera module	Applicable to laptops, LCD monitors, built-in network camera modules, and externally attached network cameras
Fingerprint identification module	Applicable to mobile phones, tablets
Communications peripherals	Applicable to mobile phones or MP3 players, built-in video, external voice, data transmission, and power supply devices
Scanners	Applicable to personal computers, printers, file servers, flash drives, as well as digitization and storage of photos/documents
Multifunction printer	Applicable to photo/document scanning, photocopying, electronic document printing, and document fax for individuals, homes, offices, shops, hotels, and digital data centers
Office automation products	Applicable to photo/document destruction, lamination, and other processing modes for individuals, homes, offices, shops, hotels, and digital data centers
Wireless storage device	Applicable to audio and video entertainment, data storage, and office data storage for individuals and homes
Wireless speakers	Applicable to music appreciation, audio-visual combination, and mobile phone communication for individuals and homes
Smart speakers	Applicable to smart home control, voice inquiry about data, App linkage, and relevant service connections, and music appreciation for individuals and homes
Microphones	Applies to Voice Content Creation, Virtual Meetings, Virtual Calls, and Life Records
Smart digital imaging	Applicable to professional knowledge and skill monitoring, smart home surveillance, smart video conferencing system, image recognition, application linkage, and relevant service connections for businesses, individuals, and homes

2. Production process



(3) Supply of main raw materials

The Group's products are mainly divided into two product lines: computer peripheral products and non-computer peripheral products. In addition to the raw materials required for the Group's products purchasing through Dongguan Primax Electronic & Telecommunication Products Ltd., Primax Electronics (KunShan) Co., Ltd., Primax Electronics (ChongQing) Co., Ltd. and Primax Electronics (Thailand) Co., Ltd., the Group has set up a supply chain department at its headquarters in Taiwan to strictly monitor customer demand, inventory and supply and demand of key parts and components upstream and downstream in conjunction with the procurement and development units of various business units.

In 2023, alongside the waning pandemic, the global shortage of materials for supply also showed signs of easing. To mitigate potential external uncertainties in the future, the Company actively develops local suppliers for production and engages in strategic procurement of critical components to reduce supply chain risks and enhance production flexibility and delivery speed. Therefore, in the face of rapid changes in the market, the Group's supply chain can fully grasp the delivery date and supply sources without shortage of material sources through the establishment of information sharing mechanism with customers and suppliers, close partnership, and agility and flexibility with internal operations.

(4) Names of the customers contributed to more than 10% percent of the total purchase (sale) amount in either of the most recent two years, the amount of purchase (sale) from (to) them, and the ratio thereof, and explanation of the reason for changes in these figures.

1. Major supplier information that accounted for more than 10% of the total purchase amount in any year of the last two years: None.
2. Major sales customer information that accounted for more than 10% of total sales in any of the last two years:

Unit: NT\$1,000

Item	Year	2022			2023				
		Name	Amount	Percentage of net sales (%)	Relationships with the issuer	Name	Amount	Percentage of net sales (%)	Relationships with the issuer
1		Company A	11,850,853	15%	None	Company A	8,175,939	14%	None
2		Company B	8,055,476	10%	None	Company B	6,610,707	11%	None
		Others	59,334,436	75%	-	Others	45,701,756	75%	-
		Net Sales	79,240,765	100%	-	Net Sales	60,488,402	100%	-

The Group's main customers are mainly internationally renowned high-tech companies from diverse fields with high stability. In addition to maintaining a good relationship with existing customers, the Group has actively developed new products with a view to expanding the market and customer sources in other business sectors, while striving to diversify customers and minimize the risk of sales concentration. In the past two years, the total proportion of customers whose orders accounted more than 10% of the Group's annual revenue has remained at the same ratio.

(5) Production in the most recent two years:

Unit: NT\$1,000/1,000 pcs

Major products	Production	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
PC peripherals		190,360	76,072	26,301,337	200,899	73,514	23,335,912
Non-PC peripherals		167,916	70,003	49,179,729	108,923	39,329	38,777,336
Total		358,276	146,075	75,481,066	309,822	112,843	62,113,248

(6) Sales in the most recent two years:

Unit: NT\$1,000/1,000 pcs

Major products	Year	2022				2023			
		Domestic		Exports		Domestic		Exports	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
PC peripherals		1	245	85,147	27,128,128	1	90	64,749	22,293,699
Non-PC Peripherals		14	14,558	99,021	50,193,664	14	15,211	56,736	37,010,138
Services revenue			978		1,903,192		7,894		1,161,370
Total		15	15,781	184,168	79,224,984	15	23,195	121,485	60,465,207

3. Employee Information

The number, average service time, average age, and educational background of the employees in the most recent two years as of the publication date of the annual report.

Year		2022	2023	Current year up to February 29, 2024
Number of employees	Technician (Engineering)	3,120	2,711	2,691
	Management and business personnel	1,398	1,290	1,284
	Direct employees (including dispatched)	10,067	8,656	8,010
	Total	14,585	12,657	11,985
Average age		34.2	34.2	34.8
Average Years of Service		4.2	4.2	4.8
Education (%)	PhD	0.1%	0.1%	0.1%
	Master	5.0%	5.5%	5.8%
	University	26.2%	27.1%	27.9%
	Senior high school	27.6%	27.9%	27.0%
	Below high school	41.1%	39.4%	39.2%

Note: The above calculation scope includes indirect and direct full-time employees and dispatched direct workers.

4. Information on Environmental Protection Expenditures

In the most recent year and as of the date of publication of the Annual Report, the total amount of loss (including compensation) and disposal of the Company due to environmental pollution, and disclosure of its future coping measures (including improvement measures) and possible expenses (including the estimated amount of loss, disposal and compensation that may occur without responding to the measures, if it is impossible to reasonably estimate, it should explain the facts that it cannot reasonably estimate): None.

Environmental protection expenditure statistics can be found in Chapter 8 - Corporate Sustainability (Page 105) of this annual report.

5. Labor-management relations**(1) The Company's employee benefits for studying, training, pension systems and its implementation status as well as labor-management agreement and measures for safeguarding employees' rights and interests****1. Employee benefits and implementation status**

The Company has set up an Employee Welfare Committee in accordance with the Employee Welfare Act to handle the appropriation and distribution of welfare fund. Key points of the current welfare system include: labor insurance and national health insurance, group insurance, annual health check, birthday vouchers, labor/Dragon Boat Festival/Mid-Autumn Festival gifts, employee and family marriage and bereavement subsidies, employee and family scholarships, employee hospitalization, domestic and foreign travel subsidies, maternity subsidies, childcare subsidies, employee emergency rescue loans, year-end and lottery, community activities, employee group travel, measures to promote employees' physical and mental health, and employee leisure spaces.

2. Continuing education, training, and the status of its implementation

In order to continuously enhance the competitiveness, develop important technologies, and cultivate management talents, the Company has established a variety of learning and development channels to enable employees to have reinforced learning effects through various methods.

- On-the-job training: learning and development in the workplace, strengthening job experience by participating in work meetings, project (task) assignments, job rotations, etc.
- Internal training: Internal training is divided into three categories: supervisor training, professional training, and general training; including basic courses for new recruits, executive courses, professional technical courses, quality courses, general lectures, and English courses.
- External professional training: In order to encourage colleagues to continue to improve their professional ability, or to develop work-related second professional skills based on career development, the Company fully subsidizes the cost of professional external training.
- Overseas training: Select colleagues with excellent performance and development potential to participate in short-term overseas professional training or conferences to enrich international perspectives.
- Online learning and knowledge community platform: on the digital e-learning learning system, provide general knowledge, basic professional knowledge, English learning courses, so that learning is not limited by time and space; colleagues can also exchange knowledge and share discussions through the community discussion area and blog area on the platform.
- Self-learning: Encourage continuous learning of work-related knowledge and skills, and can apply for flexible working hours for on-the-job training; in addition, in response to the Company's international business model, English subsidies are also provided to encourage colleagues to strengthen their language skills.

3. Retirement system and its implementation

PRIMAX (formerly known as "Hong Chuan Investment Ltd.") was established on March 20, 2006 and had merged the original PRIMAX, with the original employees' relevant rights and benefits effective unconditionally on December 28, 2007. The pension system of the original PRIMAX has also remained unchanged. The payment requirements for and standards of labor pension are processed in accordance with the Labor Standards Act (hereinafter referred to as "the old system") and the Labor Pension Act (hereinafter referred to as "the new system").

For employees who have chosen the old system or the new system but with seniority accumulated under the old system, PRIMAX has established a retirement plan in accordance with the Labor Standards Act and deposits a monthly retirement reserve fund in the special account with the Bank of Taiwan for the payment of future pension. In addition, for employees who are entitled to the new system, PRIMAX appropriates an amount equivalent to 6% of the monthly salary as a labor pension reserve fund in accordance with the Labor Pension Act to the personal pension account with the Bureau of Labor Insurance.

4. Labor-management agreement and measures for safeguarding employees' rights and interests

PRIMAX's labor-management relationship is harmonious and positive. Employees can communicate with the Company on issues related to various systems and the work environment through departmental communication meetings to maintain positive interaction between the employer and the employees. In addition, PRIMAX's Employee Welfare Committee is in charge of handling various employee welfare matters and holding events and activities occasionally to enhance the harmonious work atmosphere between the Company and employees and to build coherence. The details are specified below:

- (1) Hold departmental meetings regularly to communicate the Company's and departments' business plans, overview of business activities, and market conditions with employees.
- (2) Establish employee complaint and opinion mailboxes for employees to make suggestions on various measures or expose violations of moral integrity, unreasonable treatment, sexual harassment, or other acts that harm the Company's interest.
- (3) Formulate sexual harassment prevention, complaints, and disciplinary measures to maintain positive working relationships and interaction principles between the genders and to avoid gender discrimination and harassment.
- (4) Establish labor-management meetings and hold labor-management meetings regularly for communication and negotiation, to promote the harmonious labor-management relations.
- (5) Establish the Employee Welfare Committee to regularly organize group activities and handle welfare matters.
- (6) Establish a flexible working hour system to balance employees' work and life.
- (7) Provide education and training programs and subsidies, provide employees with functional training, and motivate them to develop the second skill.
- (8) Provide group insurance in addition to the basic protection of labor and health insurances, which further safeguards employees' life safety, medical care, and family.
- (9) Hold employee health checkup and organize safety and health inspections regularly to ensure employees' physical and mental health and a safe work environment.

5. Situation when the Company promotes workplace diversity or gender equality measures

- (1) Added gender-friendly toilets.
- (2) Female employees are eligible to apply for an additional 4 weeks of remote work after their maternity leave, so that they do not have to return to the office immediately.
- (3) A postpartum gift money of NT\$50,000 is provided. Since the implementation of this new policy in May 2022, a total of 40 employees and their families have benefited (13 in 2022 and 27 in 2023).
- (4) Amount of employees with disabilities exceeds the standard and PRIMAX receives public praise from Taipei Municipal Government to make promotional videos.

(2) Losses suffered as a result of labor disputes in the most recent year and as of the date of publication of the annual report: None

Since its establishment, PRIMAX has maintained an honest and responsible attitude and is committed to employees' well-being and the labor-management harmony, to work together for the Company's growth, making the Company's performance grow increasingly. Therefore, the labor-management relation has always been harmonious, and it is expected that there will be no labor disputes in the future.

6. Information and communication security management:

(1) The information and communication security risk management framework, the information and communication security policy, the specific management program, and the resources invested in the information and communication security management shall be specified.

1. Information security management policies, objectives, and relevant procedures and documents:

Based on the expectations of shareholders and customers for information security and the requirements of external regulators, the Company has formulated an information security policy and has established an information security management system. The core value of the information security policy is to protect customer confidential information and the Company's business secrets, which are mainly divided into four goals:

- (1) Committed to protecting the confidentiality, integrity, availability and compliance of the Company's critical information systems and data
- (2) Ensure that company digital assets are not stolen, compromised or attacked
- (3) Passed ISO 27001 information security certification and regular audits to maintain the effectiveness of the information security management system
- (4) Continuous improvement of employee information security awareness and implementation of sensitive information and personal data protection mechanisms



Develop the Company's information security management system and its four-tier management procedure documents in accordance with the ICT security policy and objectives; and regularly pass the third-party impartial unit verification every year to ensure that the information security management system continues to operate effectively.

The Group's security risk management and continuous improvement framework, based on the spirit of continuous improvement for PDCA of the information security management system, are as follows:

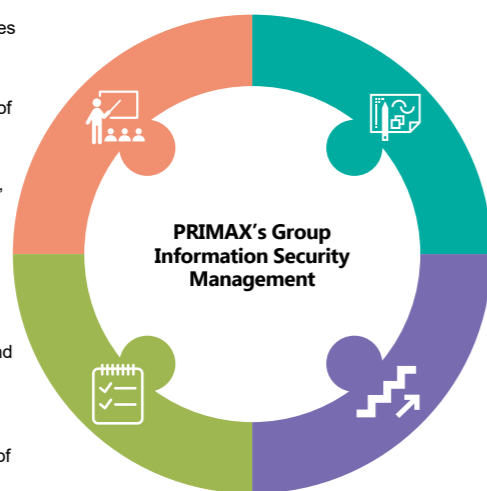
The Group's information and communication security risk management and continuous improvement framework:

Continuous improvement in information security

- Improvement of information security management measures
- Security Threats and New Security Technologies
- Planning and implementation of social engineering exercise
- Regular implementation of information security education, training, and awareness promotion

Internal IT Security Assessment

- IT security self-assessment and assessment
- Implement and enforce IT security standards
- Internal audit plan and scope of IT security
- Regularly implement IT security audits and improvements



Information and Communications Security Management System

- Compliance with international security standards (CNS, ISO2701, 21434)
- Establishment of IT security management system
- Planning and purchasing communication safety insurance
- Regularly review and update relevant procedural documents
- Regularly collaborate with external IT security audits for continued verification

Information Security Reinforcement Strategy and Control Measures

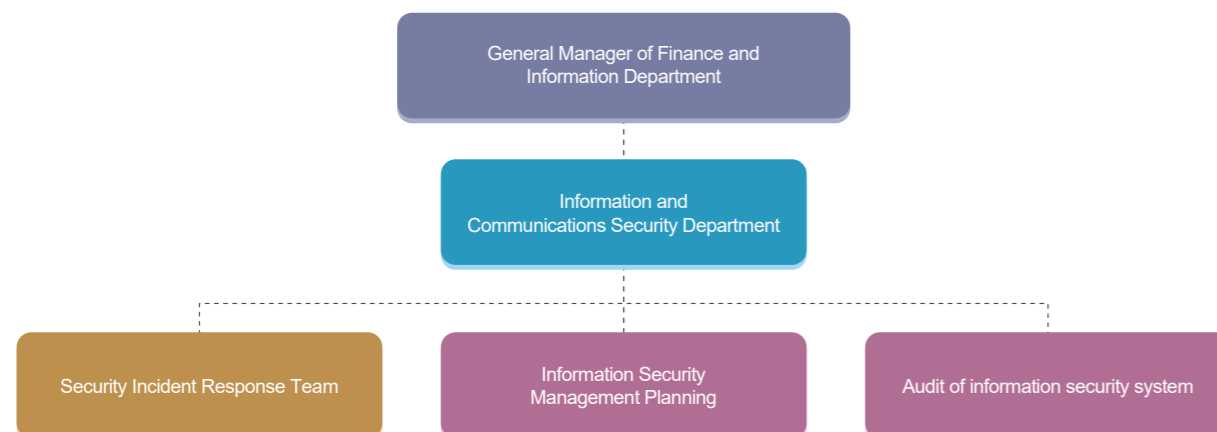
- External penetration testing management
- System vulnerabilities scanning management
- Server-side endpoint detection and response
- Network device configuration management
- Two-factor authentication reinforcement mechanism
- Privileged account management on the user's end
- Privileged account access management
- Email social engineering exercise
- Data leakage protection system
- Cloud-based remote backup and recovery
- IT security incidents management system log supervisory control system

2. Information Security Management Structure:

To enhance the Group's security management, the Information Security Department was established, with the Chief Financial and Information Officer (CFIO) serving as the highest authority.

The Information Security Department is responsible for promoting information security policies and resource allocation, with dedicated information security personnel ensuring the effective and continuous implementation of various management norms and control measures.

The organizational structure of the Information Security Department is illustrated in the diagram below:



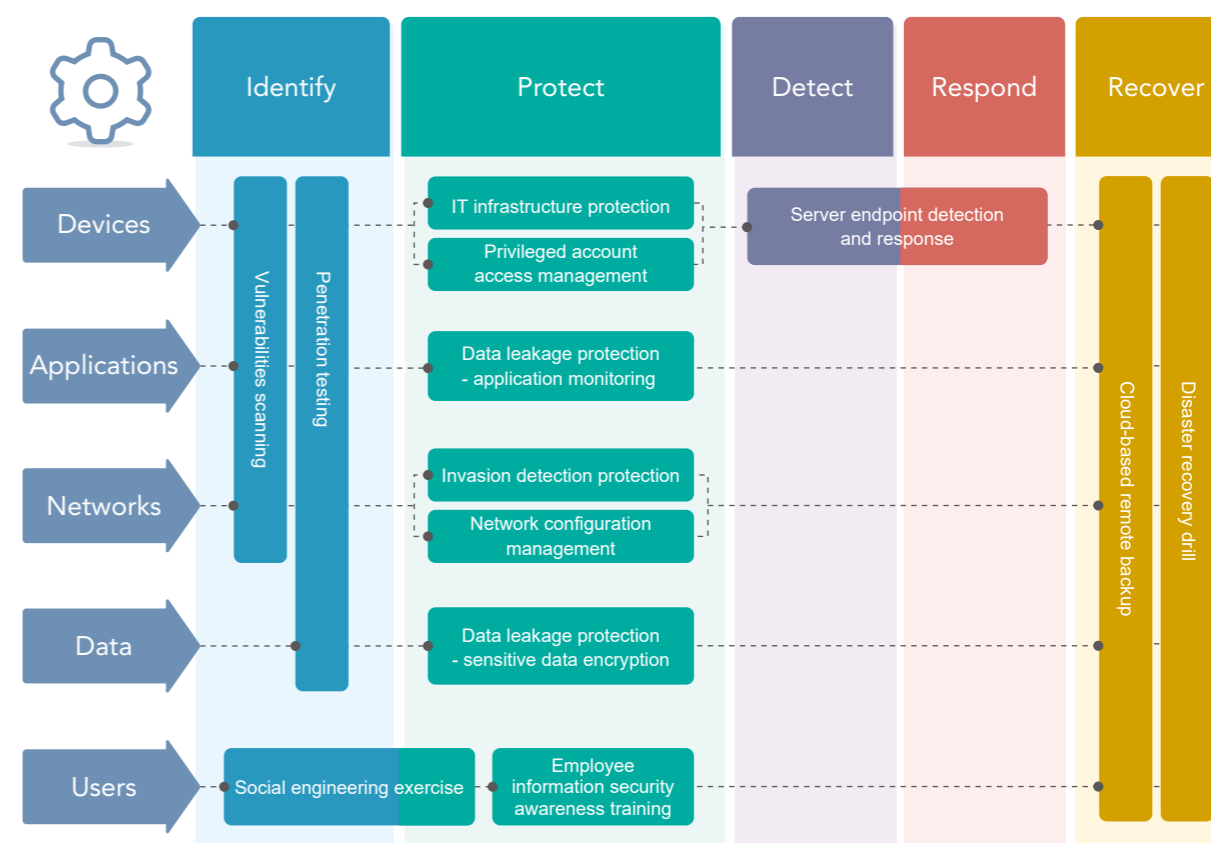
3. Specific information security management plan and investment resources:

In order to improve application system security and reduce risks, system equipment vulnerability scanning and penetration testing are regularly performed every year to patch medium and high-risk vulnerabilities. Additionally, new measures such as client privileged account access management, data leakage prevention systems, server-side endpoint detection and response systems, and network device configuration management have been implemented. These measures aim to protect against and mitigate the risks of external intrusions and internal sensitive data leaks. Continuous monitoring of logs through the security incident management system enables real-time anomaly detection, reinforcing the information security management mechanism.

At least two security awareness education training sessions and at least six social engineering exercises a year are arranged, including in-class and real-time online training and E-learning online information security education training sessions. Also, information security protection and current affairs case awareness is promoted through e-mails, instant messaging and digital television, with the aim of strengthening the security awareness of the Group's employees. The Group also enrolls in "Enterprise Information Security Risk Management Insurance/Fraud Risk Protection Insurance" to reduce or transfer the loss of information security.

The Company has been certified by "ISO 27001:2013" in January 2018, and the current certificate is valid from November 16, 2023 to October 31, 2025. The Company plans to continue expanding the scope of verification to cover the Company's main operational processes such as research and development, engineering, and manufacturing. Annual recertification audits will be conducted by third-party verification companies.

Information Security Protection and Control Measures:



4. Internal audit of information security:

The information security department - the information security audit team formulates assessment items based on the characteristics of risks, the self-assessment and verification of information security has been completed on March 29, 2023, and submits the assessment results and supporting documents to the Audit Department for verification. The Company's Audit Department implements a cycle audit of information every six months, of which information security is a necessary audit item, and all the audit results are reported to the Audit Committee and the Board of Directors at least once a year.

(2) The losses and potential impact caused by material information security incidents in the most recent year and up to the publication date of the annual report shall be specified. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

The Company has implemented and continuously updated the measures for the management and control of information technology security. As of the latest year and the date of publication of the annual report, there have been no losses suffered by major information technology security incidents.

7. Important contracts

Nature of contract	Counterparty	Commencement and expiration date	Major contents	Restrictions
Leasing	Shin Kong Life Insurance	February 2021-December 2035	Lease of a PRIMAX building	None
Loan contracts	E.SUN Bank	October 2021 - September 2024	Medium-to-long-term borrowing facility	None
Construction contract	Fu Tai Construction	August 2022 - Warranty responsibility completed	New construction of Taiwan Innovation Center	None
Mechanical and electrical engineering contract	GO-IN Engineering	August 2022 - Warranty responsibility completed	New construction of Taiwan Innovation Center	None
Leasing	Dongguan Huanshu Information Technology Service Company	September 2023 - August 2026	Dongguan idle factory building	None



Chapter 6

Financial Overview

1. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years

(1) Condensed Consolidated Balance Sheet - Based on IFRS

Unit: NT\$1,000

Item	Year	Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		39,323,212	35,110,091	35,729,467	33,260,417	32,936,374
Property, plant and equipment		7,363,740	6,542,015	7,604,823	8,246,823	7,740,909
Right-of-use assets		1,843,153	1,568,052	2,380,370	2,134,317	1,891,531
Intangible assets		2,501,156	2,370,578	2,256,589	2,130,259	2,013,589
Other assets		2,114,693	1,716,346	1,502,949	1,492,245	1,970,717
Total assets		53,145,954	47,307,082	49,474,198	47,264,061	46,553,120
Current liabilities	Before distribution	33,562,806	27,940,913	28,532,224	25,335,762	23,637,001
	After distribution	34,639,682	29,295,786	29,943,454	27,127,556	25,488,728
Non-current lease liabilities		1,195,744	981,436	1,879,350	1,704,857	1,559,401
Other non-current liabilities		3,883,764	2,884,143	2,620,112	1,929,857	2,260,142
Total liabilities	Before distribution	38,642,314	31,806,492	33,031,686	28,970,476	27,456,544
	After distribution	39,719,190	33,161,365	34,442,916	30,762,270	29,308,271
Equity attributable to owners of the parent		12,308,002	13,287,833	14,175,512	16,347,094	17,013,509
Share capital		4,485,808	4,508,983	4,552,633	4,582,893	4,629,738
Capital surplus		1,483,045	1,567,628	1,758,780	2,129,908	2,359,753
Retained earnings	Before distribution	7,533,016	8,370,872	9,308,707	10,649,455	11,340,522
	After distribution	6,456,140	7,015,999	7,897,477	8,857,661	9,488,795
Other equity interest		(1,193,867)	(1,159,650)	(1,444,608)	(1,015,162)	(1,316,504)
Treasury stock		-	-	-	-	-
Non-controlling interests		2,195,638	2,212,757	2,267,000	1,946,491	2,083,067
Total equity	Before distribution	14,503,640	15,500,590	16,442,512	18,293,585	19,096,576
	After distribution	13,426,764	14,145,717	15,031,282	16,501,791	17,244,849

Note 1: Financial data from 2019 through 2023 has been audited and certified by CPAs.

(2) Condensed Individual Balance Sheet - Based on IFRS

Unit: NT\$1,000

Item	Year	Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		13,258,726	15,161,997	13,864,963	14,104,977	16,149,279
Investment accounted for using equity method		14,973,751	15,465,579	15,732,110	17,830,483	19,000,624
Property, plant and equipment		92,804	100,891	863,616	983,581	1,567,007
Right-of-use assets		342,146	255,763	1,227,541	1,139,985	1,111,300
Intangible assets		9,763	7,708	5,653	3,598	1,543

Item	Year	Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Other assets		914,307	906,754	1,159,660	1,245,330	1,229,383
Total assets		29,591,497	31,898,692	32,853,543	35,307,954	39,059,136
Current liabilities	Before distribution	15,168,513	16,843,558	15,540,854	15,769,502	18,485,452
	After distribution	16,245,389	18,198,431	16,952,084	17,561,296	20,337,179
Non-current lease liabilities		260,939	174,194	1,190,212	1,121,079	1,090,896
Other non-current liabilities		1,854,043	1,593,107	1,946,965	2,070,279	2,469,279
Total liabilities	Before distribution	17,283,495	18,610,859	18,678,031	18,960,860	22,045,627
	After distribution	18,360,371	19,965,732	20,089,261	20,752,654	23,897,354
Share capital		4,485,808	4,508,983	4,552,633	4,582,893	4,629,738
Capital surplus		1,483,045	1,567,628	1,758,780	2,129,908	2,359,753
Retained earnings	Before distribution	7,533,016	8,370,872	9,308,707	10,649,455	11,340,522
	After distribution	6,456,140	7,015,999	7,897,477	8,857,661	9,488,795
Other equity interest		(1,193,867)	(1,159,650)	(1,444,608)	(1,015,162)	(1,316,504)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	12,308,002	13,287,833	14,175,512	16,347,094	17,013,509
	After distribution	11,231,126	11,932,960	12,764,282	14,555,300	15,161,782

Note 1: Financial data from 2019 through 2023 has been audited and certified by CPAs.

(3) Condensed Consolidated Statement of Comprehensive Income - Based on IFRS

Unit: NT\$1,000

Item	Year	Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		80,649,608	68,240,939	71,649,849	79,240,765	60,488,402
Gross profit		9,431,016	8,111,074	9,379,603	10,984,275	9,581,300
Operating profit (loss)		2,762,627	2,299,797	2,812,605	3,344,773	2,742,983
Non-operating income and expenses		151,274	178,640	217,358	284,191	523,389
Net income before tax		2,913,901	2,478,437	3,029,963	3,628,964	3,266,372
Net income from continuing operations		2,262,919	1,944,267	2,393,221	2,868,961	2,633,489
Loss from discontinued operations		-	-	-	-	-
Net income		2,262,919	1,944,267	2,393,221	2,868,961	2,633,489
Other comprehensive income		(544,662)	(4,663)	(223,709)	541,267	(288,924)
Total comprehensive income		1,718,257	1,939,604	2,169,512	3,410,228	2,344,565
Net income attributable to owners of the parent		2,134,870	1,919,265	2,298,282	2,742,609	2,485,289
Net income attributable to non-controlling interests		128,049	25,002	94,939	126,352	148,200
Total comprehensive income (loss) attributable to owners of the parent		1,644,893	1,927,312	2,121,938	3,214,191	2,220,824
Total comprehensive income (loss) attributable to non-controlling interests		73,364	12,292	47,574	196,037	123,741
Earnings per share (Note 2)		4.80	4.30	5.13	6.10	5.50

Note 1: Financial data from 2019 through 2023 has been audited and certified by CPAs.

Note 2: Basic earnings per share

(4) Condensed Individual Statement of Comprehensive Income - Based on IFRS

Unit: NT\$1,000

Item	Year	Financial information for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Operating revenue		36,178,733	34,990,027	42,506,020	42,694,520	33,459,786
Gross profit		3,508,999	3,353,886	4,149,614	4,628,684	3,490,735
Operating profit (loss)		1,257,493	1,248,364	1,793,066	1,879,118	1,061,053
Non-operating income and expenses		1,236,821	974,678	884,465	1,286,717	1,773,148
Net income before tax		2,494,314	2,223,042	2,677,531	3,165,835	2,834,201
Net income from continuing operations		2,134,870	1,919,265	2,298,282	2,742,609	2,485,289
Loss from discontinued operations		-	-	-	-	-
Net income		2,134,870	1,919,265	2,298,282	2,742,609	2,485,289
Other comprehensive income		(489,977)	21,626	(176,344)	471,582	(264,465)
Total comprehensive income		1,644,893	1,940,891	2,121,938	3,214,191	2,220,824
Earnings per share (Note 2)		4.80	4.30	5.13	6.10	5.50

Note 1: Financial data from 2019 through 2023 has been audited and certified by CPAs.

Note 2: Basic earnings per share.

(5) Names of CPAs in the five most recent years and their audit opinions

Year	Accounting firm	CPA	Audit opinion
2019	KPMG Taiwan	Wu, Mei-Pin and Yu, Chi-Long	Unqualified opinion
2020	KPMG Taiwan	Wu, Mei-Pin and Yu, Chi-Long	Unqualified opinion
2021	KPMG Taiwan	Wu, Mei-Pin and Yu, Chi-Long	Unqualified opinion
2022	KPMG Taiwan	Wu, Mei-Pin, Horng, Shyh-Gang	Unqualified opinion
2023	KPMG Taiwan	Horng, Shyh-Gang, Fu, Hung-Wen	Unqualified opinion

2. Financial analysis for the most recent five years**(1) Financial Analysis - Based on IFRS - Consolidated**

Item	Year	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	72.71	67.23	66.77	61.29	58.98
	Ratio of Long-term funds to property, plant and equipment	265.94	296.03	275.38	265.90	296.04
Solvency (%)	Current ratio	117.16	125.66	125.22	131.28	139.34
	Quick ratio	81.39	83.14	75.24	91.37	103.33
	Times interest earned ratio	15.35	15.02	18.09	13.75	23.15

Item	Year	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Operating performance	Account receivable turnover ratio (times)	4.43	4.10	5.24	5.65	4.63
	Average collection days	82.39	89.02	69.65	64.60	78.83
	Inventory turnover ratio (times)	7.80	5.80	5.32	6.06	5.87
	Average days of sales	46.79	62.93	68.60	60.23	62.18
	Account payables turnover ratio (times)	3.37	2.81	3.39	4.30	3.89
	Average payables days	108.31	129.89	107.67	84.88	93.83
	Property, plant and equipment turnover ratio (times)	12.53	9.81	10.13	10.00	7.57
	Total assets turnover ratio (times)	1.67	1.36	1.48	1.64	1.29
Profitability	Return on assets (%)	5.03	4.15	5.24	6.40	5.87
	Return on equity (%)	15.36	12.96	14.98	16.52	14.09
	Pre-tax income to capital (%)	64.96	54.97	66.55	79.19	70.55
	Net profit margin (%)	2.81	2.85	3.34	3.62	4.35
	Earnings per share (NTD)	4.80	4.30	5.13	6.10	5.50
Cash flow	Cash flow ratio (%)	19.75	14.18	5.87	24.45	32.69
	Cash flow adequacy ratio (%)	85.02	84.43	68.26	75.94	101.55
	Cash reinvestment ratio (%)	22.43	11.53	1.21	16.85	19.76
Leverage	Operating leverage	1.79	1.97	1.69	1.56	1.69
	Financial leverage	1.08	1.08	1.07	1.09	1.06

Explain changes in financial ratios over the most recent two years. (Not required if the difference does not exceed 20%)

1. Times interest earned ratio: This improvement primarily results from a decrease in borrowing, leading to a corresponding reduction in interest expenses.
2. Average collection days, Property, plant and equipment turnover ratio, and Total Asset Turnover: These metrics primarily declined due to a decrease in operating revenue.
3. Net profit margin: The increase is mainly due to an improvement in the gross profit margin and an increase in interest income.
4. Cash flow ratio and cash flow adequacy ratio: The increase is mainly due to a reduction in cash outflows from operating activities associated with accounts payable and notes payable, resulting in an increase in net cash flow from operating activities.

(2) Financial analysis -- Based on IFRS - Individual Entities

Item	Year	Financial analysis for the most recent five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	58.41	58.34	56.85	53.70	56.44
	Ratio of Long-term funds to property, plant and equipment	15,541.34	14,922.18	2,004.67	1,986.46	1,312.93
Solvency (%)	Current ratio	87.41	90.02	89.22	89.44	87.36
	Quick ratio	65.96	65.25	64.13	71.22	71.95
	Times interest earned ratio	37.09	54.91	55.93	52.91	77.48
Operating performance	Account receivable turnover ratio (times)	4.87	4.86	5.71	5.47	4.40
	Average collection days	74.95	75.10	63.92	66.73	82.95
	Inventory turnover ratio (times)	12.11	8.61	9.63	11.53	10.95
	Average days of sales	30.13	42.39	37.90	31.66	33.33
	Account payables turnover ratio (times)	3.01	2.76	3.56	3.96	2.86
	Average payables days	121.26	132.25	102.53	92.17	127.62
	Property, plant and equipment turnover ratio (times)	391.49	361.29	88.14	46.23	26.24
	Total assets turnover ratio (times)	1.26	1.14	1.31	1.25	0.90
Profitability	Return on assets (%)	7.65	6.35	7.22	8.19	6.76
	Return on equity (%)	17.84	15.00	16.74	17.97	14.90
	Pre-tax income to capital (%)	55.60	49.30	58.81	69.08	61.22
	Net profit margin (%)	5.90	5.49	5.41	6.42	7.43
	Earnings per share (NTD)	4.80	4.30	5.13	6.10	5.50
Cash flow	Cash flow ratio (%)	17.62	14.39	4.23	20.69	25.66
	Cash flow adequacy ratio (%)	123.00	140.68	116.93	111.52	132.45
	Cash reinvestment ratio (%)	11.24	9.00	(4.32)	9.47	14.12
Leverage	Operating leverage	1.11	1.11	1.08	1.08	1.14
	Financial leverage	1.06	1.03	1.03	1.03	1.04

Explain changes in financial ratios over the most recent two years. (Not required if the difference does not exceed 20%)

- Ratio of Long-term funds to property, plant and equipment: Mainly due to the increase in property, plant and equipment caused by the global strategic planning.
- Times interest earned ratio: This improvement primarily results from a decrease in borrowing, leading to a corresponding reduction in interest expenses.
- Account receivables turnover ratio, average collection days and total asset turnover: These metrics primarily declined due to a decrease in operating revenue.
- Account payables Turnover Ratio and Average Payment Days: The improvement is mainly due to a decrease in the cost of goods sold.
- Property, plant and equipment turnover ratio: Mainly due to the decrease in operating revenue and increase in property, plant and equipment caused by the global strategic planning.
- Cash flow ratio, cash reinvestment ratio: Mainly due to the decrease in cash outflow from operating activities generated by accounts payable, resulting in an increase in net cash flow from operating activities.

1. Financial Structure

- Debt ratio = Total liabilities / Total assets
- Ratio of Long term funds to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment

2. Solvency

- Current ratio = Current assets / Current liabilities
- Quick ratio = (Current assets - Inventory - Prepayment for expenses) / Current liabilities
- Times interest earned ratio = Net income before tax and interest expense / Interest expense for the current period

3. Operating performance

- Account receivable turnover ratio (including accounts receivable and notes receivable from operating activities) = Net sales / Average accounts receivable
- Average collection days = 365 / Account receivable turnover ratio
- Inventory turnover ratio = Cost of goods sold / Average inventory
- Average days of sales = 365 / Inventory turnover ratio
- Account payables turnover ratio (including accounts payable and notes payable from operating activities) = Cost of goods sold / Average accounts payable
- Average payable days = 365 / Account payables turnover ratio
- Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment
- Total assets turnover ratio = Net sales / Average total assets

4. Profitability

- Return on assets = (Profit or loss after tax + Interest expense × (1-tax rate)) / Average total assets
- Return on equity = Profit or loss after tax / Average total equity.
- Net profit margin = Profit or loss after tax / Net sales.
- Earnings per share (EPS) = (Income attributable to owners of parent - Preference shares dividends) / Weighted average number of outstanding shares

5. Cash flow

- Cash flow ratio = Net cash flow of operating activities / Current liabilities.
- Cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (Capital expenditure + Inventory increase + Cash dividends) in the most recent five years.
- Cash reinvestment ratio = (Net cash flow of operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage

- Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
- Financial leverage = Operating income / (Operating income - Interest expense).

3. Audit Committee Review Report of the Most Recent Financial Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for distribution of earnings. The CPA firm KPMG was reappointed to audit Primax's Financial Statements and has issued an audit report relating to the Financial Statements.

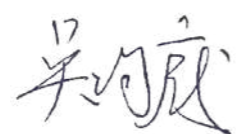
The Business Report, Financial Statements, and proposal for distribution of earnings have been audited and determined by the Audit Committee of Primax Electronics Limited to be in compliance with the Company Act and other relevant laws and regulations. We hereby submit this report in accordance with Article 219 of the Company Act.

Please verify

Yours sincerely,

Shareholders' Meeting of Primax Electronics Ltd.

Convener of the Audit Committee: Wu, Chun-Pang



February 26, 2024

4. Consolidated Financial Statements Audited and Certified by CPAs for the Most Recent Years:

Please refer to Appendix A of this annual report.

5. Individual Financial Statements Audited and Certified by CPAs for the Most Recent Years:

Please refer to Appendix B of this annual report.

6. The Impact on the Financial Turnover Difficulties:

The impact on the financial position of the Company in the event of financial turnover difficulties in the most recent year and up to the date of publication of this annual report of the Company and its affiliated companies: None

Chapter 7

Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

1. Financial Position

Unit: NT\$1,000

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		32,936,374	33,260,417	(324,043)	(0.97%)
Property, plant and equipment		7,740,909	8,246,823	(505,914)	(6.13%)
Intangible assets		2,013,589	2,130,259	(116,670)	(5.48%)
Other assets		3,862,248	3,626,562	235,686	6.50%
Total assets		46,553,120	47,264,061	(710,941)	(1.50%)
Current liabilities		23,637,001	25,335,762	(1,698,761)	(6.70%)
Non-current liabilities		3,819,543	3,634,714	184,829	5.09%
Total liabilities		27,456,544	28,970,476	(1,513,932)	(5.23%)
Share capital		4,629,738	4,582,893	46,845	1.02%
Capital surplus		2,359,753	2,129,908	229,845	10.79%

Item	Year	2023	2022	Difference	
				Amount	%
Retained earnings		11,340,522	10,649,455	691,067	6.49%
Other equity interest		(1,316,504)	(1,015,162)	(301,342)	29.68%
Non-controlling interests		2,083,067	1,946,491	136,576	7.02%
Total equity		19,096,576	18,293,585	802,991	4.39%

Explanation of major changes in financial ratios (if the change is more than 20% in the previous and later periods):
Increased in other equity interest compared to last year, mainly due to adjustment for foreign currency translation.

2. Financial Performance

(1) Financial performance analysis for the last two years

Unit: NT\$1,000

Item	Year	2023	2022	Increase/Decrease	
				Amount	%
Net operating revenue		60,488,402	79,240,765	(18,752,363)	(23.67%)
Operating costs		50,907,102	68,256,490	(17,349,388)	(25.42%)
Gross profit		9,581,300	10,984,275	(1,402,975)	(12.77%)
Operating expenses		6,838,317	7,639,502	(801,185)	(10.49%)
Operating income		2,742,983	3,344,773	(601,790)	(17.99%)
Non-operating income and expenses		523,389	284,191	239,198	84.17%
Net income before tax of continuing operations		3,266,372	3,628,964	(362,592)	(9.99%)
Income tax expense		632,883	760,003	(127,120)	(16.73%)
Net income for the period (including after-tax profit or loss from discontinued operation)		2,633,489	2,868,961	(235,472)	(8.21%)

Explanation of major changes in financial ratios (if the change is more than 20% in the previous and later periods, and the amount of the change is NT\$10 million):

1. Net operating revenue decreased compared to last year: Primarily due to the global economic conditions affecting end-user demand, alongside the Company's strategic efforts in optimizing its product portfolio.
2. Operating costs decreased compared to last year: As mentioned above, due to the reduction in operating revenue and the Company's active cost control measures.
3. Increase in non-operating income and expenses compared to last year: Primarily due to an increase in net interest income.

(2) The expected sales volume and the basis thereof, and the possible impact on the Company's future financial operations and response plans:

The Company's estimated sales volume forecast is based on the industry environment and future market supply and demand conditions, taking into account business development, current order status, and production base capacity planning as the basis for assessment. For the sales of major products in 2024, considering global inflation and the uncertain pace of economic recovery, the Company anticipates adopting a more conservative approach to sales and operations in the first half of the year. However, there is potential for steady growth in the latter half. Concurrently, the Company is focusing on optimizing its product portfolio with an emphasis on enhancing profitability. The financial structure of the Company is sound and its operations are in good shape. Its funds and the net cash inflows generated from operating activities are sufficient to meet the working capital and capital expenditure requirements driven by revenue growth.

3. Cash flow

(1) Analysis of changes in cash flows for the most recent year (2023)

Unit: NT\$1,000

Cash balance at beginning of year	Net cash flow from operating activities for the year	Cash inflow (outflow) in 2023	Cash balance at end of year	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
6,284,887	7,727,513	4,619,796	10,904,683	-	-

Analysis of cash flow changes in the most recent year:

(1) Operating activities: Net cash inflow from operating activities was NT\$7,727,513 thousand, mainly due to inventory liquidation.

(2) Investing activities: Net cash outflow from investing activities was NT\$1,435,450 thousand, mainly due to the acquisition of property, plant and equipment.

(3) Financing activities: Net cash outflow from financing activities was NT\$1,496,505 thousand, mainly due to cash dividends.

(2) Improvement plan for insufficient liquidity: There has been no shortfall in the liquidity of the Group's cash flows in the most recent year.

(3) Analysis of cash flow for the coming year (2024)

Unit: NT\$1,000

Cash balance at beginning of year	Net cash flow from operating activities for the year	Cash inflow (outflow) in 2024	Cash balance at end of year	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
10,904,683	4,650,012	1,297,736	12,202,419	-	-

1. Analysis of changes in cash flows in the coming year:

(1) Operating activities: Net cash inflow from operating activities is expected to be NT\$4,650,012 thousand, mainly due to the expected increase in profit for the period.

(2) Investing activities: Net cash outflow from investing activities is expected to be NT\$1,721,486 thousand, mainly due to the expected acquisition of plant and equipment.

(3) Financing activities: Net cash outflow from financing activities is expected to be NT\$1,630,790 thousand, mainly due to the expected cash dividends.

2. Analysis of remedial measures for cash inadequacy and liquidity: The cash is adequate, so it is not applicable.

Note: The figures for the coming year (2024) are on a consolidated basis.

4. The Impact of Most Recent Major Capital Expenditures on Financial Operations:

In response to global strategic planning, PRIMAX has expanded its investment in Taiwan and announced a new NT\$2.101 billion capital expenditure budget for factory construction on April 12, 2022. The Company will build a factory and set up an advanced laboratory in Zhubei, a production and education centre, a new product manufacturing centre and an intelligent production line.

5. Investment Policy

(1) Investment policy

Based on factors, such as business needs and the Company's future strategic development, relevant units provide professional information, and the Finance and Information Management Division compiles the information and puts forward suggestions to the managers in charge; investment proposals are thus made. The investee's past performance, future prospects, market conditions, and operating conditions will be assessed as a reference for investment decision-making.

(2) Main causes for profits or losses for the most recent year and improvement plans

December 31, 2023, Unit: NT\$1,000

Item	Description	Amount of profit (loss) recognized in 2023 (Note 1)	Main reason for profit or loss	Improvement plan
Primax Industries (Cayman Holding) Ltd.		655,774	Normal operation	-
Primax Technology (Cayman Holding) Ltd.		192,001	Normal operation	-
Destiny Technology Holding Co.,Ltd.		5,895	Normal operation	-
Primax Destiny Co., Ltd.		364	Normal operation	-
Diamond (Cayman) Holdings Ltd.		485,956	Normal operation	-
Gratus Technology Corp.		2,225	Normal operation	-
Primax AE (Cayman) Holdings Ltd.		2,528	Normal operation	-
Primax Industries (Hong Kong) Ltd.		602,133	Normal operation	-
Polaris Electronics, Inc.		13,087	Normal operation	-
Primax Electronics (Singapore) Pte. Ltd.		(9,303)	Normal operation	-
Primax Electronics (Thailand) Co., Ltd.		(18,971)	Normal operation	-
Tymphany Worldwide Enterprises Ltd.		489,764	Normal operation	-
Tymphany HK Ltd.		(364,720)	Normal operation	-
TYP Enterprises, Inc.		5,534	Normal operation	-
Tymphany Logistics, Inc.		(1,345)	Normal operation	-
Dongguan Primax Electronic & Telecommunication Products Ltd.		527,890	Normal operation	-
Beijing Destiny Electronic Technology Co., Ltd.		5,895	Normal operation	-
Primax Electronics (KunShan) Co., Ltd.		13,947	Normal operation	-
Primax Electronics (ChongQing) Co., Ltd.		233,597	Normal operation	-
Tymphany Acoustic Technology (Huizhou) Co., Ltd.		575,996	Normal operation	-
Dongguan Tymphany Acoustic Technology Co., Ltd.		220,113	Normal operation	-
Dongguan Dongcheng Tymphany Acoustic Technology Co., Ltd.		121,600	Normal operation	-
Tymphany Acoustic Technology HK Ltd.		170,294	Normal operation	-
Tymphany Acoustic Technology (UK) Limited		1,418	Normal operation	-
Tymphany Acoustic Technology Europe, s.r.o.		44,454	Normal operation	-
Tymphany Acoustic Technology Limited		21,989	Normal operation	-
Tymphany Acoustic Technology (Thailand) Co., Ltd.		63,101	Normal operation	-
ALT International Co., Ltd (Cayman)		0	Normal operation	-
Tymphany Acoustic Technology (Singapore) Pte. Ltd. (Note 2)		0	Normal operation	-

Note 1: The amounts listed in the financial report for 2023 have been audited and certified by CPAs.

Note 2: As of December 31, 2023, no funds have been invested.

(3) Investment plans for the coming year: No major investment plans.

6. Risk Analysis and Evaluation

(1) Effect upon the Company's profit (loss) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Exchange rate fluctuations

The Group's revenue business is mainly based on export, and the products for export are mainly quoted in US dollars, and the transactions conducted with overseas suppliers and the purchase of machinery and equipment from overseas suppliers are also denominated in US dollars, resulting in a mutually offsetting effect, and thus providing natural hedging against exchange rate fluctuations. The Group's net foreign exchange gain for the 2023 was NT\$260,975 thousand, accounting for 0.43% of net operating revenue. Therefore, the overall foreign exchange factor did not pose a risk to profitability. However, in order to respond to the risks arising from exchange rate fluctuations to the Company's profit and loss, in addition to spot and forward foreign exchange transactions adopted as a hedge against foreign exchange risks at appropriate times, it will continue to monitor market exchange rate fluctuations and the Company's internal foreign exchange positions in the future while maintaining foreign currency assets and balance of liabilities to avoid the risk of exchange rate fluctuations and reduce the impact of exchange rate fluctuations on the Company's profit and loss.

2. Interest rate fluctuations

The Group's interest expense for 2023 accounted for 0.24% of the operating revenue of the year, indicating that the interest expense did not have a significant impact on the Group's profit and loss. In addition, the Company regularly assesses the bank borrowing rate and maintains a good relationship with banks to obtain a more favorable interest rate so as to reduce the interest expense.

3. Inflation

According to the announcement of the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the average annual rate of increase in the Consumer Price Index rose by 2.5%, while the Producer Price Index and the Wholesale Price Index decreased by 0.56% and 1.98% respectively in 2023, indicating a significant increase in inflation compared to 2022. But did not have a significant impact on the annual profit and loss of the Company in 2023. The Group always pays attention to fluctuations in market prices, and adjusts the sales prices as well as raw materials and inventory levels appropriately, and no significant impact has been caused due to inflation.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profit/loss generated thereby; and response measures to be taken in the future

1. High-risk investments and highly leveraged investments

The Company focuses on the management of its main business activities, and has not invested in high-risk industries, nor has it engaged in highly leveraged investments.

2. Engagement in loans to other parties, endorsements, guarantees, and derivatives transactions

In the most recent year and as of the publication of this annual report, the loans, endorsements, and guarantees were only provided by the Company to subsidiaries, in which the Company held 100% of their equity or between the parent Company and subsidiaries, for the purpose of business dealings. The Company's loans to other parties, endorsements, and guarantees are handled in accordance with the policies and response measures stipulated in its Procedures for Loaning of Funds and the Procedures for Making of Endorsement/Guarantee. The relevant operations are executed with the risk situation and relevant regulations considered.

3. Engagement in derivative transactions

When the Company engages in derivative transactions, it always conducts careful evaluation. Any derivative transaction is aimed at helping to improve business performance and reducing the Company's operating and financial risks. The transactions are processed in accordance with its Regulations Governing Acquisition or Disposal of Assets and the scope of authorization.

(3) Future R&D plans and estimated R&D expenses

1. Future R&D plans

The main products currently developed by the Group are PC peripheral products, IoT camera modules, automotive camera modules, network cameras, security systems, multi-function service machines, audio systems and smart home products. The future development plan will continue to cooperate with international manufacturers and strategically cooperate with start-up companies, focusing on pressure trackpads, smart home products, self-media audio-visual devices, esports headphones, smart security camera systems, IoT camera modules, 3D sensing modules, conference audio systems, professional audio products, automotive electronics, Industry 4.0 and intelligent manufacturing, etc., to further enhance the Group's R&D capabilities to increase the market share of the Group's products and make the Group's products more international and competitive.

2. Estimated R&D expenses

The amounts of R&D expenses estimated by the Group are budgeted step by step according to the development progress of each new product and technology as well as the future operating conditions to maintain a certain growth rate to ensure the Group's competitive advantages. It is estimated that R&D expenses will be around NT\$3.1 billion in 2024.

(4) The impacts of changes of the important domestic and foreign policies and laws on the Company's finance and business, and response measures thereof:

The Group operates in accordance with the relevant laws and regulations of the domestic and foreign countries where investments are made, and the relevant personnel also pay attention to the changes of the laws and regulations at any time for the management to stay informed. Therefore, important changes in domestic and foreign policies and laws can be updated immediately and responded to effectively by the Group.

(5) Impact of changes in technology (including information and communication security risks) and industry on the Company's financial operations, and response measures thereof:

In response to the rapid changes in advanced science and technology, the Group has continuously invested in R&D resources and regularly grasped, collected and analyzed the market and technological development changes of specific areas in PC peripherals, mobile camera modules, business equipment products, smart home products, and automotive and vehicle networking related products to reduce the impact of technological changes, and has also strengthened the research and development of high value-added, high-margin products, making the Company's products more diversified and stable, and ensuring profitability.

The Company has established comprehensive network and computer-related security measures and continues to promote information security management systems to the entire group, but hackers may intrude computer viruses, malware or ransomware into the Company's network and systems, attempt to interfere with the Company's operations, damage computer systems, and thus obtain system control, or snoop on confidential information. These attacks may result in the Company compensating its clients for losses due to delays or disruptions in production; or a breach of contract may result in incurring significant overheads. In order to prevent and reduce the damage caused by malicious attacks, information security measures are updated continuously, for example we have carried out on a yearly basis network and system vulnerability scanning and penetration testing to patch medium and high-risk vulnerabilities. Furthermore, the Company has added new systems such as Server Endpoint Detection and Response (EDR), Privileged Account Access Management, Intrusion Detection and Prevention Systems, and Network Device Configuration Management. These additions aim to reduce the occurrence of incidents involving confidential or sensitive data. Continual monitoring through the Information Security Incident Management System log and the implementation of a Data Loss Prevention (DLP) system are part of these efforts. Additionally, the Company conducts at least six email social engineering drills annually and biannual employee information security awareness training to further enhance security measures.

The Group continues to expand its extensive strategic alliance system with existing clients through product design, mass production, logistical support, distribution and after-sales service with excellent process technology to strengthen the long-term coexistence and prosperity mutually. So far, technological changes (including information technology security risks) and industry changes have not had any significant financial impact on the Group.

(6) Impact of changes of corporate image on the Company's crisis management and response measures:

Primax is dedicated to fostering innovation and research and development, enhancing its competitive edge, achieving stable growth in overall operations, and delivering the fruits of its management efforts back to shareholders. The positive image of the Company is reflected in its rigorous corporate governance and risk management, along with its ongoing commitment to sustainable business practices. Furthermore, Primax has consistently been recognized for its performance in both domestic and international evaluations, including an MSCI ESG Rating of A, being ranked in the top 5% of listed companies in the Taiwan Stock Exchange's Corporate Governance Evaluation six times, receiving the TCSA Taiwan Top 100 Sustainable Model Enterprises Award for four consecutive years, and being selected for CommonWealth Magazine's Top 100 Sustainable Corporations. These accolades highlight the Company's excellent corporate image. Primax has a dedicated team in charge of prevention, management, and contingency measures related to corporate image. In the most recent year and as of the publication date of this annual report, no incidents had affected the corporate image.

(7) Expected benefits, possible risks and countermeasures for merger: None

(8) Expected benefits and possible risks associated with factory expansion, and response measures thereof:

In response to global strategic planning, PRIMAX has expanded its investment in Taiwan and announced a new NT\$2.101 billion capital expenditure budget for factory construction on April 12, 2022. The Company will build a factory and set up an advanced laboratory in Zhubei. It is expected to be completed in 2025 and include a production and education centre, a new product manufacturing centre and an intelligent production line.

(9) The risks arising from the concentration of purchases or sales, and response measures thereof:

1. The risks arising from the concentration of purchases, and response measures thereof.

In addition to the purchase of finished products, Primax maintains at least two qualified suppliers for other goods to be purchased, to maintain the flexibility of purchases, ensure uninterrupted supply of goods, and maintain the advantage of bargaining to achieve the goal of cost reduction. In summary, Primax should not yet have the risk of concentration of purchases or interruption of supply.

2. The risks arising from the concentration of sales, and response measures thereof.

The Group's main customers are mainly internationally renowned high-tech companies from diverse fields with high stability. In addition to maintaining a good relationship with existing customers, the Group has actively developed new products with a view to expanding the market and customer sources in other business sectors, while striving to diversify customers and minimize the risk of sales concentration. In the past two years, the total proportion of customers whose orders accounted more than 10% of the Group's annual revenue has remained at the same ratio.

(10) The impacts and risks arising from a major quantity of shares belonging to directors or shareholders holding greater than a 10 percent stake in the Company is transferred or changes hands and the response measures: None

(11) The impact on the Company, and risk due to changes in managerial authority, and the response measures: None

(12) Risks associated with litigations or non-litigations

1. Confirmed judgment, ongoing litigation, and non-litigation or administrative disputes in the most recent years and as of the publication date of this annual report, the result of which may have a significant impact on shareholders' equity or securities prices, shall be disclosed. Disclosure includes disputed facts, monetary amount involved, litigation starting date, the main parties involved, and present status: None
2. Confirmed judgment, ongoing litigation, non-litigation, or administrative disputes involving the Company's Director, general manager, responsible person, and shareholders who hold more than 10% of the Company's shares in the most recent year and as of the publication date of this annual report, the results of which may have a significant impact on shareholders' equity or securities prices: None

(13) Other important risks and countermeasures:

A. Intellectual property management strategy and goals

In order to align with advanced technology tendency and protect technical achievement, we continuously engross sufficient resources in R&D and analysis for the variation of marketing and technology in relation to our products. We also formulate intellectual property policy which integrates the operation goal and R&D resources so as to reinforce the advantage in competition.

The Company is dedicated to advancing its patent capabilities, ensuring it remains competitive according to market benchmarks. This involves not only enhancing the quality of our patent management processes but also refining and integrating our internal systems for managing intellectual property. Efforts are made to bolster protection for research and development initiatives that have not yet been patented, guaranteeing a direct correlation between protected intellectual property and the Company's forthcoming major revenue-generating products or essential technologies. The Company has formulated patent strategies for its key development products to encourage innovation in research and development. By closely monitoring patent activities within the industry, we aim to strengthen our patent positioning in the customer market. We target to be the top thirty of Taiwan Patent Applications by 2030.

In light of this, the Company has established the following intellectual property policies:

- (1) Enhance the existing internal regulations for intellectual property management.
- (2) Improve the quality of patent management.
- (3) Strengthen the protection of research and development outcomes that have not yet been patented.
- (4) Reward innovation in research and development.
- (5) Fortify the intellectual property layout in the customer market.

B. Management plan for intellectual property rights

1. Management of patent

For the purpose of protection of technical achievement and leading position, we not only constantly encourage our staff to file application for utility patent via the corporate innovation award, but also establish the patent management policy and risk control mechanism. In addition, the quantity and quality for patent application has been managed by means of AI analysis through the entertainment patent system. We contact and cooperate with the patent competent authority closely to raise efficiency of patent examination and acquire the high-level patent protection. We also take efficient actions to reduce patent risk. We strive to monitor the competitors of certain products and analyze relevant market and patent information.

2. Management of Copyright

We promulgated Regulation of Copyright to formulate the process of acquirement, preservation and maintenance of copyright.

3. Protection of trade secrets

Trade secret is the technological and business operation core of the Company. In addition to formulating intellectual property confidential document management methods, and rules for the confidential handling of intellectual property documents for the management of business secrets, the Company has set forth the relevant rules in the Employee Handbook and Employee Contract, as well as providing the staff with the training courses to disseminate the importance and protection measures of trade secret.

C. Implementation:

The report of the implementation of intellectual property events has been submitted to the Board of Directors on November 8, 2023. We have carried out the management of intellectual property rights since 1990, the details are listed as follows:

1. Patent Application: Primax group has filed numerous patent applications in countries since 1990.

2. Procedure management

- (1) In 1990: We formulated and promulgated Regulation of Patent Application.
- (2) In 2002: Regulation of Risk Management and Patent Usage was put into force.
- (3) In 2004: The Enterprise Patent System was introduced.
- (4) In 2021: Regulation of Copyright and Regulation of Trade Secret were put into force. Where AI tools were introduced to enhance abilities to analyze data from databases across various countries, assisting in the identification of high-quality patents and innovative personnel.
- (5) In 2022 : Procedure of Copyright and Procedure of Trade Secret were put into force.
- (6) In 2023: The Company aimed to perfect its existing internal regulations for intellectual property management, revise/formulate patent management procedures, intellectual property confidential document management methods, and rules for the confidential handling of intellectual property documents.

3. Asset activation: To realize Patent Monetization, we sold almost 900 patents in 2006.

4. Risk control: To reduce the patent risk during the period of product development, we have carried out the management of patent search archive since 2012.

5. Management of trade secret

The provisions of trade secret which have been stipulated in Regulation of Trade Secret, Employee Handbook and Employee Contract are summarized below:

- (1) It's staff's duty to maintain secrecy pertaining to his work and the Company's business.
- (2) Staff shall not disclose, inform, provide or transfer such Confidential Information to third party, or announce to public or make use for third party of such Confidential Information during and after the termination of employment period. We are eligible to request the staff who breaches the foregoing to compensate the damages incurred by the Company and make a criminal liability claim.
- (3) Staff shall not disclose or use the trade secret owned by his former employer.

D. Measures for dealing with the risk of intellectual property rights

We occasionally receive the notices from third parties who assert that our products may involve in the controversy of intellectual property rights. We respect and try not to infringe third parties' intellectual property rights for all time. In view of the foregoing, we will analyze the related issues pertaining to legitimate, technical and business aspects to formulate the best tactics for resolution of the IP controversy so as to protect the Company's and stakeholders' interests.

E. Performance

As of the end of 2023, 897 patents of Primax Electronics Ltd. have been approved while 467 patents are pending in countries.

7. Other important matters: None



Chapter 8

Corporate Sustainability

1. Overview

(1) Vision and Strategy

Under the spirit of P.R.I.MAX, we have constructed a sustainability strategy blueprint. Using 2022 as the base year and looking towards 2030, our approach encompasses three major dimensions divided into eight strategic facets. Based on these, we have established 29 detailed objectives that align with seven United Nations Sustainable Development Goals (SDGs), launching corresponding action plans and setting performance indicators for each responsible unit to integrate sustainability deeply into our business operations. Furthermore, in alignment with the SDG 17 goal for partnerships, Primax actively supports international initiatives, including RE100, GRI, SASB, CDP, DJSI, etc. Following the SASB Technology & Communications - Hardware standard, we ensure corresponding disclosures in our reports, enhancing the completeness of our information disclosure.

(2) ESG Operation and Management

Authorized by the Board of Directors, Primax has established a corporate sustainability office, known as the ESG Office, under the Chairperson of the Board, led by Deputy General Manager Chiang, Yan-Ying as the convener. This office is tasked with implementing corporate governance, fostering a sustainable environment, upholding social welfare, and strengthening information disclosure across these four dimensions of corporate sustainability. It sets up groups focused on corporate governance, green operations, and social care to gather all economic, governance, environmental, and social initiatives related to operational activities, engage with stakeholders, prioritize significant issues based on these engagements, and propose a corporate vision blueprint to the Board. This includes the formulation of policies, systems, or management principles related to corporate sustainability, which are then approved by the Board for specific implementation plans. And report the implementation status or annual performance results to the board of directors at least every six months.

In 2023, the Board of Directors held a total of 8 meetings, with sustainability-related agenda items as listed in the following table:

Date of Meeting	Proposal
2023/01/17	Passed the proposal for the Company sponsored Cheng Zhi Education Foundation for the KIST school experiment project for the 2023-2028 school year in Taoyuan Elementary School in Taitung County
2023/06/02	(1) 2023 Corporate Sustainability Strategy Blueprint Execution Plan Report (2) 2022 Greenhouse Gas Inventory Results Report (3) Primax Group 2050 Net Zero Pathway Report (4) Significant Themes and Stakeholder Engagement Results in the 2022 Sustainability Report
2023/11/08	2023 Operational and Climate Change Risk Assessment Report

(3) Communication with stakeholders

In engaging with Primax's stakeholders, in addition to referencing the AA 1000 Stakeholder Engagement Standards (SES), the effort was made to align stakeholder identification more closely with the spirit of the GRI Standards (2021) by assessing stakeholders who are actually or potentially affected by Primax's management of various sustainability issues. The categories with the highest impact scores were selected, taking into consideration the AA 1000 identification results. The ESG Office defined seven major groups as Primax's key stakeholders: government/regulatory authorities, customers, shareholders/investors/financial institutions/external rating agencies, employees, suppliers/contractors/subcontractors, local communities, and NGOs/NPOs.

The ESG Office collects concerns related to sustainability issues from key communication contacts among these stakeholder categories every six months, checks for any significant impact events, and compiles reports that serve as references for identifying significant issues. These are regularly presented to the Board of Directors. For detailed information on the sustainability concerns and communication channels of stakeholders, please refer to the table below:

Stakeholders	Main issues of concern	Communication methods and channels
Government/Competent authority	Corporate Governance/Regulatory compliance/Green Innovation and Life Cycle Management/Climate Change Response/Economic Performance/Water Resources/Air Pollution Emissions/Waste Management	Official Correspondence/Official Documents of MOPS/Company Official Website
Customers	Corporate Governance/Operate with integrity/Regulatory Compliance/Privacy and Information Security/Occupational Safety and Health/Sustainable Supply Chain Management/Green Innovation and Life Cycle Management/Labor Management and Rights/Product Health and Safety/Social Engagement/Water Resources/Air Pollution Emissions/Waste Management/Ecological Conservation	GP、RBA、QPA、QSA Audit/Customer GP/Environmental Requirements/Customer Satisfaction Survey/Customer & Supplier Conference/Product RFQ
Shareholders/Investors/Financial Institutions/External Appraisal institutions	Corporate Governance/Privacy and Information Security/Economic Performance/Occupational Safety and Health/Operate with Integrity/Climate Change Response/Risk Management	Annual Shareholders' Meeting/Quarterly Operating Results Presentation and Teleconference/Monthly Revenue Announcement/Domestic Interviews Meeting/Forum for Overseas Investors
Employee	Economic Performance/Occupational Safety and Health/Labor Management and Rights/Privacy and Information Security	Labor Conferences/Employee Performance Interviews/Business Division Communication Meeting/Interviews with Grassroots Employees/Union or Welfare Committee Meetings/Opinion Survey/Internal Publicity Channel/Appeal Consultation Channel
Suppliers/Contractors/Outsourcers	Operate with Integrity/Regulatory Compliance/Labor Management and Rights/Occupational Safety and Health/Sustainable Supply Chain Management	New AVL Evaluations and Declarations/Environmental Requirements for Primax Clients/Annual Review/Supplier Training (GHG/CFP/GP)/Supplier Conference
Local Communities	Economic Performance/Risk Management/Regulatory compliance/Social Engagement/Water Resources/Air Pollution Emissions/Waste Management/Ecological Conservation	Risk Assessments/Volunteer Activities/Donations
Non-Governmental Organizations/Non-Profit Organizations	Indirect Economic Impacts/Climate Action/Decent Work and Economic Growth/Non-Discrimination/Customer Health and Safety/Quality Education	Telephone Interviews/ESG Mailbox/Mail/Official Correspondence

(4) Corporate Operational Risk Identification and Management

With the authorization of the Board of Directors, the ESG Office is responsible for calling and assigning each function to set up a risk assessment team. The risk assessment team should hold a meeting at least once a year to identify operational risks of sustainability and climate risks and opportunities. The risk assessment team should assess risk sources, risk items, and risk indices, identify risks and opportunities that are material to business operations, and propose relevant countermeasures. The risk assessment team should submit an enterprise risk management report to the Risk Management Committee, whose convener shall then report to the Board of Directors at least once a year. In 2023, the risk assessment team compiled 54 risk factors, identifying 12 high-risk items that include industry changes, competition, innovation, and climate change as the main corporate risks. The related risk response strategies include keeping abreast of industry trends for early strategic positioning, leveraging strengths to explore new markets, and establishing comprehensive green design and management systems.

(5) Supply Chain Management

Primax continues to strengthen supplier management, encouraging suppliers to excel in controlling quality, cost, and delivery times while striving for excellence in environmental protection, safety, and health. In 2023, Primax comprehensively reviewed its supplier management system from a sustainability perspective. This review involved revising internal supplier management procedures and clarifying the supplier ESG management plan, covering everything from continuous compliance improvement and climate change adaptation to the establishment of in-depth cooperative projects. The aim is to mitigate internal operational risks while reducing societal and environmental external risks, enhancing resilience, and seizing market opportunities alongside supplier partners.

Primax completed the development of the first edition of the Primax Group Supplier Code of Conduct in 2023, requiring all transactional suppliers to sign a commitment to adhere to the Responsible Business Alliance (RBA) Code of Conduct and meet related requirements. By the end of 2023, the completion rate of signatures had reached over 80%, with the final rate verified in the sustainability report.

Based on the current performance of important suppliers, from 2024, Primax plans to include ESG-related scoring items in the existing quarterly supplier scoring system, tracking important suppliers' continuous improvements on suggested sustainability themes each quarter. In addition to deepening suppliers' sustainability enhancements, we will increase the frequency of communication with suppliers through annual audits, quarterly tracking meetings, experience-sharing workshops, and irregular surveys to ensure all suppliers maintain the required standards. Primax is also proactively creating more learning and improvement opportunities and resources for suppliers, gradually launching ESG training for suppliers in collaboration with impartial third-party partners.

Key performance achievements in 2023 include: Participation in climate communication and adaptation awareness training by 257 companies; Completion of climate adaptation surveys by 223 suppliers.

(6) 2023 ESG Performance and Honors

- Honored in the S&P Global Sustainability Yearbook 2023 and won the Industry's Best Progress Award.
- Received an MSCI ESG Rating of A.
- Received Score A in both CDP's Climate Change Questionnaire and Supplier Engagement Rating (leadership level).
- Ranked in the top 5% in the Taiwan Stock Exchange Corporate Governance Evaluation.
- Won the TCSA Top 100 Sustainable Model Enterprises Award and the Sustainability Report Platinum Award.
- Ranked among the top 20 in the Commonwealth Sustainable Citizens Awards.
- Ranked among the Business Weekly Top 100 Carbon Competitive Companies.
- Received the Commonwealth 1.5°C Temperature Control Certification Badge.
- Ranked among the top 50 in the Commonwealth Sustainable Talent Awards.
- HR Asia Best Companies To Work For In Asia

2. Environmental Aspects

(1) Environmental Policy

Primax is dedicated to sustainable corporate development, with maximizing environmental protection as one of the core objectives of its sustainability strategy blueprint. This commitment extends from production activities and products and services compliance to continuous improvement, guiding our employees, suppliers, and other key business partners to actively participate in sustaining the environment. Primax's commitments and promotion policies include:

- Fulfilling compliance obligations and initiatives
- Mitigating and adapting to climate change
- Preventing pollution and conserving ecosystems
- Promoting green products and low-carbon strategies
- Strengthening stakeholder engagement

(2) Environmental Management System

A. Management System

Based on industrial characteristics and in response to the SDGs and climate actions, the Company has introduced the environmental management system (ISO14001), energy management system (ISO50001), water footprint management system (ISO14046), hazardous substance process management system (IECQ QC080000), and other management systems certified by third-party accreditation bodies to take proper control of the process and materials, so as to ensure that the products produced in line with the environmental protection requirements; meanwhile, there are dedicated units in place to maintain the environmental quality of the production plants in mainland China and to strengthen the implementation of energy-saving and carbon reduction measures.

B. Environmental Accounting

Up to the latest fiscal year and as of the printing of the annual report, Primax has not incurred any losses (including compensations) or penalties due to environmental pollution.

The following is a statistical table of the environmental protection expenditure of the Group's plants in 2023.

Unit: NTD

Classification of environmental protection costs	Description		Expenditures
Direct cost of reducing environmental impact	(1) Cost of pollution prevention	Including air pollution control costs, water pollution control costs, other pollution control costs	6,171,462
	(2) Resource conservation cost	The cost of conserving resources (such as water resources)	1,896,052
	(3) Business waste and general office waste disposal and recycling cost	The cost of business waste disposal (including reuse, incineration, and landfill)	2,646,414
Indirect cost of reducing environmental impact (management expenses related to environmental protection)	Includes (1) Employee environmental education expense; (2) Environmental management system architecture and certification fees; (3) Environmental load monitoring expense; (4) Increased cost of purchasing eco-friendly products; (5) Personnel costs related to the entity in charge of environmental protection		60,800,756
Total			71,514,684

(3) Climate Change Response

A. Climate-Related Financial Disclosures

In response to global warming, extreme weather conditions, heightened awareness of environmental protection, energy conservation, safety, health, and conservation, Primax Group formally became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021 and published its first TCFD Report in 2022. Referencing the recommendations for climate-related financial disclosures issued by the Financial Stability Board (FSB), Primax has established a risk framework to identify potential risks and opportunities that may impact operations and has proposed corresponding response strategies.

B. Management Framework for Climate-Related Risks and Opportunities

(I) Governance:

a. The Board of Directors regularly reviews climate change-related risks and opportunities:

Primax has established a corporate sustainability office, known as the ESG Office, under the Chairperson of the Board, led by Deputy General Manager Chiang, Yan-Ying as the convener. Various functional units are assigned to form risk assessment teams, following the "Enterprise Risk Management Policy and Procedures" of Primax. These teams conduct at least an annual identification, assessment, and management of climate change-related risks and opportunities, evaluating their financial impact. They formulate response strategies and set objectives for these issues and report the execution results to the Board of Directors annually.

The ESG Office acts as the convener, promoter, and executor for the risk assessment team, responsible for the evaluation and management of operational risks, sustainability risks, and climate change risks, as well as the execution and promotion of sustainability management.

The Risk Management Committee is responsible for reviewing policies and execution results related to risk assessments. The convener reports to the Board of Directors at least once a year.

b. Linking compensation mechanisms to enhance goal advancement and process supervision:

Starting from 2023, variable compensation for senior executives at the vice president level and above are linked to sustainable performance, including objectives such as smart manufacturing and greenhouse gas reduction, ranging from 10 to 15%.

c. Developing and strengthening the Board of Directors and management's expertise in climate management:

To enhance the Board of Directors and management's knowledge related to climate change, Primax arranges periodic continuing education courses. In 2023, five related courses were planned, covering topics such as net zero, circular economy, emerging risks, and risk management.

Course Date	Class Title	Hours	Participants / Titles
2023/06/02	2023 Taishin Net Zero Electronics Summit	3	Duh, Jia-Bin/Chairman
2023/12/13	Corporate Circular Economy and Sustainable Development	3	Pan, Yung-Tai/Director
2023/05/04	Global Future Risks and Opportunities for Sustainable Transformation in 2023	1.5	Lee, Ji-Ren/Director
2023/05/30	Climate Change as an Emerging Risk for Businesses	3	Cheng, Chih-Kai/Independent Director
2023/03/28	How Board Members Can Supervise the Establishment and Promotion of an Effective Risk Management System	3	Wu, Chun-Pang/Independent Director

(II) Strategy

a. Identifying Climate-Related Risks and Opportunities

Utilizing both quantitative and qualitative scenario analysis to evaluate the potential operational and financial impacts of significant climate risks and opportunities. Discussions and identifications by a cross-departmental risk assessment team on short-term (2024-2025), mid-term (2026-2028), and long-term (2029-2033) physical and transition climate risks. In 2023, the assessment of physical risks, based on past adaptation experiences, scenario analysis outcomes, and potential financial impacts, concluded that short-term and medium to long-term physical risks would not significantly impact finances. However, continuous tracking of scenario changes and impacts will be conducted, with plans for adaptation and management strategies and implementation of response measures.

b. Identifying the Expected Impact on Primax's Business Model and Key Transactional Suppliers

In 2023, the geographical regions of Primax's key transactional suppliers will be included in the climate scenario assessment to understand the climate-related risks and potential impacts faced by critical material suppliers. Through partnership building, suppliers' awareness and responsiveness to climate risks are enhanced, strategies are communicated based on assessment results, and suppliers are encouraged to actively set and gradually achieve carbon reduction targets.

c. Strategy Formulation

Based on climate scenario analysis and the evaluation of climate-related risks and opportunities' impacts on Primax's short, medium, and long-term financial conditions, corresponding climate mitigation or adaptation strategies are formulated. Primax's 2023 financial impact analysis of climate change risks and opportunities is summarized in the table below. Focusing on seizing low-carbon goods and services opportunities, moving towards net-zero emissions, and enhancing climate resilience.

Financial Impact Analysis of Climate Change Risks and Opportunities

High Risk/Opportunity Analysis and Corresponding Strategies						
Scenario Setting	Impact Description	Risk Item	Potential Financial Risk Damages	Opportunity Item	Potential Financial Benefits Opportunities	Response Strategy
NZE Scenario	Under the global trend towards net-zero emissions, sustainability evaluation organizations and domestic and international regulations will become stricter regarding climate management. Failure to comply may directly impact the Company's reputation and even affect customer perception of Primax.	Mandatory Climate Information Disclosure and Reporting	<ul style="list-style-type: none"> Increased costs due to fines for legal violations and audits by regulatory authorities. Reduced revenue due to reputational damage. 	Enhancing corporate reputation	<ul style="list-style-type: none"> Reducing the risk of penalties and costs Increased customer orders and improved reputation leading to increased revenue 	<ul style="list-style-type: none"> Introduce various management systems, strengthen the management performance of ESG and reduce risks. By disclosing ESG information through annual sustainability reports, websites, and other platforms, Primax proactively responds to stakeholder expectations. Since 2021, the TCFD has been introduced to identify and expose the risk information related to climate change, and participate in CDP, DJSI, RE100, etc., to increase the presentation and communication of sustainable performance, further strive for favorable loan rates, increase revenue and goodwill.
		Impact on Corporate Reputation	<ul style="list-style-type: none"> Reduced revenue due to reputational damage, customer loss, and decreased product demand. 			
		Sustainability assessment universalization	<ul style="list-style-type: none"> Revenue reduction caused by reputational impact. 			
STEPS Scenario NZE Scenario	As international net zero policies evolve, the market demand for low-carbon products increases. Failure to anticipate market demands and enhance product competitiveness may result in lost orders. Primax is actively building internal systems and strengthening customer communication to meet or exceed customer demands, enhancing the Company's sustainable competitiveness.	-	-	Entering New Markets	<ul style="list-style-type: none"> Increase in customer orders and revenue. 	<ul style="list-style-type: none"> Establishing regional supply bases and overseas factories to meet the automotive industry's localization requirements. Continuous improvement in onboard market product design capabilities, manufacturing technology, and supply chain management. Completing the establishment of the vehicle industry system and complying to standards and legislation.
		Climate change response demands from customers	<ul style="list-style-type: none"> Decreased revenue due to declining product competitiveness and customer loss. 			

C. Risk Management

(I) Using the TCFD framework, Primax has established a climate risk identification process integrated into the Enterprise Risk Management (ERM) process.

During the enterprise risk identification process, Primax assesses both operational risks (including sustainability aspects) and climate risks within the Enterprise Risk Management (ERM) framework. The determination of risk levels considers two main factors: "likelihood" and "impact." Likelihood measures include the probability or frequency of a risk event occurring in the past; impact assessments primarily quantify financial repercussions and are supplemented by qualitative descriptions, such as the effects on operational activities, customer loss, or the scale of reputational damage.

(II) Based on the identification and prioritization of climate change-related risks and opportunities, corresponding strategies are formulated.

Risks are classified on a risk and opportunity matrix by multiplying the scores of "likelihood" and "impact." For high-risk items, mitigation plans are drafted for ongoing monitoring and improvement. The execution of significant plans is incorporated into the audit unit's regular audit program.

D. Indicators and Objectives

Primax has set climate-related objectives, including indicators for greenhouse gas emission reduction, energy management, water resource management, and waste management. The Company actively seeks low-carbon goods and services opportunities, aims for net zero emissions, and strengthens climate resilience. The environmental indicator data listed for 2023 are internal audit information. Final data will be based on third-party audit reports and the sustainability report.

(I) Greenhouse Gas Emission Reduction

The Company has formulated the "Declaration for Greenhouse Gas Inventory and Voluntary Reduction." We conduct greenhouse gas (GHG) inventory (ISO14064-1) and obtain third-party assurance on a regular basis in order to keep track of GHG emissions accurately. Based on the results of the inventory, the Company further carries out plans for voluntary greenhouse gas reduction using the science-based targets initiative (SBTi 1.5°C). Based on the commitment to achieve net zero emissions by 2050, the following phased objectives have been established:

- (1) Considering 2019 as the baseline year, by 2025, achieve a 30% reduction in GHG emissions (CO₂e) for Scope 1 and Scope 2 compared to the baseline year.
- (2) In 2030, renewable energy is to account for 60% of total electricity consumption.
- (3) Use renewable energy by 100% and reach carbon neutrality targets of Scopes 1 and 2 by 2040.
- (4) Achieve the goal of net zero emission in 2050.

The Company has been carrying out GHG inventory since 2013, covering a total of ten factories inclusive of subsidiary factories, accompanied with verified third-party verification statements. The scope of the inspection includes Scopes 1 to 3.

Greenhouse gas emissions in the last two years (Market Base)

Unit: tons of CO₂e

	Scope 1	Scope 2	Scope 3	Assurance Entity	Explanation of Assurance Status
2022	4,646.228	37,789.468	1,695,434.469	SGS	An assurance statement has been obtained.
2023	4,979.167	28,683.119	1,651,573.835	SGS	Scheduled for implementation in March.

The total of Scope 1 and 2 in 2023 was 33,662.286 tons of CO₂e, a decrease of 20.67% compared with 42,435.696 tons of CO₂e in 2022 and a decrease of 59.36% compared with the base year of 2019. Scope 3 focuses on the inventory of upstream transportation, downstream transportation, raw materials procurement, waste disposal and transportation, employee commuting, business trip, electricity fuel use upstream, and product use, for major products.

Starting in 2020, the Company has been continuously purchasing renewable energy certificates, with 36,310,000 kwh acquired in 2023, representing 39.91% of the total electricity usage.

In addition to purchasing renewable energy certificates, we also built our own solar power generation facilities and directly used renewable energy through the green power purchase agreement (PPA). In 2023, we used a total of 1,840,471kwh of solar power generation, 2.02% of total electricity consumption. Overall, renewable energy accounted for 41.93%.

(II) Energy Management

- Objective: Reduce energy density use (including electricity) by 3% per year.
- The total energy consumption of the Primax Group in 2023 was 336,212,456,054 KJ, a 10.79% decrease from 376,894,102,484 KJ in 2022; the intensity of energy consumption in 2023 was 5.5583 GJ/NT\$ million in revenue, an increase of 16.87% compared 4.756 GJ /NT\$ million in revenue in 2022, where the primary reason for the increase in energy intensity is the decrease in revenue, although actual energy usage has decreased compared to the previous year.

(III) Water Resources Management

- Objective: Reduce water consumption by 2% per year. In 2030, reduce water intensity by 40% compared to the base year of 2020.
- The Company has been carrying out water footprint inventory since 2018. In 2023, covering a total of ten factories of the subsidiary and verified with a third-party verification statement.

Water consumption in the last two years

	Total water consumption (m ³)	Water density (m ³ /million NT)
2022	871,672	11.00
2023	780,330	12.90

The Company introduced the water recovery system in 2019, and promoted water conservation and replace water-saving equipment in factories. Compared with 2022, the water consumption in 2023 decreased by 10.48%, and water density increased by 17.27%.

(IV) Waste Management

- Objective: Reduce waste production by 2% per year and general waste production by 2%.
- The Company actively incorporates waste management into the ISO 14001 environmental management system to meet regulatory requirements and achieve reduction targets.

Waste production in the last two years

	Industrial waste (tons)	General waste (tons)	Total waste (tons)
2022	373.519	2,293.203	2,666.722
2023	708.103	1,806.905	2,515.008

- The total waste volume in 2023 was reduced by 5.69% (approximately 151.714 tons) compared to 2022.

(4) Green Design and Products

Primax actively integrates environmental protection principles into its green design and management while providing products and services. It seeks green and low-carbon opportunities at each stage of the product lifecycle. The raw materials used in products comply with international environmental standards and customer requirements. The Company plans to gradually increase the use of post-consumer recycled (PCR) materials to minimize the environmental impact during production. During the manufacturing phase, an energy management system is implemented, and regular assessments of water footprint and greenhouse gas emissions are conducted.

Solar power generation facilities are installed at production sites, and the procurement of green electricity is prioritized, while continuously improving production efficiency and reducing production hours. In the waste recycling phase, the Company follows customer requirements compliant with WEEE recycling rates, minimizing waste generation after product disposal. In 2023, Primax implemented a carbon inventory management system to systematically monitor carbon emissions at major production sites, aiding in the implementation of green product lifecycle management objectives and achieving optimized carbon asset management.

3. Social Aspects

(1) Human Rights Policy

The Primax Group, adhering to a people-centric approach, has established its human rights policy based on international norms such as the Responsible Business Alliance Code of Conduct, United Nations Guiding Principles on Business and Human Rights, United Nations Universal Declaration of Human Rights, International Labour Organization Conventions, and the International Standard for Social Responsibility. Regular human rights risk assessments are conducted at all locations, with tracking and confirmation of measures against identified risks, aiming to create a diverse, inclusive, safe, and comfortable workplace environment.

Primax commits to complying with human rights protection laws in all global operational locations, diligently preventing and mitigating third-party human rights infringements. The Company follows the policies below to foster a corporate culture of equality, respect, care, and safety, while also overseeing value chain partners to jointly uphold human rights.

- Ensuring freedom of employment and equal treatment
- Prohibiting of forced labor
- Prohibiting child labor
- Creating a diverse and inclusive environment free from discrimination, harassment, and inhumane treatment
- Providing legal wages and benefits
- Ensuring the safety and health of workplaces and accommodations
- Strengthening minority rights protection through human rights frameworks and internal activities
- Actively protecting employee health
- Guaranteeing colleagues' rights to freely associate, form, and join various associations and organizations
- Maintaining positive labor relations and offering diverse communication platforms to foster an open communication culture

(2) Talent Retention

In addition to complying with local laws and regulations, the Company regularly reviews market standards, collects, and consults local remuneration survey reports, to plan and adjust its remuneration policies accordingly. In addition to general salary, performance bonuses are issued based on the Company's operating performance and individual performance, and no differences occur due to on gender, religion, race, and nationality. In addition, employee benefits are in line with or better than local laws and regulations. The projects are as follows. For details, refer to the "2023 Sustainability Report - Recruitment and Retention section":

- Retirement plan
- Group insurance covering employees' family members
- Happy and flexible holidays superior to local laws and regulations and Primax Holidays
- Employees' relaxing places such as coffee shops, employee cafeteria, employee dormitory, medical center, and recreational building
- Various subsidies and gifts
- Employee physical and psychological care measures, including EAP and periodical health promotion activities
- Large gathering events, group travel, and recreational activities
- Various club activities

(3) Occupational Safety and Health

1. Main bases of the Group are located in Taiwan, mainland China, and Thailand.
2. In 2023, 17,634 people accepted training related to occupational safety in Primax Group, with training expenses total NT\$689,636.
3. In order to provide employees with a safe and healthy work environment, Primax's relevant management measures are as follows:
 - (1) Regular educational training: the projects include first aid, mechanical safety, environmental safety risk identification, occupational health, emergency response, etc. At the same time, conduct health education lectures for health promotion section.
 - (2) Risk control: fire alarm, chemical leakage, and other operational drills.
 - (3) Health examination: In addition to regular general health examination, the mainland factories provide specific examination items for high-risk positions, such as serum ALT, hearing test, electrocardiogram, etc., especially for employees related to X-ray operation, and also increase the whole-body precision examinations such as skin, liver, kidney, and lymph.
 - (4) Medical aid: Medical clinics/centers are set up in the factories and office areas, and medical care personnel are stationed regularly. All departments are also equipped with medical kits to provide employees with emergency medical assistance, disease prevention and treatment, medical consultation and other services.
4. The Company has obtained ISO45001 occupational safety and health management system certification (Duration: December 19, 2022 to December 18, 2025), and regularly convenes the occupational safety committee, with the goal of zero occupational disease, zero major occupational disaster, and work-related injury event reduction, so that employees could work in a safe and healthy workplace.

There were a total of 52 work-related occupational injuries in 2023 (11 in China and 41 in Thailand), all of which have been properly handled. The injured employees were assisted to apply for insurance and adjusted their work duties according to their recovery status. Among them, while the production volume of the Thailand factory can grow, we also pay attention to the importance of improving the safety awareness of workers. Therefore, in order to prevent future occupational injuries, we further analyze the root causes of the incident and strengthen response actions, including arranging safety training courses, strengthen the frequency of on-site inspections to enhance personnel safety awareness and reduce accidental injuries caused by negligence.

5. The company has no fire incidents in 2023. The fire-related risk identification and disaster reduction measures are explained below:
 - (1) New Employee Training: New employees must complete education training related to fire and disaster prevention.
 - (2) Comprehensive Drills: A volunteering firefighting team is established, and comprehensive drills on notification, fire extinguishing, and evacuation are conducted for all employees twice a year.
 - (3) Dedicated Team for Inspections: Setting up fire prevention teams from fire management personnel, with fire prevention officers appointed on each floor to conduct daily and monthly inspections of fire prevention measures.
 - (4) Fire safety maintenance: Before May each year, a professional maintenance organization is commissioned to report the inspection results to the local fire department for review.

(4) Employee Development

The learning and development in the Company is around the core framework of job functions and is closely integrated with the Company's future development strategies and goals. The training system is divided into three major categories: professional function training, leadership training, and general function training. For more information, refer to the "2023 Sustainability Report - Talent Development and Training".

(5) Customer Relations

When the Company provides products and services, it incorporates the concept of environmental protection in green design and green management in order to comply with laws and clients' requirements while fulfill the responsibilities as a global citizen. In addition to complying with laws and regulations related to green products (such as RoHS, REACH, and ErP.) and clients' requirements, the Company has cultivated employees' ability to cope within the organization and with suppliers and offered relevant training while an information management system (PLM) is integrated to put into practice a green product policy. Customer satisfaction surveys are conducted every year, and customer feedback is implemented in the management process to reduce the occurrence of complaints.

Internal procedures for protecting customer property and complaints are also formulated. Our protection of client privacy and confidential information is the key to maintaining a long-term relationship with our customers. The Group is committed to protecting the security of customer information to maintain the customers' rights and interests. At Primax, information security is a top priority. We have introduced ISO 27001 Information Security Management System and obtained third-party assurance to ensure the confidentiality, integrity, and availability of the Company's information assets.

(6) Social Engagement

Primax has long been concerned with elder care and rural education issues, as well as community engagement. Beyond regular sponsorships to charitable partners, the Company has established an internal employee donation platform. In collaboration with charitable partners, various activities are organized to create connections and a sense of identification between employees and partners, further encouraging volunteer service participation. Towards the vision of societal well-being, strategic goals for 2030 have been set in terms of beneficiary numbers, volunteer service hours, amounts of social assistance, and the number of charitable partners. The social engagement performance of the Primax Group in 2023 is as follows:

- Beneficiary count reaching 20,298 individuals
- A total of 5,679 volunteer service hours
- Social assistance amount (including public event expenses/Company and employee donations) total NT\$10,450 thousand
- Addition of 29 new charity partners



Chapter 9 Special Disclosure

1. Information on Affiliated Companies

(1) Consolidated business report of affiliated companies

1. Overview of affiliated companies

Organizational chart of affiliated companies (December 31, 2023)



2. Basic Information about affiliated companies:

Unit: NT\$1,000 December 31, 2023

Name	Date of incorporation	Address	Paid-in capital	Main business or products
Dongguan Primax Electronic & Telecommunication Products Ltd.	1995.12.21	No.135, Shijie Technology East Road, Shijie Town, Dongguan City	1,935,108	Manufacturing and sale of computer peripherals, mobile device components, and business devices
Primax Electronics (KunShan) Co., Ltd.	2009.11.17	No.278 Jinsong Road, Yushan Town, Kunshan City, Jiangsu Province, China	847,319	Production of computer peripheral products
Primax Electronics (ChongQing) Co., Ltd.	2011.02.23	No.2669 Xinglong Road, Yongchuan District, Chongqing City, China	828,084	Production of computer peripheral products
Beijing Destiny Electronic Technology Co., Ltd.	1994.03.24	Room 201, 2nd Floor, No. 10 Caihefang Road, Zhongguancun, Haidian District, Beijing	38,333	R&D of computer peripherals and business devices
Primax Destiny Co., Ltd.	1995.07.28	2nd Fl., Yamashita Bldg., 1-23-2, Hamamatsucho, Minato-ku, Tokyo 105-0013 JAPAN	5,448	Market development of and customer service for computer peripherals, mobile device components, and business devices
Polaris Electronics, Inc.	1996.04.24	890 Hillview Court, Suite 270 Milpitas, CA 95035	49,176	Sale and purchase of computer peripherals, mobile device components, and business devices
Primax Industries (Hong Kong) Ltd.	1989.05.19	Rm.1520-21, 15/F., Block A, Hi-Tech Industrial Centre, 5-21 Pak Tin Par Street, Tsuen Wan, N.T., Hong Kong.	2,370,578	Holding Company and customer service
Primax Technology (Cayman Holding) Ltd.	1997.10.08	2nd Floor, Midtown Plaza, Elgin Avenue, George Town, Grand Cayman KY1-1106, Cayman Islands.	876,153	Holding Company
Primax Industries (Cayman Holding) Ltd.	1996.10.24	2F, Zephyr House, Mary St. PO. Box 709, George Town, Grand Cayman, Cayman Islands, British West Indies.	2,504,176	Holding Company
Destiny Technology Holding Co., Ltd.	2001.01.19	Sealight House, Tortola, British Virgin Islands	32,272	Holding Company
Diamond (Cayman) Holdings Ltd.	2013.10.08	P.O. Box 32052, The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, Grand Cayman, KY1-1208 Cayman Islands.	3,966,352	Holding Company
Tymphany Worldwide Enterprises Ltd.	2013.10.29	P.O. Box 309, Uglan House, Grand Cayman, KY1-1104 Cayman Islands.	1,922,510	Holding Company
TYP Enterprises, Inc.	2014.01.06	1 Thorndale Drive, Suite 200, San Rafael, CA 94903, USA	15	Market development of and customer service for speakers and their components
Tymphany HK Ltd.	1995.05.11	Room 1521, 15/F., Block A, Hi-Tech Industrial Centre, 5-21 Pak Tin Par Street, Tsuen Wan, N.T., Hong Kong	568,375	Holding Company; sales of, market development of and customer service for various speaker accessories, speakers and their components
Tymphany Acoustic Technology (Huizhou) Co., Ltd.	2004.08.09	Tymphany Smart Acoustic Technology Industrial Park, Huaguo Village, Xinxu Town, Huiyang District, Huizhou City, Guangdong Province	1,642,541	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components
Tymphany Logistics, Inc.	2015.04.29	1 Thorndale Drive, Suite 200, San Rafael, CA 94903, USA	6,147	Sales of various speaker accessories, speakers and their components
Dongguan Tymphany Acoustic Technology Co., Ltd.	2015.09.06	Building 9, No.135, Shijie Technology East Road, Shijie Town, Dongguan City, Guangdong Province	153,675	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components

Name	Date of incorporation	Address	Paid-in capital	Main business or products
Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd.	2016.10.11	No.27, Dayuan Road, Zhangcun, Dongcheng District, Dongguan City	86,788	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components
Tymphony Acoustic Technology HK Ltd.	2017.01.05	Room 1521, 15/F., Block A, Hi-Tech Industrial Centre, 5-21 Pak Tin Par Street, Tsuen Wan, N.T., Hong Kong	1,648,618	R&D, design, and sales of various speaker accessories, speakers and their components, as well as holding business
Tymphony Acoustic Technology (UK) Limited	2017.01.20	C/O AZETS Ty Derw, Lime Tree Court, Cardiff Gate Business Park, Cardiff, United Kingdom, CF23 8AB	15,652	R&D and design of various speaker accessories as well as speakers and their components
Tymphony Acoustic Technology Europe, s.r.o.	2004.08.18	Průmyslový park 305, 742 21 Kopřivnice-Vičovice, Czech Republic	259,540	Manufacturing, installation and maintenance of various speaker accessories and their components
Tymphony Acoustic Technology Limited	2017.12.14	10th Floor, No. 19-2, 19-3, Sanchong Rd., Nangang District, Taipei City	50,000	R&D and design of various speaker accessories as well as speakers and their components
Gratus Technology Corp.	2015.04.01	890 Hillview Court, Suite 270 Milpitas, CA 95035	9,221	Market development of and customer service for computer peripherals, mobile device components, and business devices
Primax AE (Cayman) Holdings Ltd.	2017.11.14	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Island	1,481,427	Holding Company
Primax Electronics (Singapore) Pte. Ltd.	2019.08.05	61 KAKI BUKIT AVENUE 1#04-38 SHUN LI INDUSTRIAL PARK SINGAPORE(417943)	1,232,474	Sale of computer peripherals and other components and products
Primax Electronics (Thailand) Co., Ltd.	2019.08.15	No. 888/8, Moo 7, Tambol Khlong Kio, Ban Bueng, Chonburi Province	1,120,243	Manufacturing and sale of computer peripherals and other components and products
Tymphony Acoustic Technology (Thailand) Co., Ltd.	2019.10.08	No. 888/9, Moo7, Klong Kiew Sub-district, Ban Bueng District, Chonburi Province 20220 Thailand	701,244	Manufacturing and sales of various acoustic accessories, speakers, and their components
Tymphony Acoustic Technology (Singapore) Pte. Ltd. (Note 1)	2023.03.03	61 KAKI BUKIT AVENUE 1#04-38 SHUN LI INDUSTRIAL PARK SINGAPORE(417943)	0	R&D, design, and sales of various speaker accessories, speakers and their components, as well as holding business

Note 1: As of December 31, 2023, no funds have been invested yet.

3. Those who are determined to have the controlling and subordinate relation in accordance with Article 369-3 of the Company Act: None

4. Industries and the division of labor in the overall business of the affiliated companies:

The business operated by the affiliated companies of the Group are mainly the design, manufacturing, processing, and sales of PC peripherals and Non-PC peripherals. Overall, the division of labor between the affiliated companies is based on mutual support of technology, production capacity, marketing, and services to create the maximum synergy.

5. Information on directors, supervisors, and managers

December 31, 2023

Name	Title	Name or representative
Dongguan Primax Electronic & Telecommunication Products Ltd.	Chairman	Primax Industries (Hong Kong) Ltd. & Primax Technology (Cayman Holding) Ltd. Representative: Chang, Chen-Te
	Director	Primax Industries (Hong Kong) Ltd. & Primax Technology (Cayman Holding) Ltd. Representative: Fan, Kang-Yang
	Supervisor	Primax Industries (Hong Kong) Ltd. & Primax Technology (Cayman Holding) Ltd. Representative: Duh, Jia-Bin
	General Manager	Primax Industries (Hong Kong) Ltd. & Primax Technology (Cayman Holding) Ltd. Representative: Hsiao, Yin-Yi
Primax Electronics (KunShan) Co., Ltd.	Chairman	Primax Industries (Hong Kong) Ltd. Representative: Chang, Chen-Te
	Director	Primax Industries (Hong Kong) Ltd. Representative: Duh, Jia-Bin
	Supervisor	Primax Industries (Hong Kong) Ltd. Representative: Wang, Yao-Wei
	General Manager	Primax Industries (Hong Kong) Ltd. Representative: Hsiao, Yin-Yi
Primax Electronics (ChongQing) Co., Ltd.	Chairman	Primax Industries (Hong Kong) Ltd. Representative: Chang, Chen-Te
	Director	Primax Industries (Hong Kong) Ltd. Representative: Duh, Jia-Bin
	Supervisor	Primax Industries (Hong Kong) Ltd. Representative: Fan, Kang-Yang
	General Manager	Primax Industries (Hong Kong) Ltd. Representative: Hsiao, Yin-Yi
Beijing Destiny Electronic Technology Co., Ltd.	Chairman	Destiny Technology Holding Co., Ltd. Representative: Duh, Jia-Bin
	Director	Destiny Technology Holding Co., Ltd. Representative: Hsiao, Yin-Yi
	Supervisor	Destiny Technology Holding Co., Ltd. Representative: Wei, Hao-San
Primax Destiny Co., Ltd.	Director	Zhuo, Yi-Li
		Duh, Jia-Bin
		Hsiao, Yin-Yi
	Supervisor	Chou, Yen-Chou
Polaris Electronics, Inc.	Director	Duh, Jia-Bin
		Kuo, You-Min

Name	Title	Name or representative
Primax Industries (Hong Kong) Ltd.	Director	Primax Industries (Cayman Holding) Ltd. Representative: Duh, Jia-Bin
		Primax Industries (Cayman Holding) Ltd. Representative: Pan, Yung-Chung
Primax Technology (Cayman Holding) Ltd.	Director	Primax Electronics Ltd. Representative: Duh, Jia-Bin
		Pan, Yung-Chung
		Hsiao, Yin-Yi
Primax Industries (Cayman Holding) Ltd.	Director	Primax Electronics Ltd. Representative: Duh, Jia-Bin
		Primax Electronics Ltd. Representative: Pan, Yung-Chung
		Primax Electronics Ltd. Representative: Hsiao, Yin-Yi
Destiny Technology Holding Co., Ltd.	Director	Primax Electronics Ltd. Representative: Duh, Jia-Bin
Diamond (Cayman) Holdings Ltd.	Director	Primax Electronics Ltd. Representative: Duh, Jia-Bin; Hsiao, Yin-Yi
Tymphony Worldwide Enterprises Ltd.	Director	Diamond (Cayman) Holdings Ltd. Representative: Pan, Yung-Chung Liang, Li-Sheng Wu, Chang-I Duh, Jia-Bin
	Independent Director	Cheng, Chih-Kai
TYP Enterprises, Inc.	Director	Edward Townsend Boyd
Tymphony HK Ltd.	Director	Edward Townsend Boyd; Pan, Yung-Chung
Tymphony Acoustic Technology (Huizhou) Co., Ltd.	Chairman	Pan, Yung-Chung
	General Manager	Wu, Chang-I
	Director	Pan, Yung-Tai; Tsao, Chung-Feng; Wu, Chang-I; Liu, Xiao-Tong; Edward Townsend Boyd
	Supervisor	Ray Chen; Hsiao, Yin-Yi; Stephen Liu
Tymphony Logistics, Inc.	Director	Pan, Yung-Chung
Dongguan Tymphony Acoustic Technology Co., Ltd.	Executive Director	Pan, Yung-Chung
	General Manager	Wu, Chang-I
	Supervisor	Hsiao, Yin-Yi
Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd.	Executive Director	Pan, Yung-Chung
	General Manager	Wu, Chang-I
	Supervisor	Hsiao, Yin-Yi
Tymphony Acoustic Technology HK Ltd.	Director	Pan, Yung-Chung
Tymphony Acoustic Technology (UK) Limited	Director	Philip Scott Mcphee
Tymphony Acoustic Technology Europe, s.r.o	Director	Pavel Merhout
		Philip Scott Mcphee

Name	Title	Name or representative
Tymphony Acoustic Technology Limited	Chairman	Pan, Yung-Chung
	Director	Duh, Jia-Bin Pan, Yung-Tai
	Supervisor	Hsiao, Yin-Yi
Gratus Technology Corp.	Director	Kuo, You-Min Pan, Yung-Chung
Primax AE (Cayman) Holdings Ltd.	Director	Primax Electronics Ltd. Representative: Duh, Jia-Bin; Hsiao, Yin-Yi
Primax Electronics (Singapore) Pte. Ltd.	Director	Duh, Jia-Bin Pan, Yung-Tai Pan, Yung-Chung Hsu, Jau-Nan
Primax Electronics (Thailand) Pte Ltd.	Director	Duh, Jia-Bin Pan, Yung-Tai Pan, Yung-Chung Yang, Chang-Lung
Tymphony Acoustic Technology (Thailand) Co., Ltd.	Director	Duh, Jia-Bin Pan, Yung-Tai Pan, Yung-Chung Yang, Chang-Lung
Tymphony Acoustic Technology (Singapore) Pte. Ltd.	Director	Wu, Chang-I Pan, Yung-Chung Hsu, Jau-Nan Duh, Jia-Bin

6. Operational highlight of affiliated companies

Unit: NT\$1,000 December 31, 2023

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit (loss) for the year (after-tax)	Earnings per share (NT\$) (after-tax)
Dongguan Primax Electronic & Telecommunication Products Ltd.	1,935,108	12,934,786	5,431,684	7,503,102	23,168,777	536,248	527,890	-
Primax Electronics (KunShan) Co., Ltd.	847,319	1,474,118	676,977	797,141	1,425,770	19,905	13,947	-
Primax Electronics (ChongQing) Co., Ltd.	828,084	5,372,094	3,020,601	2,351,493	8,519,880	227,688	233,597	-
Beijing Destiny Electronic Technology Co., Ltd.	38,333	64,550	60,920	3,630	104,218	7,301	5,895	-
Primax Destiny Co., Ltd.	5,448	17,221	1,940	15,281	10,806	515	364	727.38
Polaris Electronics, Inc.	49,176	1,854,254	1,408,563	445,691	3,531,896	14,140	13,087	8.18
Gratus Technology Corp.	9,221	21,786	4,001	17,785	48,883	2,872	2,225	7.42
Primax Industries (Hong Kong) Ltd.	2,370,578	8,240,702	8,339	8,232,363	9,643	(2,272)	602,133	1.00
Primax Technology (Cayman Holding) Ltd.	876,153	3,029,311	0	3,029,311	0	(301)	191,367	0.67
Primax Industries (Cayman Holding) Ltd.	2,504,176	8,247,171	5,977	8,241,194	0	(266)	601,890	0.07

Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Profit (loss) for the year (after-tax)	Earnings per share (NT\$) (after-tax)
Destiny Technology Holding Co., Ltd.	32,272	3,634	0	3,634	0	0	5,895	5.61
Diamond (Cayman) Holding Ltd.	3,966,352	7,013,093	0	7,013,093	0	(278)	489,841	3.80
Primax AE (Cayman) Holdings Ltd.	1,481,427	64,336	0	64,336	0	(262)	2,528	0.05
Tymphony Worldwide Enterprises Ltd.	1,922,510	5,580,127	2,665	5,577,462	0	(3,739)	569,336	2.96
Primax Electronics (Singapore) Pte. Ltd.	1,232,474	2,980,027	2,244,300	735,727	7,452	355	(10,672)	(0.27)
Primax Electronics (Thailand) Co., Ltd.	1,120,243	1,859,815	1,129,523	730,292	2,738,914	(3,778)	(18,971)	(15.25)
Tymphony Acoustic Technology (Thailand) Co., Ltd.	701,244	2,336,089	1,663,345	672,744	3,908,585	65,006	63,101	8.10
Tymphony HK Ltd.	568,375	4,868,322	4,003,191	865,131	13,100,562	(284,551)	(364,720)	(2.53)
Tymphony Acoustic Technology (Huizhou) Co., Ltd.	1,642,541	8,562,139	1,354,337	7,207,802	6,237,180	245,094	747,956	-
Tymphony Logistics. Inc.	6,147	8,148	154	7,994	0	(276)	(1,345)	(6.72)
TYP Enterprises, Inc.	15	76,305	25,436	50,869	148,301	8,444	5,534	11,067.61
Dongguan Tymphony Acoustic Technology Co., Ltd.	153,675	4,085,508	2,987,037	1,098,471	6,923,400	104,398	285,824	-
Dongguan Dongcheng Tymphony Acoustic Technology Co., Ltd.	86,788	918,526	550,622	367,904	4,036,089	178,781	157,901	-
Tymphony Acoustic Technology HK Ltd.	1,648,618	6,652,311	3,636,971	3,015,340	9,694,043	392,633	170,294	0.41
Tymphony Acoustic Technology (UK) Limited	15,652	93,727	53,978	39,749	115,921	4,164	1,418	3.54
Tymphony Acoustic Technology Europe,s.r.o.	259,540	1,639,154	820,719	818,435	2,249,712	56,242	44,454	0.24
Tymphony Acoustic Technology Limited	50,000	744,488	390,629	353,859	1,040,239	49,533	21,989	4.40
Tymphony Acoustic Technology (Singapore) Pte. Ltd.(Note 1)	0	0	0	0	0	0	0	0

Note 1: As of December 31, 2023, no funds have been invested yet.

(2) Consolidated financial statements of affiliated companies:

Consolidated Financial Statements of Affiliated Enterprises and CPA's audit report on the consolidated financial statements of affiliated companies: Please refer to Appendix A. 2023 Consolidated Financial Statements Audited and Certified by CPAs.

(3) Affiliation report: Not applicable

2. Private Offering of Securities: None

3. Holding or Disposal of Shares of the Company by the Company's Subsidiaries: None

4. Other Necessary Supplements: None


5. Other Significant Events Affecting Shareholders' Equity or Stock Price

Matters that have a significant impact on shareholders' equity or the quotation of securities as stipulated in Sub-item 2, Item 3, Article 36 in the Securities and Exchange Act in the most recent year and as of the date of issue of the annual report: None.

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
for the Years Ended
December 31, 2023 and 2022**



Appendix A.
**2023 Consolidated Financial
Statements Audited and
Certified by CPAs**

Address: No. 669, Ruey Kuang Road, Neihu, Taipei
Telephone: (02)2798-9008

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statement of Comprehensive Income	6
7. Consolidated Statement of Changes in Equity	7
8. Consolidated Statement of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of material accounting policies	10~29
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	29~30
(6) Explanation of significant accounts	31~70
(7) Related-party transactions	70~71
(8) Pledged assets	71
(9) Commitments and contingencies	71
(10) Losses Due to Major Disasters	72
(11) Subsequent Events	72
(12) Other	72
(13) Other disclosures	
(a) Information on significant transactions	72~79
(b) Information on investees	79~80
(c) Information on investment in Mainland China	81~82
(d) Major shareholders	82
(14) Segment information	82~83

Representation Letter

The entities that are required to be included in the combined financial statements of PRIMAX ELECTRONICS LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PRIMAX ELECTRONICS LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: PRIMAX ELECTRONICS LTD.
Chairman: DUH, JIA BIN
Date: February 26, 2024

Independent Auditors' Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Opinion

We have audited the consolidated financial statements of PRIMAX ELECTRONICS LTD. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PRIMAX ELECTRONICS LTD. and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain subsidiaries. Those financial statements were audited by another auditor. Therefore, our opinion, insofar as it relates to those subsidiaries, is based solely on the report of another auditor. As of December 31, 2023 and 2022, the assets of these subsidiaries constitute 31% and 35% of the consolidated total assets, respectively. For the years ended December 31, 2023 and 2022, the operating revenue of these subsidiaries constitute 37% and 40%, respectively, of the consolidated operating revenue.

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with other matter paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

Please refer to note 4(h) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(g) "Inventories" of the consolidated financial statements.

Description of key audit matter:

Inventories of PRIMAX ELECTRONICS LTD. and its subsidiaries are measured at the lower of cost and net realizable value. Due to the fast high-tech revolution, as well as the advancement of production technologies that may lead dramatic change in customers' demand, the net realizable value of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, evaluation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the policies of evaluating the inventories of PRIMAX ELECTRONICS LTD. and its subsidiaries; inspecting whether existing inventory policies are applied; examining the accuracy of the aging of inventories by sampling and analyzing the changes of the aging of inventories; inspecting the reasonableness of the allowance provided for inventory valuation in the past and comparing it to the current year to ensure that the measurements and assumptions are appropriate.

In addition, the consolidated financial statements of certain subsidiaries were audited by other auditor, therefore, we have issued audit instruction to their auditors as guidelines to communicate the above key audit matters with them and reviewed other auditor's working papers, as well as obtained the feedbacks required in the audit instruction.

2. Impairment assessment of intangible assets

Please refer to note 4(n) "Impairment of non-financial assets", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(m) "Intangible assets" of the consolidated financial statements.

Description of key audit matter:

In 2014, PRIMAX ELECTRONICS LTD. acquired Tymphony Worldwide Enterprises Ltd. through its subsidiary, Diamond (Cayman) Holdings Ltd. The transaction mentioned above resulted in PRIMAX ELECTRONICS LTD. and its subsidiaries to recognize its goodwill, technologies, and customer relations, as intangible assets. The rapid industrial transformation and the assessment of impairment contained estimation uncertainty. Therefore, the assessment of impairment of intangible assets is one of the key audit matters for our audit.

How the matter was addressed in our audit:

The principal audit procedures on the assessment of impairment of intangible assets included: evaluating the identification of cash generating units and any indication of impairment relating to intangible assets made by the management; acquiring impairment assessment report from external expert engaged by the Group; reviewing the impairment assessment report and assessing the reasonability of measurements, parameters, and assumptions; evaluating the operation outcomes and comparing them to the past forecasts; making sensitivity analysis for evaluation of impairment losses and evaluating the completeness of disclosure in the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing PRIMAX ELECTRONICS LTD. and its subsidiaries's financial reporting process.

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Horng, Shyh-Gang and Fu, Hung-Wen.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(e))	\$ 10,904,683	24	6,284,887	13
1110 Current financial assets at fair value through profit or loss (note 6(b))	379,608	1	396,984	1
1137 Current financial assets at amortized cost (note 6(d))	30,234	-	130,023	-
1170 Notes and accounts receivable, net (notes 6(e) and (w))	11,481,787	25	14,338,084	30
1180 Accounts receivable from related parties, net (notes 6(e), (w) and 7)	70,606	-	54,587	-
1200 Other receivables (notes 6(e) and (f))	1,556,671	3	1,944,391	4
1310 Inventories (note 6(g))	7,996,397	17	9,353,504	20
1470 Other current assets	<u>516,388</u>	<u>1</u>	<u>757,957</u>	<u>2</u>
	\$ <u>32,936,374</u>	<u>71</u>	\$ <u>33,260,417</u>	<u>70</u>
Non-current assets:				
1511 Non-current financial assets at fair value through profit or loss (note 6(b))	12,048	-	2,662	-
1517 Non-current financial assets at fair value through other comprehensive income (note 6(e))	290,285	1	350,788	1
1600 Property, plant and equipment (notes 6(f) and 8)	7,740,909	17	8,246,823	17
1755 Right-of-use assets (note 6(k))	1,891,531	4	2,134,317	5
1760 Investment property (note 6(l))	649,515	1	32,900	-
1780 Intangible assets (note 6(m))	2,013,589	4	2,130,259	4
1840 Deferred tax assets (note 6(s))	699,981	1	747,289	2
1990 Other non-current assets (note 8)	<u>318,888</u>	<u>1</u>	<u>358,606</u>	<u>1</u>
	\$ <u>13,616,746</u>	<u>29</u>	\$ <u>14,003,644</u>	<u>30</u>
Total assets	\$ <u>46,553,120</u>	<u>100</u>	\$ <u>47,264,061</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (note 6(n))	2100		2100	
2120 Current financial liabilities at fair value through profit or loss (note 6(b))	2120		2120	
2170 Notes and accounts payable	2170		2170	
2201 Salaries payable	2201		2201	
2219 Other payables	2219		2219	
2280 Current lease liabilities (note 6(p))	2280		2280	
2320 Long-term borrowings, current portion (notes 6(o) and 8)	2320		2320	
2365 Current refund liabilities	2365		2365	
2399 Other current liabilities (note 6(w))	2399		2399	
	\$ <u>19,853,860</u>	<u>4</u>	\$ <u>1,563,872</u>	<u>3</u>
	\$ <u>23,637,001</u>	<u>51</u>	\$ <u>25,335,762</u>	<u>53</u>
Non-current liabilities:				
2540 Long-term borrowings (notes 6(o) and 8)	2540		2540	
2580 Non-current lease liabilities (note 6(p))	2580		2580	
2630 Long-term deferred revenue (note 6(j))	2630		2630	
2670 Other non-current liabilities (notes 6(r) and (s))	2670		2670	
	\$ <u>962,565</u>	<u>2</u>	\$ <u>661,995</u>	<u>1</u>
	\$ <u>3,819,543</u>	<u>8</u>	\$ <u>3,634,714</u>	<u>8</u>
	\$ <u>27,456,544</u>	<u>59</u>	\$ <u>28,970,476</u>	<u>61</u>
Equity attributable to owners of parent:				
3110 Ordinary shares (note 6(i))	3110		3110	
3200 Capital surplus (notes 6(i) and (t))	3200		3200	
3310 Legal reserve (note 6(i))	3310		3310	
3320 Special reserve (note 6(i))	3320		3320	
3350 Unappropriated retained earnings (note 6(i))	3350		3350	
3400 Other equity interest	3400		3400	
	\$ <u>46,553,120</u>	<u>100</u>	\$ <u>47,264,061</u>	<u>100</u>
	\$ <u>46,553,120</u>	<u>100</u>	\$ <u>47,264,061</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(w) and 7)	\$ 60,488,402	100	79,240,765	100
5000 Operating costs (notes 6(g), (p), (r), (x) and 12)	<u>50,907,102</u>	<u>84</u>	<u>68,256,490</u>	<u>86</u>
Gross profit from operation	<u>9,581,300</u>	<u>16</u>	<u>10,984,275</u>	<u>14</u>
Operating expenses (notes 6(e), (f), (p), (r), (u), (x) and 12):				
6100 Selling expenses	1,710,326	3	1,868,828	3
6200 Administrative expenses	2,074,862	3	2,313,027	3
6300 Research and development expenses	3,089,186	5	3,366,095	4
6450 Expected credit loss (gain on reversal)	<u>(36,057)</u>	<u>-</u>	<u>91,552</u>	<u>-</u>
Total operating expenses	<u>6,838,317</u>	<u>11</u>	<u>7,639,502</u>	<u>10</u>
Net operating income	<u>2,742,983</u>	<u>5</u>	<u>3,344,773</u>	<u>4</u>
Non-operating income and expenses:				
7100 Interest income	361,013	-	95,190	-
7010 Other income (notes 6(c), (q) and (y))	40,491	-	63,709	-
7020 Other gains and losses (notes 6(h), (j), (m), (z) and 12)	269,338	-	457,298	-
7060 Shares of loss of associates accounted for using equity method (note 6(h))	-	-	(42,489)	-
7050 Finance costs (note 6(p))	<u>(147,453)</u>	<u>-</u>	<u>(289,517)</u>	<u>-</u>
Total non-operating income and expenses	<u>523,389</u>	<u>-</u>	<u>284,191</u>	<u>-</u>
Profit before tax	<u>3,266,372</u>	<u>5</u>	<u>3,628,964</u>	<u>4</u>
Less: Income tax expenses (note 6(s))	<u>632,883</u>	<u>1</u>	<u>760,003</u>	<u>1</u>
Profit	<u>2,633,489</u>	<u>4</u>	<u>2,868,961</u>	<u>3</u>
8300 Other comprehensive income (loss):				
8310 Items that may not be reclassified subsequently to profit or loss:				
8311 Losses (gains) on remeasurements of defined benefit plans (note 6(r))	(2,428)	-	6,971	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(87,755)</u>	<u>-</u>	<u>11,974</u>	<u>-</u>
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(90,183)</u>	<u>-</u>	<u>18,945</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation of foreign operation's financial statements	(198,741)	-	522,322	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>(198,741)</u>	<u>-</u>	<u>522,322</u>	<u>1</u>
8300 Other comprehensive income after tax	<u>(288,924)</u>	<u>-</u>	<u>541,267</u>	<u>1</u>
Comprehensive income	\$ <u>2,344,565</u>	<u>4</u>	\$ <u>3,410,228</u>	<u>4</u>
Profit attributable to:				
8610 Owners of parent	\$ 2,485,289	4	2,742,609	3
8620 Non-controlling interests (note 6(i))	<u>148,200</u>	<u>-</u>	<u>126,352</u>	<u>-</u>
	\$ <u>2,633,489</u>	<u>4</u>	\$ <u>2,868,961</u>	<u>3</u>
Comprehensive income attributable to:				
8710 Owners of parent	\$ 2,220,824	4	3,214,191	4
8720 Non-controlling interests (note 6(i))	<u>123,741</u>	<u>-</u>	<u>196,037</u>	<u>-</u>
	\$ <u>2,344,565</u>	<u>4</u>	\$ <u>3,410,228</u>	<u>4</u>
9710 Earnings per share (note 6(v))				
9810 Basic earnings per share (NT dollars)	\$ <u>5.50</u>		\$ <u>6.10</u>	
	\$ <u>5.42</u>		\$ <u>6.02</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total equity attributable to owners of parent	Non-controlling interests	Total equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of financial statements					
Balance at January 1, 2022	4,552,633	1,758,780	1,769,946	1,046,360	6,492,401	(1,265,160)	48,029	14,175,512	2,267,000	16,442,512	
Profit	-	-	-	-	2,742,609	452,637	-	-	2,742,609	126,352	2,868,961
Other comprehensive income	-	-	-	-	6,971	452,637	11,974	-	471,582	69,685	541,267
Comprehensive income	-	-	-	-	2,749,580	452,637	11,974	-	3,214,191	196,037	3,410,228
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	229,271	-	(229,271)	-	-	-	-	-	-
Special reserve	-	-	-	170,770	(170,770)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,411,230)	-	-	(1,411,230)	-	-	(1,411,230)
Changes in shares of investment accounted for using equity method	-	-	-	-	2,741	-	(2,741)	-	183,738	(516,546)	(332,808)
Amortization expense of restricted employee stock	-	183,738	-	-	-	-	-	-	184,883	-	184,883
Cancellation of restricted stock	(5,290)	(21,683)	-	-	-	-	-	-	26,973	-	-
Issuance of restricted stock	35,550	209,073	-	-	-	-	-	-	(244,623)	-	-
Effect of the liquidation of equity instruments at fair value through other comprehensive income	-	-	-	-	(343)	-	343	-	-	-	-
Balance at December 31, 2022	4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	16,347,094	1,946,491	18,293,585	
Profit	-	-	-	-	2,485,289	(2,428)	(73,410)	-	2,485,289	148,200	2,633,489
Other comprehensive income	-	-	-	-	2,482,861	(188,627)	(73,410)	-	(264,465)	(24,459)	(288,924)
Comprehensive income	-	-	-	-	2,482,861	(188,627)	(73,410)	-	2,220,824	123,741	2,344,565
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	275,197	-	(275,197)	-	-	-	-	-	-
Special reserve	-	-	-	(462,212)	462,212	-	-	-	(1,791,794)	-	(1,791,794)
Cash dividends of ordinary share	-	-	-	-	(1,791,794)	-	-	-	-	-	-
Changes in shares of investment accounted for using equity method	-	-	-	-	-	-	-	-	250,220	(12,835)	237,385
Amortization expense of restricted employee stock	-	(12,835)	-	-	-	-	-	-	14,199	-	14,199
Cancellation of restricted stock	(2,005)	(12,194)	-	-	-	-	-	-	(303,724)	-	-
Issuance of restricted stock	48,850	254,874	-	-	-	-	-	-	(299,549)	-	-
Balance at December 31, 2023	4,629,738	2,359,753	2,274,414	754,918	8,311,190	(1,001,150)	(15,805)	17,013,509	2,083,067	19,096,576	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,266,372	3,628,964
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,709,347	1,658,468
Amortization expense	204,035	228,854
Expected credit loss (gain on reversal)	(36,057)	91,552
Interest expense	147,453	284,692
Net losses on financial assets and liabilities at fair value through profit or loss	613,592	619,677
Interest income	(361,013)	(95,190)
Compensation cost of share-based payment	250,220	200,363
Dividend income	(690)	(10,744)
Impairment losses of intangible assets	-	29,198
Impairment losses of associates accounted for using equity method	-	157,740
Shares of loss of associates accounted for using equity method	-	42,489
Gain on disposal of property, plant and equipment	(42,630)	(3,510)
Impairment loss of property, plant and equipment	-	6,084
Gain on disposal of right-of-use assets	(21,491)	(17,338)
Loss on disposal of intangible assets	3,832	-
Total adjustments to reconcile profit	2,466,598	3,192,335
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	397,484	156,238
Accounts receivable	3,449,280	(2,065,746)
Accounts receivable from related parties	(16,019)	75,693
Other receivables	(71,760)	367,422
Inventories	1,357,107	3,811,097
Other current assets	241,569	339,712
Other operating assets	21,913	(5,702)
Changes in operating assets	5,379,574	2,678,714
Financial liabilities at fair value through profit or loss	(1,016,661)	(603,054)
Notes and accounts payable	(1,903,404)	(3,654,734)
Salaries payable	(368,520)	196,700
Other payables	(556,765)	1,087,725
Refund liabilities	326,657	212,842
Other current liabilities	421,988	863,648
Other operating liabilities	(35,932)	(74,244)
Changes in operating liabilities	(3,132,637)	(1,971,117)
Total changes in operating assets and liabilities	2,246,937	707,597
Total adjustments	4,713,535	3,899,932
Cash inflow generated from operations	7,979,907	7,528,896
Interest received	361,013	95,190
Interest paid	(147,374)	(284,614)
Income taxes paid	(466,033)	(1,142,812)
Net cash flows from operating activities	7,727,513	6,196,660
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(27,419)	(108,358)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	8,538
Decrease in financial assets measured at amortized cost	99,789	1,535,721
Acquisition of financial assets designated at fair value through profit or loss	(10,747)	(2,662)
Acquisition of property, plant and equipment	(1,571,521)	(1,931,157)
Proceeds from disposal of property, plant and equipment	84,657	27,574
Decrease (increase) in refundable deposits	8,069	(47,388)
Acquisition of unamortized expense	(19,279)	(33,665)
Proceeds from disposal of unamortized expense	311	4,414
Dividends received	690	10,744
Net cash flows used in investing activities	(1,435,450)	(536,239)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	266,882	(1,541,459)
Increase (decrease) in long-term borrowings	243,979	(996,955)
Increase (decrease) in guarantee deposits received	21,379	(127)
Payment of lease liabilities	(236,951)	(234,706)
Cash dividends	(1,791,794)	(1,411,230)
Repurchase shares of employee stocks ownership plan	-	(348,287)
Net cash flows used in financing activities	(1,496,505)	(4,532,764)
Effect of exchange rate changes on cash and cash equivalents	(175,762)	317,989
Net increase in cash and cash equivalents	4,619,796	1,445,646
Cash and cash equivalents at beginning of period	6,284,887	4,839,241
Cash and cash equivalents at end of period	\$ 10,904,683	6,284,887

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

PRIMAX ELECTRONICS LTD. (the “Company”), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company’s registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

The consolidated financial statements of the Company as of and for the years ended December 31, 2023, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

The Company’s common shares were registered with the Financial Supervisory Commission, ROC (“FSC”) on June 22, 2012, and listed on the Taiwan Stock Exchange (“TWSE”) on October 5, 2012.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the board of directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

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

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

- (a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (“the IFRSs endorsed by the FSC”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) The defined benefit liabilities are measured at fair value of plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change and any consideration received or paid are adjusted to equity attributable to stockholders of the Company.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests at their carrying amounts at the date when control is lost. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI)	Holding company	100.00 %	100.00 %	
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	
The Company	Primax AE (Cayman) Holdings Ltd. (Primax AE)	Holding company	100.00 %	100.00 %	
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Sale of computer peripherals and mobile device components	100.00 %	100.00 %	
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Holding company and customer service	100.00 %	100.00 %	
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	
Primax HK	Primax Electronics (Kun Shan) Corp., Ltd. (PKS1)	Production of computer peripheral products	100.00 %	100.00 %	
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	Production of computer peripheral products	100.00 %	100.00 %	
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale and purchase of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	
Destiny BVI.	Destiny Electronic Corp. (Destiny Beijing)	R&D of computer peripherals and business devices	100.00 %	100.00 %	
Primax Singapore	Primax Electronics (Thailand) Co., Ltd. (Primax Thailand)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	99.99 %	99.99 %	
Diamond	Tymphony Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding		Description
			December 31, 2023	December 31, 2022	
TWEL	Tymphony Acoustic Technology (Huizhou) Co., Ltd (Tymphony Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	77.01 %	77.01 %	
TWEL	Tymphony Acoustic Technology (Singapore) Pte. Ltd. (TYM Singapore)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	- %	(note 1)
Tymphony Huizhou	Tymphony Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	
Tymphony Huizhou	Dongguan Tymphony Acoustic Technology Co., Ltd. (Tymphony Dongguan)	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony Acoustic Technology Europe, s.r.o (TYM Acoustic Europe)	Manufacturing, installation, and maintenance of various speaker accessories and their components	100.00 %	100.00 %	
TYM Acoustic HK	TYP Enterprise, inc. (TYP)	Market development of and customer service for speakers and their components	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony HK Ltd. (TYM HK)	Holding company; sale of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony Acoustic Technology Limited (TYM Acoustic)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sale of various speaker accessories, speakers, and their components	99.99 %	99.99 %	
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	
Tymphony Dongguan	Dong Guan Dong Cheng Tymphony Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, R&D, design, and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	

Note 1: As of December 31, 2023, there is no capital injection from the Company.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for the differences relating to an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise petty cash, cash on hand and demand deposits. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Time deposits with maturities within three months or less which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets classified as the same categories are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) ; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial assets on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, refundable deposit paid and other financial assets, etc.).

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

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 61 days past due.

The Group considers a financial asset to be in default when the financial asset is more

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

than 361 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 361 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences the residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

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

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Group's shareholding percentage in the associate, the Group recognizes equity changes attributable to the Group by its shareholding percentage as capital surplus.

Unrealized Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated party's interests in the associate.

When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of its associates.

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued, is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if its associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Investment property

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land has an unlimited useful life, and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings, leasehold improvement, and additional equipment: 1 ~ 51 years
- 2) Machinery and equipment: 1 ~ 10 years
- 3) Office and other equipment: 1 ~ 5 years

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(l) Lease

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

(i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on purchase option; or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications

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

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of machinery and other equipment that have a short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) As a lessor

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

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

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete the development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, technology, patents and trademarks, that are acquired by the Group and have finite useful lives, are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|---------------------------|--------------|
| 1) Customer relationships | 10 years |
| 2) Technology | 10 years |
| 3) Trademarks | 10 years |
| 4) Patents | 2.5~10 years |
| 5) Copyrights | 15 years |

Amortization methods, useful lives and residual values, are reviewed at each annual reporting date and adjusted if appropriate.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Impairment of non-financial assets

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

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

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

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

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

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

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

(i) Sale of goods

The Group manufactures computer peripherals and non-computer peripherals and sales them to customers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group often offers discounts to its customers based on aggregate sales of components. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liabilities is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of components are made with a credit term of 45 days to 120 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Rendering of services

The Group provides services, such as model research, development, and design to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Deferred grant revenue

Deferred grant revenue with additional conditions shall be recognized if the Group fulfills the conditions and the grant revenue becomes receivable.

Deferred grant revenue shall be recognized in profit or loss on a systematic basis in the periods in which the expenses it is to compensate are recognized. Grant revenue with conditions to compensate for the acquisition cost of an asset shall be deferred and recognized in profit or loss on a systematic basis over the useful life of the asset.

If the deferred grant revenue is to compensate for the Group's expenses that have been incurred or to supply immediate financial support to the Group and there is no related cost in the future, it shall be recognized in profit or loss when the grant revenue becomes receivable.

(q) Employee benefits

(i) Defined contribution plans

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined benefit plans

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

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

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

(iii) Short-term employee benefits

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

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between the expected and the actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of shares that employees can subscribe for.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Income taxes

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

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(t) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary stockholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary stockholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary stockholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee remuneration and restricted stock.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

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

Information about critical judgments made in applying the accounting policies that have significant effects on amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 37% of the outstanding voting shares of ALT International Co., Ltd. (AIC), but the Group did not obtain any director seats of AIC, and the chairman of AIC controls 45% of voting shares. Therefore, the Group does not have power of control over relevant activities of AIC, but remains significant influence.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainty.

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Group estimates the amount due to inventories' obsolescence and unmarketable items at the reporting date and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(g) for valuation of inventories.

(b) Assessment of impairment of intangible assets (including goodwill)

The assessment of impairment of intangible assets required the Group to make subjective judgments on cash-generating units, allocate the intangible assets to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Changes in economic conditions or changes in assessment caused by business strategies could result in significant impairment charges or reversal in future years.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit and loss. The Group has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Group assessed the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(aa) for assumptions used in measuring fair value.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 2,987	4,889
Demand accounts and checking deposits	7,511,456	5,098,742
Time deposits	3,390,240	1,181,256
	<u>\$ 10,904,683</u>	<u>6,284,887</u>

(b) Current financial assets and liabilities at fair value through profit or loss

(i) Details of financial instruments were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mandatorily measured at FVTPL:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 102,225	291,210
Foreign exchange swap contracts	277,383	105,774
Non-derivative financial assets		
Equities unlisted in foreign markets – Storm Venture Fund VII, L.P.	5,040	2,662
Equities unlisted in foreign markets – Thin Line Capital Fund II, L.P.	7,008	-
	<u>\$ 391,656</u>	<u>399,646</u>
Current	\$ 379,608	396,984
Non-current	12,048	2,662
	<u>\$ 391,656</u>	<u>399,646</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities held-for-trading:		
Derivative instrument not used for hedging		
Forward exchange contracts	\$ (985,204)	(622,886)
Foreign exchange swap contracts	(7,135)	(393,775)
	<u>\$ (992,339)</u>	<u>(1,016,661)</u>

- (ii) The Group invested the amounts of \$2,065 and \$597 in an unlisted company, Storm Venture Fund VII, L.P. in July and September 2022, respectively. Moreover, Storm Venture Fund VII, L.P. increased its capital, wherein the Group participated and invested the amount of \$3,097 for the year ended December 31, 2023.
- (iii) The Group invested the amount of \$7,650 in an unlisted company, Thin Line Capital Fund II, L.P. in June 2023.
- (iv) The Group held the following derivative instruments as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities, without the application of edge accounting, as of December 31, 2023 and 2022:

<u>December 31, 2023</u>				
<u>Derivative financial instruments</u>	<u>Nominal amount (in thousands)</u>	<u>Maturity date</u>	<u>Predetermined rate</u>	
Forward exchange contracts – buy HKD / sell USD	USD 8,000	January 30, 2024	7.8105	
Forward exchange contracts – buy CZK / sell EUR	EUR 1,000	January 30, 2024	24.620	
Forward exchange contracts – buy CZK / sell USD	USD 9,000	January 30, 2024	22.278	
Forward exchange contracts – buy USD / sell TWD	USD 643,000	January 16, 2024~ June 27, 2024	30.418~31.990	
Forward exchange contracts – buy TWD / sell USD	USD 31,800	January 16, 2024~ June 20, 2024	30.739~31.315	
Forward exchange contracts – buy CNY / sell USD	USD 303,000	January 4, 2024~ March 28, 2024	7.0943~7.1756	
Forward exchange contracts – buy USD / sell THB	USD 19,000	January 22, 2024~ January 30, 2024	34.400~34.980	
Forward exchange contracts – buy HKD / sell EUR	EUR 3,500	January 30, 2024	8.6270	
Foreign exchange swap contracts – swap in TWD / swap out USD	USD 462,000	January 16, 2024~ June 24, 2024	30.457~31.761	

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts —buy USD / sell TWD	USD 680,000	January 10, 2023~ July 26, 2023	28.788~32.145
Forward exchange contracts —buy CNY/ sell USD	USD 199,000	January 4, 2023~ July 3, 2023	6.7117~7.2580
Forward exchange contracts —buy USD/ sell THB	USD 32,000	January 9, 2023~ February 24, 2023	34.390~35.000
Forward exchange contracts —buy HKD/ sell EUR	EUR 7,500	February 13, 2023	8.320
Forward exchange swap contracts —swap in TWD/ swap out USD	USD 585,000	January 10, 2023~ July 26, 2023	29.095~31.935

(c) Financial assets at FVOCI

	December 31, 2023	December 31, 2022
Equity investments at FVOCI		
Stocks unlisted in domestic markets—Changing Information Technology Inc.	\$ 11,093	7,535
Stocks unlisted in domestic markets—Syntronix Corp.	250	250
Equities unlisted in foreign markets—Grove Ventures L.P.	158,070	183,766
Equities unlisted in foreign markets—Grove Ventures II, L.P.	97,145	85,267
Equities unlisted in foreign markets—Grove Ventures III, L.P.	23,727	11,853
Stocks unlisted in foreign markets—Shenzhen Mees Hi-Tech Co., Ltd.	-	62,117
Total	\$ 290,285	350,788

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) During the years ended December 31, 2023 and 2022, the dividends of \$690 and \$10,744, related to equity investments at FVOCI held were recognized as other income.
- (iii) WK Technology Fund IV Ltd. refunded the amount of \$60 to the Group due to its liquidation in May 2022.
- (iv) Grove Venture, L.P. executed capital increases, where the Group had participated and invested the amounts of \$1,377 and \$5,340 in the years ended December 31, 2023 and 2022, respectively.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) Grove Ventures II, L.P. executed capital increases, where the Group had participated and invested the amounts of \$10,773 and \$26,415 in the years ended December 31, 2023 and 2022, respectively.
- (vi) WK Global Investment III Ltd. refunded the amount of \$8,478 to the Group due to its liquidation in November 2022.
- (vii) The Group invested the amount of \$7,756 in an unlisted company, Grove Ventures III, L.P. in January 2022. Grove Ventures III, L.P. executed capital increase, where the Group had participated and invested the amount of \$15,269 and \$5,328 in the years ended December 31, 2023 and 2022, respectively.
- (viii) The Group invested \$63,519 in an unlisted company, Shenzhen Mees Hi-Tech Co., Ltd. in January 2022.
- (ix) The Group's investments in Grove Ventures, L.P., Grove Ventures II, L.P., and Grove Ventures III, L.P. are investments with duration. The Group's investments in the above limited partnership was designated as a financial asset at fair value through other comprehensive income at the time of the initial recognition.

Although, in accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated at fair value through other comprehensive income, the accounting treatment need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023, according to the Q&A of the FSC. Therefore, the Group continues to measure its investment in these limited partnership companies at fair value through other comprehensive income.

- (x) The Group did not provide any of the aforementioned financial assets as collateral.

(d) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Time deposits	\$ 30,234	130,023
Annual interest rates	0.54%~1.53%	0.88%~0.98%
Maturity date	2024.07.10	2023.01.16~2023.02.20

- (i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.
- (ii) The Group did not provide any of the aforementioned financial assets as collateral.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Notes and accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 11,549,203	14,442,722
Accounts receivable – related parties	70,606	54,587
Less: allowance for doubtful accounts	<u>(67,416)</u>	<u>(104,638)</u>
Total	<u>\$ 11,552,393</u>	<u>14,392,671</u>

- (i) The Group did not provide any of the aforementioned notes and accounts receivable (including related parties) as collateral.
- (ii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

	December 31, 2023		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 10,450,695	0%~0.21%	22,061
0 to 30 days past due	1,047,527	0%~3%	17,568
31 to 60 days past due	77,561	0%~5%	3,713
61 to 90 days past due	2,631	0%~10%	213
91 to 180 days past due	5,577	0%~25%	595
181 to 360 days past due	19,330	0%~80%	6,778
More than 361 days past due	<u>16,488</u>	0%~100%	<u>16,488</u>
	<u>\$ 11,619,809</u>		<u>67,416</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,459,350	0%~0.02%	2,244
0 to 30 days past due	1,460,646	0%~3%	27,161
31 to 60 days past due	320,558	0%~5%	15,060
61 to 90 days past due	28,285	0%~10%	2,829
91 to 180 days past due	228,022	0%~25%	56,985
181 to 360 days past due	444	0%~80%	355
More than 361 days past due	<u>4</u>	0%~100%	<u>4</u>
	<u>\$ 14,497,309</u>		<u>104,638</u>

- (iii) The movement in the allowance for notes and accounts receivable (including related parties) was as follows:

	2023	2022
Balance on January 1, 2023 and 2022	\$ 104,638	29,635
Impairment losses recognized (reversed)	(36,057)	73,093
Effect of exchange rate changes	<u>(1,165)</u>	<u>1,910</u>
Balance on December 31, 2023 and 2022	<u>\$ 67,416</u>	<u>104,638</u>

- (iv) The Group entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Group does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Group receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Group shall pay handling charges based on a fixed rate. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of December 31, 2023 and 2022, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

Purchaser	December 31, 2023			Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
	Amount Derecognized	Amount Advanced				
		Unpaid	Paid			
DBS Bank	\$ 942,729	848,456	-	942,729	-	-
Mega International Commercial Bank	-	-	-	-	-	US\$ 2,500
	<u>\$ 942,729</u>	<u>848,456</u>	<u>-</u>	<u>942,729</u>		

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 686,846	387,560	299,286	387,560	4.34%~4.86%	US\$ 56,940
DBS Bank	2,199,261	891,005	1,088,331	1,110,930	4.79%~5.32%	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 2,886,107</u>	<u>1,278,565</u>	<u>1,387,617</u>	<u>1,498,490</u>		

(v) Please refer to note 9 for guarantee notes provided by the Group to sell its accounts receivable.

(f) Other receivables

	December 31, 2023	December 31, 2022
Other receivables - factoring of accounts receivable	\$ 942,729	1,498,490
Other receivables - tax refund receivable	446,860	381,800
Other receivables - others	183,360	80,641
Less: allowance for doubtful accounts	<u>(16,278)</u>	<u>(16,540)</u>
	<u>\$ 1,556,671</u>	<u>1,944,391</u>

The movement in the allowance for other receivables was as follows:

	2023	2022
Balance on January 1, 2023 and 2022	\$ 16,540	-
Impairment losses recognized	-	18,459
Amounts written off	-	(1,879)
Effect of exchange rate changes	<u>(262)</u>	<u>(40)</u>
Balance on December 31, 2023 and 2022	<u>\$ 16,278</u>	<u>16,540</u>

(g) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 2,941,221	3,724,911
Semi-finished goods and work in process	1,853,451	1,956,621
Finished goods and merchandise	<u>3,201,725</u>	<u>3,671,972</u>
	<u>\$ 7,996,397</u>	<u>9,353,504</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group did not provide any of the aforementioned inventories as collateral. Except for cost of inventories sold, the Group recognized the following items as cost of goods sold:

	2023	2022
Gain (losses) on inventory valuation and disposal of inventories	\$ 58,863	(440,359)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(47,657)	(62,079)
Gains (losses) on physical inventories	<u>444</u>	<u>(4,834)</u>
	<u>\$ 11,650</u>	<u>(507,272)</u>

(h) Investments accounted for using equity method

The Group's investments accounted for using the equity method are individually insignificant. The related information included in the consolidated financial statements was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	\$ -	-
	<u>2023</u>	<u>2022</u>
Attributable to the Group:		
Loss	\$ -	(42,489)
Other comprehensive income	-	28,662
Comprehensive income	<u>\$ -</u>	<u>(13,827)</u>

(i) The Group did not provide any investment accounted for using equity method as collateral.

(ii) The revenue of AIC did not turn out as expected due to intensive industrial competition, resulting in the impairment of the intangible assets and carrying amounts related to this equity investment after the Group's evaluation. The Group evaluated the recoverable amounts of its investments accounted for using equity method, which is based on its value-in-use, for impairment testing at each reporting date. Value-in-use is based on five years of the estimated future cash flow of the Group, discounted to their present value using the yearly discount rate, which reflects the risks specific to cash generating units by 21.70% on June 30, 2022 and recognized impairment loss of \$157,740 under other gains and losses in the year ended December 31, 2022.

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiaries	Main operation place Business/Registered Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31, 2023	December 31, 2022
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	22.99 %	22.99 %

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following information on the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Tymphany Huizhou and its subsidiaries's collective financial information:

	December 31, 2023	December 31, 2022
Current assets	\$ 10,972,844	12,433,413
Non-current assets	5,566,788	6,358,816
Current liabilities	(7,013,879)	(9,618,839)
Non-current liabilities	(465,002)	(706,703)
Net assets	<u>\$ 9,060,751</u>	<u>8,466,687</u>
Non-controlling interests	<u>\$ 2,083,067</u>	<u>1,946,491</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 22,530,076</u>	<u>31,445,453</u>
Profit	\$ 644,628	529,308
Other comprehensive income (loss)	(106,390)	279,563
Comprehensive income	<u>\$ 538,238</u>	<u>808,871</u>
Profit attributable to non-controlling interests	<u>\$ 148,200</u>	<u>126,352</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 123,741</u>	<u>196,037</u>
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ 2,353,646	2,436,507
Cash flows from (used in) investing activities	(11,038)	743,188
Cash flows used in financing activities	(28,899)	(2,979,658)
Effect of exchange rate changes	(1,429)	90,864
Net increase in cash and cash equivalents	<u>\$ 2,312,280</u>	<u>290,901</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

(ii) Tymphany Huizhou repurchased shares from the employee stocks ownership plans in cash and cancelled such shares for a capital reduction in May 2022, resulting in a decrease in the proportion of ownership held by non-controlling interests from 28.57% to 22.99%. Please note 6(t) and (u) for details.

The impact of the change in the Group's ownership interest in Tymphany Huizhou on equity attributable to owners of parent was as follows:

Decrease in carrying amount of non-controlling interests	\$ 534,606
Consideration paid to non-controlling interests	(348,287)
Capital surplus – Long-term equity investments	<u>\$ 186,319</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 1,077,437	6,714,735	7,407,901	1,176,279	459,164	16,835,516
Additions	-	54,398	197,560	48,449	1,370,774	1,671,181
Disposals	-	(85,042)	(500,925)	(82,733)	(7,442)	(676,142)
Reclassifications	-	239,996	423,508	23,610	(821,707)	(134,593)
Reclassification to investment property	-	(655,587)	-	(2,133)	(4,166)	(661,886)
Effect of changes in exchange rate	2,755	(55,445)	(84,104)	(12,147)	(2,168)	(151,109)
Balance on December 31, 2023	<u>\$ 1,080,192</u>	<u>6,213,055</u>	<u>7,443,940</u>	<u>1,151,325</u>	<u>994,455</u>	<u>16,882,967</u>
Balance on January 1, 2022	\$ 1,065,753	3,979,270	6,666,371	1,181,926	2,372,934	15,266,254
Additions	-	60,949	257,965	71,927	1,499,329	1,890,170
Disposals	-	(95,921)	(460,983)	(59,612)	(1,905)	(618,421)
Reclassifications	-	2,672,074	815,301	(44,126)	(3,463,129)	(19,880)
Effect of changes in exchange rate	11,684	98,363	129,247	26,164	51,935	317,393
Balance on December 31, 2022	<u>\$ 1,077,437</u>	<u>6,714,735</u>	<u>7,407,901</u>	<u>1,176,279</u>	<u>459,164</u>	<u>16,835,516</u>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	2,345,364	5,496,266	747,063	-	8,588,693
Depreciation	-	298,869	957,454	168,203	-	1,424,526
Disposals	-	(79,852)	(470,701)	(75,313)	-	(625,866)
Reclassifications	-	218	(69,504)	(1,464)	-	(70,750)
Reclassification to investment property	-	(45,492)	-	(2,133)	-	(47,625)
Effect of changes in exchange rate	-	(37,862)	(78,560)	(10,498)	-	(126,920)
Balance on December 31, 2023	<u>\$ -</u>	<u>2,481,245</u>	<u>5,834,955</u>	<u>825,858</u>	<u>-</u>	<u>9,142,058</u>
Balance on January 1, 2022	\$ -	2,191,333	4,780,194	689,904	-	7,661,431
Depreciation	-	214,316	991,872	171,292	-	1,377,480
Impairment loss (reversal)	-	4,685	1,399	-	-	6,084
Disposals	-	(95,154)	(433,857)	(56,175)	-	(585,186)
Reclassifications	-	(651)	76,246	(71,485)	-	4,110
Effect of changes in exchange rate	-	30,835	80,412	13,527	-	124,774
Balance on December 31, 2022	<u>\$ -</u>	<u>2,345,364</u>	<u>5,496,266</u>	<u>747,063</u>	<u>-</u>	<u>8,588,693</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 1,080,192</u>	<u>3,731,810</u>	<u>1,608,985</u>	<u>325,467</u>	<u>994,455</u>	<u>7,740,909</u>
Balance on December 31, 2022	<u>\$ 1,077,437</u>	<u>4,369,371</u>	<u>1,911,635</u>	<u>429,216</u>	<u>459,164</u>	<u>8,246,823</u>
Balance on January 1, 2022	<u>\$ 1,065,753</u>	<u>1,787,937</u>	<u>1,886,177</u>	<u>492,022</u>	<u>2,372,934</u>	<u>7,604,823</u>

(i) The unamortized deferred revenue of equipment subsidy amounted to \$529,007 and \$723,418 were classified as long-term deferred revenue, as of December 31, 2023 and 2022, respectively.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) Due to the relocation of the new factory, the Group's subsidiary in China adjusted the carrying amount according to the recoverable amount and recognized an impairment loss of \$6,084, under other gains and losses for the year ended December 31, 2022.
- (iii) As of December 31, 2023 and 2022, the Group has started the construction of Jhubei Factory in 2022, with the total costs of \$662,663 and \$58,556, respectively. For the year ended December 31, 2023, the capitalized borrowing costs \$1,039, related to the construction of the said factory, had been calculated using a capitalization rate of 1.1%.
- (iv) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.
- (k) Right-of-use assets

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

	Land	Buildings	Vehicles	Other equipment	Total
Cost:					
Balance on January 1, 2023	\$ 371,616	2,523,498	40,756	2,106	2,937,976
Additions	-	193,627	23,479	-	217,106
Disposals	(90,273)	(217,842)	(7,896)	(2,106)	(318,117)
Lease modification	-	44,330	-	-	44,330
Reclassification to investment property	(30,814)	-	-	-	(30,814)
Effect of changes in exchange rates	(4,706)	5,500	168	-	962
Balance on December 31, 2023	<u>\$ 245,823</u>	<u>2,549,113</u>	<u>56,507</u>	<u>-</u>	<u>2,851,443</u>
Balance on January 1, 2022	\$ 401,900	2,689,447	20,124	2,106	3,113,577
Additions	-	215,751	23,600	-	239,351
Disposals	(17,305)	(436,885)	(4,086)	-	(458,276)
Lease modification	(18,911)	8,504	-	-	(10,407)
Effect of changes in exchange rates	5,932	46,681	1,118	-	53,731
Balance on December 31, 2022	<u>\$ 371,616</u>	<u>2,523,498</u>	<u>40,756</u>	<u>2,106</u>	<u>2,937,976</u>
Depreciation:					
Balance on January 1, 2023	\$ 34,845	745,246	21,462	2,106	803,659
Depreciation	7,375	252,719	13,169	-	273,263
Disposals	(8,435)	(89,959)	(7,600)	(2,106)	(108,100)
Lease modification	-	(766)	-	-	(766)
Reclassification to investment property	(8,732)	-	-	-	(8,732)
Effect of changes in exchange rates	(482)	1,028	42	-	588
Balance on December 31, 2023	<u>\$ 24,571</u>	<u>908,268</u>	<u>27,073</u>	<u>-</u>	<u>959,912</u>
Balance on January 1, 2022	\$ 39,013	678,513	13,747	1,934	733,207
Depreciation	9,284	260,657	10,412	172	280,525
Disposals	(12,747)	(212,364)	(3,182)	-	(228,293)
Lease modification	(1,423)	-	-	-	(1,423)
Effect of changes in exchange rates	718	18,440	485	-	19,643
Balance on December 31, 2022	<u>\$ 34,845</u>	<u>745,246</u>	<u>21,462</u>	<u>2,106</u>	<u>803,659</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Vehicles	Other equipment	Total
Carrying amounts:					
Balance on December 31, 2023	\$ <u>221,252</u>	<u>1,640,845</u>	<u>29,434</u>	<u>-</u>	<u>1,891,531</u>
Balance on December 31, 2022	\$ <u>336,771</u>	<u>1,778,252</u>	<u>19,294</u>	<u>-</u>	<u>2,134,317</u>
Balance on January 1, 2022	\$ <u>362,887</u>	<u>2,010,934</u>	<u>6,377</u>	<u>172</u>	<u>2,380,370</u>
(l) Investment property					
	Land	Buildings and other equipment	Right-of-use assets — Land	Total	
Cost or deemed cost:					
Balance on January 1, 2023	\$ 50,190	31,735	-	81,925	
Reclassifications	-	661,886	30,814	692,700	
Effect of changes in exchange rates	-	(8,723)	(299)	(9,022)	
Balance on December 31, 2023	<u>\$ 50,190</u>	<u>684,898</u>	<u>30,515</u>	<u>765,603</u>	
Balance on January 1, 2022 (December 31, 2022)	<u>\$ 50,190</u>	<u>31,735</u>	<u>-</u>	<u>81,925</u>	
Depreciation and impairment losses:					
Balance on January 1, 2023	\$ 33,941	15,084	-	49,025	
Reclassifications	-	47,625	8,732	56,357	
Depreciation	-	11,354	204	11,558	
Effect of changes in exchange rates	-	(765)	(87)	(852)	
Balance on December 31, 2023	<u>\$ 33,941</u>	<u>73,298</u>	<u>8,849</u>	<u>116,088</u>	
Balance on January 1, 2022	\$ 33,941	14,621	-	48,562	
Depreciation	-	463	-	463	
Balance on December 31, 2022	<u>\$ 33,941</u>	<u>15,084</u>	<u>-</u>	<u>49,025</u>	
Carrying amounts:					
Balance on December 31, 2023	<u>\$ 16,249</u>	<u>611,600</u>	<u>21,666</u>	<u>649,515</u>	
Balance on December 31, 2022	<u>\$ 16,249</u>	<u>16,651</u>	<u>-</u>	<u>32,900</u>	
Balance on January 1, 2022	<u>\$ 16,249</u>	<u>17,114</u>	<u>-</u>	<u>33,363</u>	
Fair value:					
Balance on December 31, 2023				<u>\$ 1,035,637</u>	
Balance on December 31, 2022				<u>\$ 117,774</u>	
Balance on January 1, 2022				<u>\$ 102,412</u>	

- (i) The fair value of the investment property listed above is evaluated based on third-party quotation information, which are third-level fair value.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Investment property comprises a number of commercial properties which are leased to third parties. Each of the leases contains an initial non-cancellable period between 1 and 3 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to note 6(q) for further information.

(iii) The Group did not provide any of the aforementioned investment property as collateral.

(m) Intangible assets

The carrying amounts of the intangible assets of the Group for the years ended December 31, 2023 and 2022, were as follows:

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2023	\$ 2,038,574	718,800	357,271	124,459	3,239,104
Disposals	-	-	-	(281)	(281)
Effect of changes in exchange rate	(291)	-	-	(22)	(313)
Balance on December 31, 2023	<u>\$ 2,038,283</u>	<u>718,800</u>	<u>357,271</u>	<u>124,156</u>	<u>3,238,510</u>
Balance on January 1, 2022	\$ 2,020,049	718,800	357,271	122,708	3,218,828
Acquisition	-	-	-	1,609	1,609
Effect of changes in exchange rate	18,525	-	-	142	18,667
Balance on December 31, 2022	<u>\$ 2,038,574</u>	<u>718,800</u>	<u>357,271</u>	<u>124,459</u>	<u>3,239,104</u>
Amortization and impairment loss:					
Balance on January 1, 2023	\$ 30,439	645,180	314,328	118,898	1,108,845
Amortization	-	71,880	41,930	2,712	116,522
Disposals	-	-	-	(281)	(281)
Effect of changes in exchange rate	(47)	-	-	(118)	(165)
Balance on December 31, 2023	<u>\$ 30,392</u>	<u>717,060</u>	<u>356,258</u>	<u>121,211</u>	<u>1,224,921</u>
Balance on January 1, 2022	\$ -	573,300	272,398	116,541	962,239
Amortization	-	71,880	41,930	2,295	116,105
Impairment loss	29,198	-	-	-	29,198
Effect of changes in exchange rate	1,241	-	-	62	1,303
Balance on December 31, 2022	<u>\$ 30,439</u>	<u>645,180</u>	<u>314,328</u>	<u>118,898</u>	<u>1,108,845</u>
Carrying amounts:					
Balance on December 31, 2023	<u>\$ 2,007,891</u>	<u>1,740</u>	<u>1,013</u>	<u>2,945</u>	<u>2,013,589</u>
Balance on December 31, 2022	<u>\$ 2,008,135</u>	<u>73,620</u>	<u>42,943</u>	<u>5,561</u>	<u>2,130,259</u>
Balance on January 1, 2022	<u>\$ 2,020,049</u>	<u>145,500</u>	<u>84,873</u>	<u>6,167</u>	<u>2,256,589</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) The Group evaluated the recoverable amounts of its goodwill arising from the acquisition of TWEL, which is based on its value-in-use, for impairment testing at each annual reporting date. Value-in-use is based on five years of the estimated future cash flow of the Group, and discounted to their present value using the yearly discount rate, which reflects the risks specific to CGU, by 13.08% and 16.78% for the years ended December 31, 2023 and 2022, respectively. There were no impairment losses of goodwill in 2023 and 2022.

(ii) The Group evaluated the recoverable amounts of its goodwill arising from the acquisition of TYM Acoustic Europe, which is based on its value-in-use, for impairment testing at each annual reporting date. Value-in-use is based on five years of the estimated future cash flow of the Group, and discounted to their present value using the yearly discount rate, which reflects the risks specific to CGU, by 15.80% for the year ended December 31, 2022. Since TYM Acoustic Europe's operating performance and profit growth did not turn out as expected, the recoverable amount was assessed to be less than the book value, the Group recognized impairment loss of goodwill of \$29,198 under other gains and losses for the year ended December 31, 2022.

(iii) The Group did not provide any of the aforementioned intangible assets as collateral.

(n) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	<u>\$ 756,252</u>	<u>489,370</u>
Unused credit lines	<u>\$ 26,822,784</u>	<u>27,873,579</u>
Annual interest rates	<u>3.04%~3.64%</u>	<u>1.95%~4.98%</u>

(o) Long-term borrowings

	<u>December 31, 2023</u>		
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>
Secured bank loans	TWD	1.1%~1.65%	2026~2028
Less: current portion			\$ 707,979
			<u>(16,667)</u>
			<u>\$ 691,312</u>
Unused credit lines			<u>\$ 2,321,407</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022				
	Currency	Annual interest rate	Maturity year	Amount
Secured bank loans	TWD	1.03%~1.40%	2026	\$ 464,000
Less: current portion				-
				\$ 464,000
Unused credit lines				\$ 1,950,166

(i) Please refer to note 8 for further information on assets provided as collateral.

(ii) Please refer to note 9 for the details of the outstanding guarantee notes.

(p) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follow:

	December 31, 2023	December 31, 2022
Current	\$ 225,189	193,405
Non-current	\$ 1,559,401	1,704,857

For the maturity analysis, please refer to note 6(aa).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ 58,614	68,016
Expenses relating to short-term leases and leases of low-value assets	\$ 95,597	105,866

The amounts recognized in the statement of cash flows for the Group were as follows:

	2023	2022
Rental paid in operating activities	\$ (95,597)	(105,866)
Interest on lease liabilities paid in operating activities	(58,614)	(68,016)
Payment made on lease liabilities in financing activities	(236,951)	(234,706)
Total cash outflow for leases	\$ (391,162)	(408,588)

(i) Real estate leases

The Group leases lands and buildings for its office, staff dormitory, factory facilities and warehouses. The leases typically run for a period of one to fifty years. Some leases require additional rental payments depending on the changes in fair value of the lease assets.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

The Group leases vehicles and some of other equipment with lease terms of one to five years.

The Group also leases machineries and some of other equipment with lease terms of one to five years. These leases are short-term or leases of low-value items. The Group decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

(q) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(l) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, was as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 58,702	1,497
One to five years	95,317	417
Total undiscounted lease payments	\$ 154,019	1,914

Rental income from investment property amounted to \$15,807 and \$1,370 in 2023 and 2022, respectively.

(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 119,828	125,391
Fair value of plan assets	64,056	70,037
Net defined benefit liability (classified as other non-current liabilities)	\$ 55,772	55,354

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$64,056 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligations

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

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ 125,391	134,375
Benefits paid	(10,208)	(9,099)
Current service costs and interest cost	1,692	1,195
Remeasurement of net defined liabilities	2,953	(1,080)
Defined benefit obligation at December 31	<u>\$ 119,828</u>	<u>125,391</u>

3) Movements of defined benefit plan assets

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

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 70,037	69,942
Interest income	936	530
Remeasurement of net defined liabilities	525	5,891
Contribution paid	2,766	2,773
Benefits paid	(10,208)	(9,099)
Fair value of plan assets at December 31	<u>\$ 64,056</u>	<u>70,037</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Current service costs	\$ -	192
Net interest of net liabilities for defined benefit	756	473
Expenses	<u>\$ 756</u>	<u>665</u>

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

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 16,085	23,056
Recognized during the period	2,428	(6,971)
Balance on December 31	<u>\$ 18,513</u>	<u>16,085</u>

6) Actuarial assumptions

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Discount rate	1.300 %	1.400 %
Future salary increase rate	2.750 %	2.750 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date was \$2,742.

The weighted-average duration of the defined benefit plans is 8 years.

7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	\$ (2,033)	2,089
Future salary increase rate	\$ 2,007	(1,963)
December 31, 2022		
Discount rate	\$ (2,198)	2,261
Future salary increase rate	\$ 2,169	(2,119)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. Many assumption changes may affect each other in practice. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The continuing operations allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's foreign subsidiaries have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries. Contributions to these plans are expensed as incurred without additional legal or constructive obligation.

The Group recognized pension costs under the defined contribution method amounting to \$397,532 and \$455,196 for the years ended December 31, 2023 and 2022, respectively, recorded as operating cost and operating expenses in the statement of comprehensive income.

(s) Income taxes

(i) The details of the Group's income tax expenses were as follows:

	2023	2022
Current tax expense	\$ 470,465	852,771
Deferred tax expense (benefit)	162,418	(92,768)
Income tax expense	<u>\$ 632,883</u>	<u>760,003</u>

(ii) The Group has no income tax directly recognized in equity or other comprehensive income.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Reconciliation of income tax expenses and profit before tax were as follows:

	2023	2022
Profit before income tax	\$ 3,266,372	3,628,964
Income tax calculated based on domestic tax rate of individual entity of the Group	938,458	1,098,069
Overseas investment gains recognized under the equity method	(267,941)	(313,077)
Prior year's income tax adjustment	(44,188)	20,337
Surtax on unappropriated earnings	35,470	22,425
Investment tax credits accrued	(130,339)	(146,968)
Other	101,423	79,217
Income tax expense	<u>\$ 632,883</u>	<u>760,003</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with subsidiaries' earnings. Also, the management considered it probable that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 1,475,850	1,339,438

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 243,900	207,558

The deductible temporary differences and losses cannot be realized, or there may not be sufficient taxable profit to utilize after the Group's evaluation. Therefore, they were not recognized as deferred tax assets.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	Investment income recognized under the equity method (overseas)	Unrealized foreign exchange gains	Amortization of appraised value adjustment of intangible assets	Others	Total
Deferred tax liabilities:					
Balance on January 1, 2023	\$ 253,637	-	10,736	4,925	269,298
Recognized in profit or loss	98,898	-	(10,482)	26,694	115,110
Balance on December 31, 2023	<u>\$ 352,535</u>	<u>-</u>	<u>254</u>	<u>31,619</u>	<u>384,408</u>
Balance on January 1, 2022	\$ 222,385	48,701	21,219	15,295	307,600
Recognized in profit or loss	31,252	(48,701)	(10,483)	(10,370)	(38,302)
Balance on December 31, 2022	<u>\$ 253,637</u>	<u>-</u>	<u>10,736</u>	<u>4,925</u>	<u>269,298</u>

	Bad debt in excess of tax limit	Loss carryforward	Unfunded pension fund contribution	Refund liabilities	Loss on inventory valuation	Unrealized foreign exchange loss	Deferred granted revenue	Unrealized revenue from disposal of assets	Gain on valuation of financial assets / liabilities	Others	Total
Deferred tax assets:											
Balance on January 1, 2023	\$ -	3,181	12,814	243,832	119,051	43,802	135,870	18,026	129,391	41,322	747,289
Recognized in profit or loss	-	(3,181)	(402)	32,981	(62,919)	(21,200)	(20,276)	(3,090)	(3,342)	34,121	(47,308)
Balance on December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>12,412</u>	<u>276,813</u>	<u>56,132</u>	<u>22,602</u>	<u>115,594</u>	<u>14,936</u>	<u>126,049</u>	<u>75,443</u>	<u>699,981</u>
Balance on January 1, 2022	\$ 39,958	13,523	13,235	227,235	94,321	-	160,509	21,116	89,860	33,066	692,823
Recognized in profit or loss	(39,958)	(10,342)	(421)	16,597	24,730	43,802	(24,639)	(3,090)	39,531	8,256	54,466
Balance on December 31, 2022	<u>\$ -</u>	<u>3,181</u>	<u>12,814</u>	<u>243,832</u>	<u>119,051</u>	<u>43,802</u>	<u>135,870</u>	<u>18,026</u>	<u>129,391</u>	<u>41,322</u>	<u>747,289</u>

(v) The Company's income tax returns have been examined by the tax authority through the years to 2020.

(vi) Global minimum top-up tax

The Group operates in United Kingdom, Japan and The Czech Republic, which have enacted new legislation to implement the global minimum top-up tax. The Group expects to be subject to the top-up tax in relation to its operations in the Cayman Islands, where the statutory tax rate is 0%. However, since the newly enacted tax legislation in United Kingdom, Japan and The Czech Republic is only effective from January 1, 2024, there is no current tax impact for the year ended December 31, 2023.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. Please refer to note 4(s) for explanation of accounting policies.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the top-up tax had applied in 2023, then the profits relating to the Group's operations in the Cayman Islands for the year ended December 31, 2023 that would be subject to it amount to 4,415 thousand, with the average effective tax rate applied to those profits during 2023 being 0%.

(t) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the nominal ordinary shares both amounted to \$5,500,000. Par value of each share is \$10 (dollars), which means in total there were 550,000 thousand authorized common shares, of which 462,974 and 458,289 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

	Ordinary shares (in thousands of shares)	
	2023	2022
Balance on January 1	458,289	455,263
Issuance of restricted stock	4,885	3,555
Cancellation of restricted stock	(200)	(529)
Balance on December 31	<u>462,974</u>	<u>458,289</u>

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 1,076,639	945,508
Employee stock options	259,401	259,401
Restricted employee stock options	463,007	351,458
Long-term investments	<u>560,706</u>	<u>573,541</u>
	<u>\$ 2,359,753</u>	<u>2,129,908</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase via transferring of the paid-in capital, in excess of par value, should not exceed 10% of the total common stock outstanding.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Tymphany Huizhou, a subsidiary of the Company, repurchased shares from the employee stock ownership plan in cash and cancelled such shares for a capital reduction in May 2022, resulting in an increase of the shareholding of the Company from 71.43% to 77.01%. The Company recognized the change in its ownership interest in the subsidiary as capital surplus/long-term equity investments. Please refer to notes 6(i) and (u) for details.

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earning left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws, the balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed according to the distribution plan proposed by the board of directors and submitted to the stockholders' meeting for resolution.

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to stockholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

1) Legal reserve

If the Company experiences profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the stockholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS Accounting Standards by the FSC, retained earnings increased by \$97,300 by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with the FSC, the increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve, shall be reversed as distributable earnings proportionately. As of December 31, 2023 and 2022, the carrying amount of special reserve both amounted to \$97,300.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In accordance with the FSC, a portion of earnings shall be allocated as special earnings reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 25, 2023 and May 26, 2022, the shareholders' meeting resolved to distribute the 2022 and 2021 earnings, respectively. The distributions for 2022 and 2021 were NT\$3.9(dollars) and NT\$3.1(dollars) per share, which amounted to \$1,791,794 and \$1,411,230, respectively.

The earnings distributions for 2023 were proposed to be NT\$4(dollars) per share which amounted to \$1,851,727 during the board of directors meeting held on February 26, 2024.

(u) Share-based payment

(i) Employee stock options and share-based payment

1) The Group had share-based payment arrangements as follows:

	Employee stocks ownership plans
	September 2017
Grant date	September 29, 2017
Exercise price	CNY\$1.1952
Granted units (thousand)	40,310
Service period	15 years
Vesting period	12 months after Tymphany Huizhou listed

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group measured the fair value of the aforementioned share-based payment. The measurement basis of the fair value was as follows:

	Issnance of ordinary shares for employee stocks September 2017
Exercise price	CNY\$1.1952
Expected time until expiration (years)	-
Stock price per share	CNY\$1.7784
Expected volatility of stock price	37.53%
Expected dividend yield	-
Risk-free interest rate	3.17%

On February 14 and March 1, 2022, the Group resolved through the board of directors' and shareholders' meeting of Tymphany Huizhou to adjust the share incentive plan. As of December 31, 2022, all the shares from the employee ownership plan were repurchase and cancelled.

(ii) Restricted stock

1) As of December 31, 2023, the outstanding restricted stock of the Group was as follows:

	Plan 5 (note 1)		Plan 6 (note 1)		Plan 7 (note 1)		Plan 8 (note 1)		Plan 9 (note 1)
Grant date	November 21, 2019	February 20, 2020	July 30, 2020	January 25, 2021	October 18, 2021	February 9, 2022	August 9, 2022	February 8, 2023	August 4, 2023
Fair value on grant date (per share)	64.30	53.20	41.75	55.80	50.40	53.90	69.70	58.50	63.30
Exercise price	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants
Granted units (thousand shares)	1,820	180	2,260	740	3,800	200	3,355	1,145	3,740
Vesting period	1~3 years (notes 2 and 4)	1~3 years (note 2)	1~5 years (notes 2, 3, 4 and 5)	1~3 years (notes 2, 3 and 4)	1~3 years (note 2)	1~3 years (note 2)	1~3 years (note 2)	1~3 years (note 2)	1~3 years (note 2)

Note 1: Plan 5 was resolved by the stockholders' meeting held on June 18, 2019, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,820 thousand shares and 180 thousand shares on November, 2019 and February, 2020, respectively.

Plan 6 was resolved by the stockholders' meeting held on June 23, 2020, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 2,260 thousand and 740 thousand shares on July, 2020 and January, 2021, respectively.

Plan 7 was resolved by the stockholders' meeting held on July 13, 2021, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 3,800 thousand and 200 thousand shares on August, 2021 and January, 2022, respectively.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Plan 8 was resolved by the stockholders' meeting held on May 26, 2022, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 3,355 thousand and 1,145 thousand shares on August, 2022 and January, 2023, respectively.

Plan 9 was resolved by the stockholders' meeting held on May 25, 2023, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 3,740 thousand shares on August, 2023.

Note 2: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, 30%, 30% and 40% shall be vested in the first year, second year and third year, respectively, after the grant date.

Note 3: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, 50% of the restricted stock shall be vested in the first year after the grant date, and the remaining 50% shall be vested in second year after the grant date.

Note 4: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, the restricted stock shall be vested in the first year after the grant date.

Note 5: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, 15%, 15%, 20%, 20% and 30% shall be vested in the first year, second year, third year, fourth year and fifth year, respectively, after the grant date.

The restricted stock is kept by a trust, which is appointed by the Group, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or, by any other means, disposed of to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Group will cancel the unvested shares thereafter.

2) The related information on restricted stock of the Group was as follows:

(Thousand shares)	2023	2022
Outstanding on January 1	7,148	6,487
Granted during the year	4,885	3,555
Vesting during the year	(2,793)	(2,365)
Expired during the year	(243)	(529)
Outstanding on December 31	8,997	7,148

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Expenses attributable to share-based payment were as follows:

	<u>2023</u>	<u>2022</u>
Employee stock options	\$ -	15,480
Restricted stock	<u>250,220</u>	<u>184,883</u>
Total	<u>\$ 250,220</u>	<u>200,363</u>

(v) Earnings per share

The calculation of basic earnings and diluted earnings per share was as follows:

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2023 and 2022, based on the profit attributable to owners of parent of the Company and the weighted-average number of ordinary shares outstanding was as follows:

	<u>2023</u>	<u>2022</u>
Profit attributable to owners of parent	\$ <u>2,485,289</u>	<u>2,742,609</u>
Weighted-average number of ordinary shares (thousand shares)	<u>452,268</u>	<u>449,522</u>
Basic earnings per share (NT dollars)	<u>\$ 5.50</u>	<u>6.10</u>

	<u>2023</u>	<u>2022</u>
Ordinary shares at January 1	451,142	448,777
Vesting of restricted stock	<u>1,126</u>	<u>745</u>
Ordinary shares at December 31	<u>452,268</u>	<u>449,522</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares was as follows:

	<u>2023</u>	<u>2022</u>
Profit attributable to owners of parent	\$ <u>2,485,289</u>	<u>2,742,609</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>458,794</u>	<u>455,337</u>
Diluted earnings per share (NT dollars)	<u>\$ 5.42</u>	<u>6.02</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Weighted-average number of ordinary shares (diluted) (thousand shares)

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares on December 31 (basic)	452,268	449,522
Estimated effect of employee stock bonuses	1,605	2,074
Effect of restricted stock	<u>4,921</u>	<u>3,741</u>
Weighted-average number of ordinary shares on December 31 (diluted)	<u>458,794</u>	<u>455,337</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Goods sold	\$ 22,293,789	37,025,349	59,319,138
Service rendered	<u>155,014</u>	<u>1,014,250</u>	<u>1,169,264</u>
	<u>\$ 22,448,803</u>	<u>38,039,599</u>	<u>60,488,402</u>

	<u>2022</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Goods sold	\$ 27,128,373	50,208,222	77,336,595
Service rendered	<u>153,541</u>	<u>1,750,629</u>	<u>1,904,170</u>
	<u>\$ 27,281,914</u>	<u>51,958,851</u>	<u>79,240,765</u>

	<u>2023</u>	<u>2022</u>
Mainland China	\$ 23,867,070	28,212,456
Europe	15,358,686	20,771,566
America	17,574,186	21,964,066
Other	<u>3,688,460</u>	<u>8,292,677</u>
	<u>\$ 60,488,402</u>	<u>79,240,765</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (including related parties)	\$ 11,619,809	14,497,309	13,534,590
Less: allowance for impairment	<u>(67,416)</u>	<u>(104,638)</u>	<u>(29,635)</u>
	<u>\$ 11,552,393</u>	<u>14,392,671</u>	<u>13,504,955</u>
Contract liabilities (classified as other current liabilities)	<u>\$ 488,099</u>	<u>534,641</u>	<u>196,113</u>

For details on accounts receivable (including related parties) and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$432,673 and \$196,113, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

(x) Employee's and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 2 to 10 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

Details of remuneration to employees and directors were as follows:

	<u>2023</u>	<u>2022</u>
Employee remuneration	\$ 89,330	99,830
Directors' remuneration	<u>44,665</u>	<u>49,915</u>
	<u>\$ 133,995</u>	<u>149,745</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimate and recognized as profit or loss in the distribution year.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings for 2022 and 2021 were as follows:

	<u>2022</u>		
	<u>Actual earnings distributed</u>	<u>Accrued in the financial statement</u>	<u>Difference</u>
Employee remuneration–Cash	\$ 99,830	99,830	-
Director's remuneration	49,915	49,915	-
	<u>2021</u>		
	<u>Actual earnings distributed</u>	<u>Accrued in the financial statement</u>	<u>Difference</u>
Employee remuneration–Cash	\$ 85,798	85,799	1
Director's remuneration	42,899	42,899	-

The difference in 2021 was accounted for as changes in accounting estimates and recognized as profit or loss in 2022. Information on the remuneration to employees and directors, approved in the Board of Directors' meetings, can be accessed in the Market Observation Post System website.

(y) Other income

The details of other income were as follows:

	<u>2023</u>	<u>2022</u>
Government grants	\$ 22,433	45,289
Rent income	16,725	6,731
Dividend income	690	10,744
Other	<u>643</u>	<u>945</u>
	<u>\$ 40,491</u>	<u>63,709</u>

(z) Other gains and losses

The details of other gains and losses were as follows:

	<u>2023</u>	<u>2022</u>
Net losses on financial assets/liabilities measured at FVTPL	\$ (613,592)	(619,677)
Impairment losses of property, plant and equipment	-	(6,084)
Foreign currency exchange gains (losses), net	874,567	1,255,089
Net income on disposal of property, plant and equipment	42,630	3,510
Impairment losses of investments accounted for using equity method	-	(157,740)
Impairment losses of intangible assets	-	(29,198)
Net gains on disposal of right-of-use assets	21,491	17,338
Other	<u>(55,758)</u>	<u>(5,940)</u>
	<u>\$ 269,338</u>	<u>457,298</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

For information on the Group's concentration of credit risk, please refer to note 6(ab).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 756,252	759,171	759,171	-	-	-
Notes and accounts payable	12,135,123	12,135,123	12,135,123	-	-	-
Other payables	2,999,687	2,999,687	2,999,687	-	-	-
Salaries payable	1,310,137	1,310,137	1,310,137	-	-	-
Lease liabilities	1,784,590	2,017,258	272,412	248,423	631,932	864,491
Refund liabilities	2,239,016	2,239,016	2,239,016	-	-	-
Long-term borrowings	707,979	732,135	26,686	240,064	465,385	-
Guarantee deposits	33,505	33,505	-	-	-	33,505
Derivative financial liabilities:	992,339	-	-	-	-	-
Outflow	-	2,134,469	2,134,469	-	-	-
Inflow	-	(1,142,130)	(1,142,130)	-	-	-
	\$ 22,958,628	23,218,371	20,734,571	488,487	1,097,317	897,996
December 31, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 489,370	502,282	502,282	-	-	-
Notes and accounts payable	14,038,527	14,038,527	14,038,527	-	-	-
Other payables	3,365,325	3,365,325	3,365,325	-	-	-
Salaries payable	1,678,657	1,678,657	1,678,657	-	-	-
Lease liabilities	1,898,262	2,213,790	246,684	223,907	587,179	1,156,020
Refund liabilities	1,912,359	1,912,359	1,912,359	-	-	-
Long-term borrowings	464,000	482,562	6,256	22,923	453,383	-
Guarantee deposits	12,126	12,126	-	-	-	12,126
Derivative financial liabilities:	1,016,661	-	-	-	-	-
Outflow	-	16,739,065	16,739,065	-	-	-
Inflow	-	(15,722,404)	(15,722,404)	-	-	-
	\$ 24,875,287	25,222,289	22,766,751	246,830	1,040,562	1,168,146

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets							
Monetary items							
USD:CNY	\$	546,979	7.0827	16,811,402	484,442	6.9646	14,876,249
USD:HKD		264,835	7.8157	8,139,702	278,389	7.7967	8,548,784
USD:TWD		413,715	30.7350	12,715,538	345,280	30.7080	10,602,846
EUR:CZK		6,326	24.6773	215,742	5,063	24.2078	165,707
USD:CZK		17,471	22.2390	536,971	16,806	22.7180	516,079
USD:THB		35,502	34.1400	1,091,140	19,139	34.6530	587,708
EUR:HKD		7,719	8.6723	263,249	11,806	8.3098	386,399
CZK:HKD		94,345	0.3514	130,385	135,484	0.3433	183,174
Financial liabilities							
Monetary items							
USD:CNY	\$	259,769	7.0827	7,984,009	291,417	6.9646	8,948,836
USD:HKD		191,851	7.8157	5,896,555	214,250	7.7967	6,579,182
USD:TWD		495,314	30.7350	15,223,471	421,099	30.7080	12,931,116
EUR:CZK		4,786	24.6773	163,222	5,871	24.2078	192,152
USD:THB		52,348	34.1400	1,608,905	63,027	34.6530	1,935,447
EUR:HKD		3,341	8.6723	113,941	2,646	8.3098	86,601
USD:CZK		3,278	22.2390	100,749	10,461	22.7180	321,236

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY, HKD, CZK and THB against the USD; the HKD against CZK; as well as HKD and CZK against the EUR, as of December 31, 2023 and 2022, would have increased or decreased the net profit before tax by \$440,664 and \$243,619, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$874,567 and \$1,255,089, respectively.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amounts of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have increased or decreased by \$15,122 and \$10,434 for the years ended December 31, 2023 and 2022, respectively. This is mainly due to borrowings and demand deposits with variable interest rates.

(v) Other price risk

If the market price of the equity securities had changed on the reporting date, the influence on other comprehensive income is as follows (The analysis is performed on the same basis for both periods, and assumes all other variable remain constant):

	2023		2022	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Price of securities at the reporting date				
Increasing 10%	\$ 29,029	1,205	35,079	266
Decreasing 10%	\$ (29,029)	(1,205)	(35,079)	(266)

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Fair value

1) Kinds of financial instruments and fair value

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

	Carrying amounts	December 31, 2023			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL	\$ 391,656	-	-	391,656	391,656
Financial assets at FVOCI – non-current	\$ 290,285	-	-	290,285	290,285
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 10,904,683				
Financial assets at amortized cost – current	30,234				
Notes and accounts receivable (including related parties)	11,552,393				
Other receivables	1,556,671				
Refundable deposits	122,405				
Total	\$ 24,166,386				
Financial liabilities at FVTPL – current	\$ 992,339	-	-	992,339	992,339
Financial liabilities measured at amortized cost:					
Borrowings	\$ 1,464,231				
Notes and accounts payable	12,135,123				
Other payables	2,999,687				
Salaries payable	1,310,137				
Lease liabilities	1,784,590				
Refund liabilities	2,239,016				
Guarantee deposits	33,505				
Total	\$ 21,966,289				

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 399,646</u>	-	-	399,646	399,646
Financial assets at FVOCI – non-current	<u>\$ 350,788</u>	-	-	350,788	350,788
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 6,284,887				
Financial assets at amortized cost – current	130,023				
Notes and accounts receivable (including related parties)	14,392,671				
Other receivables	1,944,391				
Refundable deposits	130,474				
Total	<u>\$ 22,882,446</u>				
Financial liabilities at FVTPL – current	<u>\$ 1,016,661</u>	-	-	1,016,661	1,016,661
Financial liabilities measured at amortized cost :					
Borrowings	\$ 953,370				
Notes and accounts payable	14,038,527				
Other payables	3,365,325				
Salaries payable	1,678,657				
Lease liabilities	1,898,262				
Refund liabilities	1,912,359				
Guarantee deposits	12,126				
Total	<u>\$ 23,858,626</u>				

2) Fair value valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the-counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

- The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
 - Financial assets at FVTPL – non-derivative financial assets and Financial assets at FVOCI without an active market are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.
- 3) In 2023 and 2022, there were no transfers between Levels.
- 4) Reconciliation of Level 3 fair values

	2023			2022		
	FVTPL	FVOCI	Total	FVTPL	FVOCI	Total
Balance on January 1	\$ (617,015)	350,788	(266,227)	(446,816)	240,397	(206,419)
Recognized in profit or loss	(613,592)	-	(613,592)	(619,677)	-	(619,677)
Recognized in other comprehensive income	-	(87,755)	(87,755)	-	11,974	11,974
Acquisition /disposal	629,924	27,419	657,343	449,478	99,820	549,298
Effect of changes on exchange rate	-	(167)	(167)	-	(1,403)	(1,403)
Balance on December 31	<u>\$ (600,683)</u>	<u>290,285</u>	<u>(310,398)</u>	<u>(617,015)</u>	<u>350,788</u>	<u>(266,227)</u>

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets and liabilities at FVTPL – non-derivative financial assets and derivative instruments not used for hedging and financial assets at FVOCI – equity investment without an active market. The quantitative information about significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at FVOCI – equity investment without an active market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – non-derivative financial assets	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – derivative instruments not used for hedging	(note 2)	(note 2)	(note 2)

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

note 1: The fair value is based on the market value, and it has considered the recent financing activities, comparable business, market and other economic conditions etc., to determine the assumptions. Also, the significant unobservable inputs are marketability discount, but any changes of marketability discount would not result in significant potential financial impact, therefore there is no need to show the quantified information on it.

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

(ab) Financial risk management

(i) Briefings

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes for measuring and managing risk. For detailed information, please refer to the related notes on each risk.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's board of directors oversees the management's monitoring of the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents; notes and accounts receivables (including related parties), and other receivables; and derivative instruments.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Cash and cash equivalents

The Group had deposited \$9,625,255 (including restricted deposits) in O-Bank and 18 other financial institutions, and \$6,120,011 (including restricted deposits) in HSBC Bank and 16 other financial institutions, representing 21% and 13% of total assets, as of December 31, 2023 and 2022, respectively. The Group believes that there is no significant credit risk from the above-mentioned financial institutions.

2) Notes and accounts receivable

Sales to individual customers constituting over 10% of total revenue for the years ended December 31, 2023 and 2022, totaled 24% and 25%, respectively; also 20% and 34%, respectively, of the ending balance of notes and accounts receivable (including related parties) were accounted for by those customers. In order to reduce credit risk, the Group assesses the financial status of each customer and the possibility of collection of receivables on a regular basis. The above-mentioned customers are profitable and have a good credit record; hence, the Group did not suffer any significant credit loss from those customers during the financial reporting period.

3) Derivative instruments

The Group entered into derivative instrument contracts with reputable and creditworthy financial institutions. The Group believes that the risk that these financial institutions may default on these contracts is relatively low and anticipates no significant credit loss.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group had unused credit line of \$29,144,191 and \$29,823,745 as of December 31, 2023 and 2022, respectively.

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the TWD, USD, HKD, CNY, CZK and THB. These transactions are denominated in USD.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group uses forward exchange contracts and foreign exchange swap contracts to hedge its currency risk. The Group makes performance reports and reviews operating strategy regularly, and believes that there is no significant risk because the gains or losses from exchange rate fluctuation will mostly be offset by the hedged item.

2) Interest rate risk

The Group's main assets and liabilities with a floating-interest-rate basis are deposits and borrowings. The Group believes that cash flow risk arising from interest rate fluctuation is insignificant.

(ac) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, other equity, and non-controlling interests.

The Group sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Group's debt ratios as of December 31, 2023 and 2022, were 59% and 61%, respectively.

(ad) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Effect of changes in exchange rate	Changes in lease payments	December 31, 2023
Short-term borrowings	\$ 489,370	266,882	-	-	756,252
Long-term borrowings	464,000	243,979	-	-	707,979
Lease liabilities	1,898,262	(236,951)	5,014	118,265	1,784,590
Guarantee deposits	12,126	21,379	-	-	33,505
Total liabilities from financing activities	<u>\$ 2,863,758</u>	<u>295,289</u>	<u>5,014</u>	<u>118,265</u>	<u>3,282,326</u>
	January 1, 2022	Cash flows	Effect of changes in exchange rate	Changes in lease payments	December 31, 2022
Short-term borrowings	\$ 2,030,829	(1,541,459)	-	-	489,370
Long-term borrowings	1,460,955	(996,955)	-	-	464,000
Lease liabilities	2,108,070	(234,706)	41,852	(16,954)	1,898,262
Guarantee deposits	12,253	(127)	-	-	12,126
Total liabilities from financing activities	<u>\$ 5,612,107</u>	<u>(2,773,247)</u>	<u>41,852</u>	<u>(16,954)</u>	<u>2,863,758</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ae) Supplementary information of cash flow

(i) The Group acquired property, plant and equipment amounting to \$1,671,181 and \$1,890,170, respectively, and the payables on equipment increased \$99,660 and decreased \$40,987, respectively, generating cash outflow of \$1,571,521 and \$1,931,157 for the years ended December 31, 2023 and 2022, respectively.

(ii) For the year ended December 31, 2023, the Group's disposal of property, plant and equipment amounting to \$50,276, including the write-off of the unamortized deferred revenue of equipment subsidy of \$89, resulted in the increase of other accounts receivable amounting to \$8,160.

For the year ended December 31, 2022, the Group's disposal of property, plant and equipment included the write-off of the unamortized deferred revenue of equipment subsidy amounting to \$9,171.

(7) Related-party transactions:

(a) Names and relationship of the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name	Relationship
Specialty Technologies, LLC (Specialty)	Substantive related party

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	Sales		Notes and accounts receivable	
	2023	2022	December 31, 2023	December 31, 2022
Other related parties	<u>\$ 570,633</u>	<u>288,746</u>	<u>70,606</u>	<u>54,587</u>

There were no significant differences in the selling prices between the related parties and other customers. The trading terms offered to other related parties were 60 days, and the trading terms to other customers were 45 days to 120 days.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 181,262	183,890
Post-employment benefits	1,407	1,315
Share-based payments	<u>115,818</u>	<u>87,379</u>
	<u>\$ 298,487</u>	<u>272,584</u>

Please refer to note 6(u) for information related to share-based payments.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other non-current assets – restricted assets	Guarantee letters issued by bank	<u>\$ 3,414</u>	<u>3,414</u>
Property, plant and equipment	Loan collateral	<u>\$ 769,580</u>	<u>769,580</u>

(9) Commitments and contingencies:

- (a) For the detail of the Group's guarantee, please refer to note 13.
- (b) The following are guarantee letters issued by the bank to customs, business partner and Power Supply Bureau as guarantee deposits and power supply guarantee, respectively.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee letters	<u>\$ 62,449</u>	<u>57,333</u>

- (c) Guarantee notes provided as part of agreements with banks to sell accounts receivable and to acquire long-term borrowings were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales of accounts receivable	<u>\$ 76,838</u>	<u>2,160,669</u>
Long-term borrowings	<u>\$ 1,800,400</u>	<u>1,800,400</u>

- (d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 1,555,520</u>	<u>965,744</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None**(11) Subsequent Events: None****(12) Other:**

- (a) A summary of employee benefit, depreciation, and amortization expenses by function, was as follows:

By item	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	3,590,149	4,157,297	7,747,446	4,105,848	4,501,966	8,607,814
Labor and health insurance	157,612	234,410	392,022	157,678	226,982	384,660
Pension	226,427	171,861	398,288	256,244	199,617	455,861
Others	58,718	182,091	240,809	107,306	236,613	343,919
Depreciation	1,314,795	382,994	1,697,789	1,329,460	328,545	1,658,005
Amortization	20,228	183,807	204,035	23,066	205,788	228,854

Note: Excluding the depreciation of the investment property-buildings (classified as other gains and losses) amounted to \$11,558 and \$463 for the years ended December 31, 2023 and 2022, respectively.

(13) Other disclosures:

- (a) Information on significant transactions:

The followings were the information on significant transactions required by the Regulations for the Group:

- (i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	327,475	317,197	317,197	0	Short-term loan to other parties	-	Operating capital	-	-	-	797,141	797,141

Note 1: After the approval from the Board of directors, the loan provided to an individual entity shall not exceed the net worth of PKS1 in the latest financial statements to its parent company, and also to subsidiaries wherein its parent owns 100%, directly and indirectly, of its voting shares. Also, the criterion for the amount available for financing is the same as that offered to an individual entity mentioned above.

Note 2: The above transactions have been eliminated during the preparation of the consolidated financial statements.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	5,104,053	324,190	307,350	-	-	1.81 %	13,610,807	Y	N	Y
"	"	Primax Electronics (Singapore) Pte. Ltd.	Subsidiary	5,104,053	2,700,000	2,700,000	307,919	-	15.87 %	13,610,807	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK	"	2,162,341	4,863	4,610	-	-	0.06 %	3,603,901	N	N	N

Note 1: The amount of the guarantee to a company shall not exceed 30% of the Company's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Company's net worth in the latest financial statements.
 Note 2: The amount of the guarantee to a company shall not exceed 30% of the Tymphony Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 50% of the Tymphony Huizhou's net worth in the latest financial statements.
 Note 3: The above counter-parties of guarantee and endorsement are subsidiaries included in the consolidated financial statements.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Company	Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Highest balance during the year		Note
					Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
The Company	Stocks (equities):										
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI		359	-	3.59	-	359	3.59	
	Changing Information Technology Inc.	-	"		223	11,093	1.29	11,093	223	1.34	
	Formosoft International Inc.	-	"		11	-	0.41	-	11	0.41	
	Syntronix Corp.	-	"		7	250	0.02	250	7	0.02	
	Ricavision International Inc.	-	"		917	-	2.04	-	917	2.04	
	Grove Ventures L.P.	-	"		-	158,070	2.73	158,070	-	2.73	
	Grove Ventures II, L.P.	-	"		-	97,145	3.29	97,145	-	3.29	
	Grove Ventures III, L.P.	-	"		-	23,727	2.21	23,727	-	2.23	
	Storm Ventures Fund VII, L.P.	-	Financial assets at FVTPL		-	5,040	0.44	5,040	-	0.48	
	Thin Line Capital fund II, L.P.	-	"		-	7,008	7.10	7,008	-	9.80	
						<u>302,333</u>					
Primax Tech.	Stocks:										
	Echo. Bahn.	-	Financial assets at FVOCI		400	-	11.90	-	400	11.90	
Tymphony Huizhou	Stocks:										
	Shenzhen Mees Hi-Tech Co., Ltd.	-	"		556	-	10.00	-	556	10.00	

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the Company's paid-in capital: None
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the Company's issued capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	(Sale)	(10,935,549)	(33) %	60 days	Price agreed by both sides	The same as general selling	1,823,757	25%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	18,148,657	61 %	"	"	The same as general purchasing	(7,032,690)	(61)%	Note 1
"	PKS1	"	Purchase	1,423,450	5 %	"	"	"	(672,574)	(6)%	Note 1
"	PCQ1	"	Purchase	6,194,057	21 %	"	"	"	(3,057,622)	(26)%	Note 1
"	Polaris	The subsidiary of Primax Tech.	(Sale)	(3,450,949)	(10) %	90 days	"	The same as general selling	806,440	11%	Note 1
"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	2,369,368	8 %	60 days	"	The same as general purchasing	(309,592)	(3)%	Note 1
Primax Singapore	The Company	Parent	Purchase	10,935,549	99 %	"	"	"	(1,823,757)	(84)%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	151,474	1 %	"	"	"	(33,986)	(2)%	Note 1
PCH2	The Company	The parent of Primax Cayman	(Sale)	(18,148,657)	(78) %	"	"	The same as general selling	7,032,690	89%	Note 1
"	Primax Singapore	The subsidiary of the Company	(Sale)	(151,474)	(1) %	"	"	"	33,986	-%	Note 1
PKS1	The Company	The parent of Primax Cayman	(Sale)	(1,423,450)	(100) %	"	"	"	672,574	68%	Note 1
PCQ1	"	"	(Sale)	(6,194,057)	(73) %	"	"	"	3,057,622	79%	Note 1
Primax Thailand	"	The parent of Primax Singapore	(Sale)	(2,369,368)	(87) %	"	"	"	309,592	91%	Note 1
Polaris	"	The parent of Primax Tech.	Purchase	3,450,949	100 %	90 days	"	The same as general purchasing	(806,440)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(2,902,735)	(47) %	60 days	"	The same as general selling	898,112	46%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(2,755,372)	(44) %	"	"	"	828,359	43%	Note 1
"	"	"	Purchase	107,004	2 %	"	"	The same as general purchasing	(42,943)	(4)%	Note 1
"	TYM Acoustic Europe	"	(Sale)	(247,151)	(4) %	"	"	The same as general selling	58,316	3%	Note 1
"	Tymphony Dongguan	Subsidiary	Purchase	147,433	3 %	"	"	The same as general purchasing	(36,950)	(3)%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	(Sale)	(148,907)	(2) %	"	"	The same as general selling	131,551	7%	Note 1

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Purchase	318,190	6 %	60 days	Price agreed by both sides	The same as general purchasing	(99,430)	(7)%	Note 1
"	"	"	(Sale)	(4,170,008)	(61) %	"	"	The same as general selling	1,136,082	65%	Note 1
"	Tymphony Huizhou	Parent	(Sale)	(147,433)	(2) %	"	"	"	36,950	2%	Note 1
"	TYM Acoustic Europe	The subsidiary of TYM Acoustic HK	(Sale)	(458,859)	(7) %	"	"	"	188,239	11%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(1,094,421)	(16) %	"	"	"	291,991	17%	Note 1
"	TYDC	Subsidiary	(Sale)	(401,058)	(6) %	"	"	"	48,990	3%	Note 1
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(1,211,762)	(30) %	"	"	"	(931)	-%	Note 1
"	"	"	Purchase	203,179	6 %	"	"	The same as general purchasing	(3,502)	(1)%	Note 1
"	Tymphony Dongguan	Parent	Purchase	401,058	12 %	"	"	"	(48,990)	(13)%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(2,538,905)	(63) %	"	"	The same as general selling	691,017	97%	Note 1
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	2,246,710	26 %	"	"	The same as general purchasing	(608,020)	(21)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	2,902,735	33 %	"	"	"	(898,112)	(32)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	1,094,421	13 %	"	"	"	(291,991)	(10)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	2,538,905	29 %	"	"	"	(691,017)	(24)%	Note 1
"	Specialty	The other related party	(Sale)	(570,633)	(6) %	"	"	The same as general selling	70,606	4%	
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(2,246,710)	(100) %	"	"	"	608,020	100%	Note 1
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	247,151	14 %	"	"	The same as general purchasing	(58,316)	(12)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	458,859	27 %	"	"	"	(188,239)	(39)%	Note 1
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	2,755,372	23 %	"	"	"	(828,359)	(28)%	Note 1
"	"	"	(Sale)	(107,004)	(1) %	"	"	The same as general selling	42,943	2%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	4,170,008	35 %	"	"	The same as general purchasing	(1,136,082)	(38)%	Note 1
"	"	"	(Sale)	(318,190)	(3) %	"	"	The same as general selling	99,430	5%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	1,211,762	10 %	"	"	The same as general purchasing	931	-%	Note 1
"	"	"	(Sale)	(203,179)	(2) %	"	"	The same as general selling	3,502	-%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	3,838,067	32 %	"	"	The same as general purchasing	(635,356)	(21)%	Note 1

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TYTH	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(3,838,067)	(98) %	60 days	Price agreed by both sides	The same as general selling	635,356	91%	Note 1
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	148,907	4 %	"	"	The same as general purchasing	(131,551)	(12)%	Note 1

Note 1: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Primax Singapore	Subsidiary	1,823,757 (note 5)	5.23	-	-	1,322,353	-
"	Polaris	The subsidiary of Primax Tech.	806,440 (note 5)	6.18	-	-	806,440	-
"	PCH2	The subsidiary of Primax HK	452,242 (note 2&5)	3.74	-	-	130,966	-
"	"	"	73,234 (note 5)	(note 3)	-	-	29,791	-
PCH2	The Company	The parent of Primax Cayman	7,032,690 (note 5)	2.79	-	-	2,916,857	-
"	Primax Thailand	The subsidiary of Primax Singapore	241,682 (note 5)	(note 3)	-	-	53,522	-
PKS1	The Company	The parent of Primax Cayman	672,574 (note 5)	2.38	-	-	132,787	-
"	"	"	317,197 (note 5)	(note 4)	-	-	-	-
PCQ1	"	"	3,057,622 (note 5)	2.23	-	-	443,626	-
Primax Thailand	"	The parent of Primax Singapore	309,592 (note 5)	12.69	-	-	-	-
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	898,112 (note 5)	3.09	-	-	458,410	-
"	TYM HK	The subsidiary of TYM Acoustic HK	828,359 (note 5)	2.89	-	-	213,616	-
"	TYTH	"	131,551 (note 5)	2.15	-	-	18,774	-
Tymphony Dongguan	TYM HK	"	1,136,082 (note 5)	3.82	-	-	342,413	-
"	TYM Acoustic Europe	"	188,239 (note 5)	2.24	-	-	34,471	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	291,991 (note 5)	5.75	-	-	235,544	-
TYDC	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	691,017 (note 5)	3.19	-	-	125,517	-
TYM Acoustic HK	Tymphony Huizhou	Parent	242,498 (note 5)	(note 3)	-	-	242,156	-
TYM Acoustic Europe	TYM Acoustic HK	"	608,020 (note 5)	3.92	-	-	439,898	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	99,430 (note 5)	2.15	-	-	99,430	-
"	"	"	1,157,861 (note 5)	(note 3)	-	-	305,753	-
"	TYM Acoustic HK	"	279,433 (note 5)	(note 3)	-	-	257,207	-

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
TYAT	TYM HK	The subsidiary of TYM Acoustic HK	335,490 (note 5)	(note 3)	-	-	150,245	-
TYTH	"	"	635,356 (note 5)	6.96	-	-	-	-

Note 1: Amounts were collected as of February 6, 2024.

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the year ended December 31, 2023 was \$1,695,973, which was written off with related cost of goods sold, and not regarded as sales for the Company.

Note 3: The receivables arise from service rendering for intercompany or material purchasing on behalf of intercompany or related parties.

Note 4: The other receivables arise from intercompany loans.

Note 5: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
0	The Company	Primax Singapore	Subsidiary	Sale	10,935,549	Price agreed by both sides	18.08 %
"	"	"	"	Accounts Receivable	1,823,757	60 days	3.92 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	18,148,657	Price agreed by both sides	30.00 %
"	"	"	"	Accounts Payable	7,032,690	60 days	15.11 %
"	"	"	"	Accounts Receivable	452,242	"	0.97 %
"	"	"	"	Other Receivable	73,234	(note 2)	0.16 %
"	"	PKS1	"	Purchase	1,423,450	Price agreed by both sides	2.35 %
"	"	"	"	Accounts Payable	672,574	60 days	1.44 %
"	"	"	"	Other Payable	317,197	(note 3)	0.68 %
"	"	PCQ1	"	Purchase	6,194,057	Price agreed by both sides	10.24 %
"	"	"	"	Accounts Payable	3,057,622	60 days	6.57 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	3,450,949	Price agreed by both sides	5.71 %
"	"	"	"	Accounts Receivable	806,440	90 days	1.73 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	2,369,368	Price agreed by both sides	3.92 %
"	"	"	"	Accounts Payable	309,592	60 days	0.67 %
1	PCH2	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Service Revenue	259,403	Price agreed by both sides	0.43 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Accounts Receivable	241,682	(note 2)	0.52 %
"	"	Primax Singapore	The subsidiary of the Company	Sale	151,474	Price agreed by both sides	0.25 %
"	"	UTD3	The subsidiary of Destiny Tech.	Service Expense	104,218	"	0.17 %

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
2	Tymphony Huizhou	TYM Acoustic HK	Subsidiary	Sale	2,902,735	Price agreed by both sides	4.80 %
"	"	"	"	Accounts Receivable	898,112	60 days	1.93 %
"	"	"	"	Other Payable	242,498	(note 2)	0.52 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	2,755,372	Price agreed by both sides	4.56 %
"	"	"	"	Purchase	107,004	"	0.18 %
"	"	"	"	Accounts Receivable	828,359	60 days	1.78 %
"	"	TYTH	"	Accounts Receivable	131,551	"	0.28 %
"	"	"	"	Sale	148,907	Price agreed by both sides	0.25 %
"	"	TYM Acoustic Europe	"	Sale	247,151	"	0.41 %
"	"	Tymphony Dongguan	Subsidiary	Purchase	147,433	"	0.24 %
3	Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Purchase	318,190	"	0.53 %
"	"	"	"	Sale	4,170,008	"	6.89 %
"	"	"	"	Accounts Receivable	1,136,082	60 days	2.44 %
"	"	"	"	Other Payable	1,157,861	(note 2)	2.49 %
"	"	"	"	Accounts Payable	99,430	60 days	0.21 %
"	"	TYM Acoustic Europe	"	Sale	458,859	Price agreed by both sides	0.76 %
"	"	"	"	Accounts Receivable	188,239	60 days	0.40 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Accounts Receivable	291,991	"	0.63 %
"	"	"	"	Sale	1,094,421	Price agreed by both sides	1.81 %
"	"	TYDC	Subsidiary	Sale	401,058	"	0.66 %
"	"	"	"	Service Revenue	93,650	"	0.15 %
4	TYDC	TYM HK	The subsidiary of TYM Acoustic HK	Sale	1,211,762	"	2.00 %
"	"	"	"	Purchase	203,179	"	0.34 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	2,538,905	"	4.20 %
"	"	"	"	Accounts Receivable	691,017	60 days	1.48 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	2,246,710	Price agreed by both sides	3.71 %
"	"	"	"	Accounts Payable	608,020	60 days	1.31 %
6	TYM HK	TYM Acoustic HK	Parent	Other Receivable	279,433	(note 2)	0.60 %
"	"	"	"	Service Revenue	573,110	Price agreed by both sides	0.95 %

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Other Payable	335,490	(note 2)	0.72 %
"	"	"	"	Service Expense	1,038,863	Price agreed by both sides	1.72 %
"	"	TYP	"	Service Expense	148,301	"	0.25 %
"	"	TYUK	"	Service Expense	115,302	"	0.19 %
"	"	TYTH	"	Purchase	3,838,067	"	6.35 %
"	"	"	"	Accounts Payable	635,356	60 days	1.36 %

Note 1: Disclosure of the amounts was exceeding of NTDS100 million.

Note 2: The receivables arises from service rendering for intercompany or material purchasing on behalf of intercompany or related party.

Note 3: The other receivables arise from intercompany loans.

Note 4: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest balance during the year		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value	Shares (thousands)	Percentage of ownership			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	8,221,648	8,147,636	100.00	601,890	655,774	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	3,007,677	285,067	100.00	191,367	192,001	Note 3
"	Destiny BVI	Virgin Island	Holding company	30,939	30,939	1,050	100.00	3,634	1,050	100.00	5,895	5,895	Note 3
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	15,281	0.5	100.00	364	364	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	6,943,949	129,050	100.00	489,841	485,956	Note 3
"	Gratus Tech.	USA	Market development of and customer service for computer peripherals, mobile device components, and business devices	9,330	9,330	300	100.00	17,784	300	100.00	2,225	2,225	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	64,336	48,200	100.00	2,528	2,528	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	1,181,150	40,100	100.00	726,315	40,100	100.00	(10,672)	(9,303)	Note 3
	Total			9,987,798	9,987,798	19,000,624					1,283,438	1,335,440	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	1,162,928	1,244	99.99	730,196	1,244	99.99	(18,971)	(18,971)	Note 3

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest balance during the year		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value	Shares (thousands)	Percentage of ownership			
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	8,232,363	602,817	100.00	602,133	602,133	Note 3
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices	52,680	52,680	1,600	100.00	445,691	1,600	100.00	13,087	13,087	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	7,004,331	192,251	100.00	569,336	489,764	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	-	30	37.00	(108,401)	-	Note 4
TWEL	TYM Singapore	Singapore	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	-	-	-	100.00	-	-	-	-	-	Note 3 Note 5
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	1,592,954	1,592,954	418,090	100.00	3,015,340	418,090	100.00	170,294	170,294	Note 3
TYM Acoustic HK	TYM HK	Hong Kong	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	865,131	144,395	100.00	(364,720)	(364,720)	Note 3
"	TYP	USA	Market development of and customer service for speakers and their components	15 (note 1)	15 (note 1)	0.50	100.00	50,869	0.5	100.00	5,534	5,534	Note 3
"	TYM UK	United Kingdom	R&D and design of various speaker accessories as well as speakers and their components	15,631	15,631	400	100.00	39,749	400	100.00	1,418	1,418	Note 3
"	TYM Acoustic Europe	Czech	Manufacturing, installation, and maintenance of various speaker accessories and their components	653,796	653,796	187,800	100.00	975,943	187,800	100.00	44,454	44,454	Note 3
"	TYAT	Taiwan	R&D and design of various speaker accessories as well as speakers and their components	48,318	48,318	5,000	100.00	353,858	5,000	100.00	21,989	21,989	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	672,676	7,789	99.99	63,101	63,101	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	7,995	200	100.00	(1,345)	(1,345)	Note 3

Note 1: The amount is the initial investment costs from the original stockholders prior to the acquisition of the Company through Diamond.

Note 2: Related investments (except for AIC) have been eliminated during the preparation of the consolidated financial statements.

Note 3: The subsidiary of the Company.

Note 4: The associate of the Company.

Note 5: As of December 31, 2023, there was no capital injection from the Group.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,935,108	Indirect investment through Primax Cayman and Primax Tech.	1,685,001	-	-	1,685,321	527,890	100%	100%	527,890	7,503,102	-
Destiny Beijing	R&D of computer peripheral and business devices	38,333	Indirect investment through Destiny BVI.	32,243	-	-	32,272	5,895	100%	100%	5,895	3,630	-
PKS1	Production of computer peripheral products	847,319	Indirect investment through Primax Cayman	675,576	-	-	676,170	13,947	100%	100%	13,947	797,141	-
PCQ1	"	828,084	"	614,160	-	-	614,700	233,597	100%	100%	233,597	2,351,492	-
Tymphony Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,642,541	Indirect investment through Diamond	3,961,332	-	-	3,964,815	747,956	77.01%	77.01%	575,996	5,550,780	-
Tymphony Dongguan	"	153,675	"	15,354	-	-	15,368	285,824	77.01%	77.01%	220,113	845,933	-
TYDC	"	86,788	"	-	-	-	-	157,901	77.01%	77.01%	121,600	283,323	-

Note 1: The above information on the exchange rate was as follows: HKD:TWD3.9325 ; USD:TWD 30.7350; CNY:TWD 4.3394.

Note 2: The differences between the accumulated out flow of investments and paid in capital was derived from the currency exchange on translation, capital increase from retained earning and working capital.

Note 3: Related investments have been eliminated during the preparation of the consolidated financial statements.

- (ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,442,764	8,712,498	None (note)

Note: The Company has received the Certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start the operating of its headquarters.

The above investment income (losses) in mainland China, except for PCH2, Destiny Beijing, PKS1 and PCQ1 which were based on financial statements audited by the Company's auditors, others were based on the audited results of other auditors.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the year ended December 31, 2023, are disclosed in "Information on significant transactions", and "Business relationships and significant intercompany transactions".

- (d) Major shareholders:

Unit: Shares		
Shareholding	Shares	Percentage
Shareholder's Name		
Capital TIP Customized Taiwan Select High Dividend ETF Investment Account	31,599,000	6.82 %

(14) Segment information:

- (a) General information

The Group's reported segments are the divisions for computer peripherals and non-computer peripherals. The division for computer peripherals specializes in the manufacture and sale of computer mice, keyboards, track pads, etc. The division for non-computer peripherals specializes in the manufacture and sale of digital camera modules, mobile phone accessories, multi-function printers, scanners, shredders, amplifiers, speakers and audio systems, etc.

The Group's reported segments consist of strategic business units which provide essentially different products and services. These units have to be separately managed as a result of the different technology and marketing strategies. Most of the business units were acquired, and the original management teams are still operating.

The Group's segment financial information was as follows:

	2023		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 22,448,803	38,039,599	60,488,402
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 22,448,803</u>	<u>38,039,599</u>	<u>60,488,402</u>
Profit before tax from segments reported	<u>\$ 1,487,854</u>	<u>1,778,518</u>	<u>3,266,372</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2022		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 27,281,914	51,958,851	79,240,765
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 27,281,914</u>	<u>51,958,851</u>	<u>79,240,765</u>
Profit before tax from segments reported	<u>\$ 1,900,472</u>	<u>1,728,492</u>	<u>3,628,964</u>

(b) Geographic information

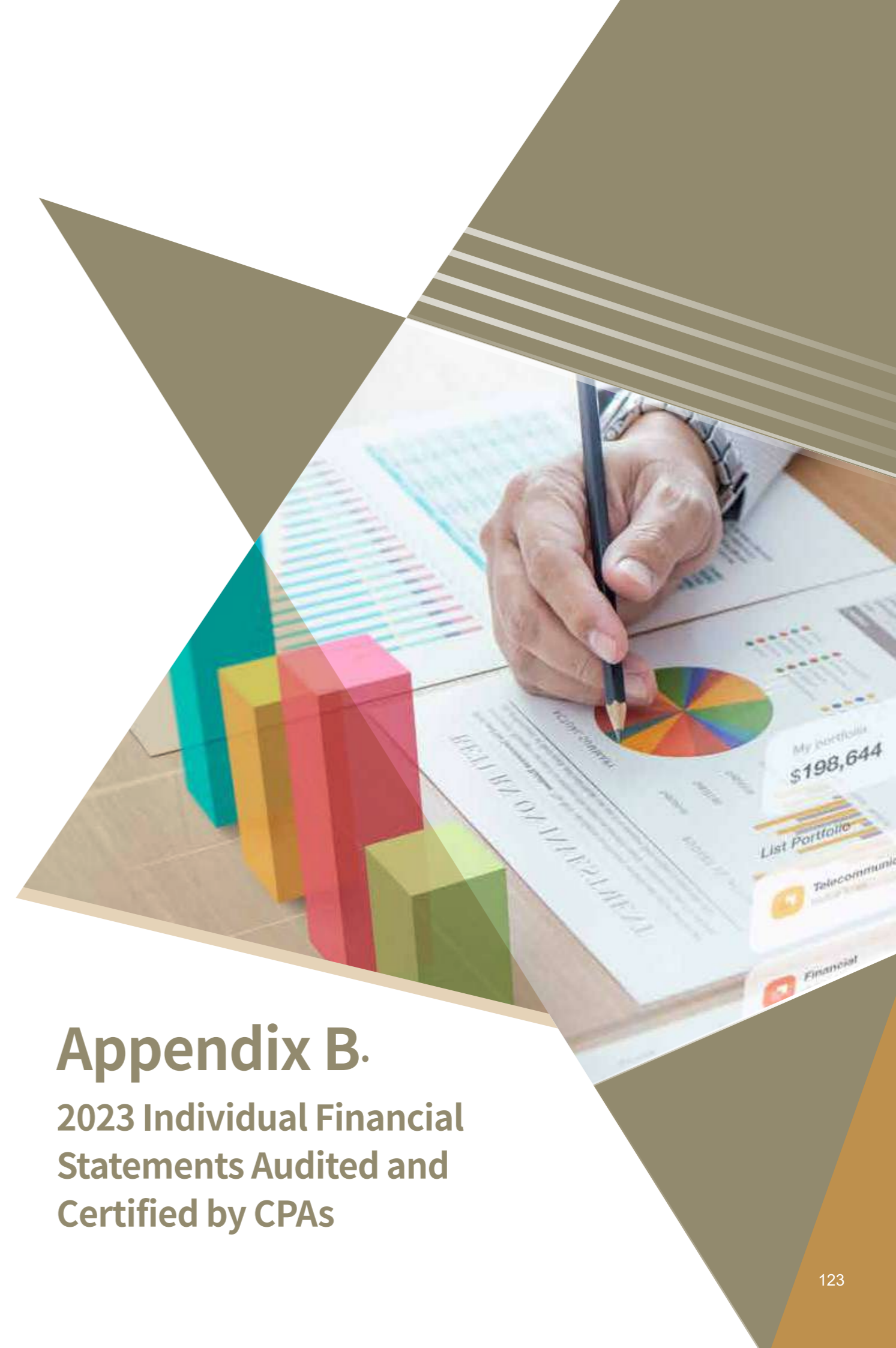
In presenting information on the basis of geography, revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets. Details were as follows:

Geographic Information

	2023	2022
Revenues from external customers:		
China	\$ 23,867,070	28,212,456
Europe	15,358,686	20,771,566
America	17,574,186	21,964,066
Other	3,688,460	8,292,677
Total	<u>\$ 60,488,402</u>	<u>79,240,765</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current assets:		
China	\$ 5,049,655	5,944,116
Taiwan	3,195,771	2,616,075
Thailand	1,957,361	1,819,730
Other	2,214,848	2,296,205
Total	<u>\$ 12,417,635</u>	<u>12,676,126</u>

(c) Major customer information

	2023	2022
A company— Non-computer Peripherals	<u>\$ 8,175,939</u>	<u>11,850,853</u>
B company— Computer Peripherals	\$ 6,610,707	8,001,352
— Non-computer Peripherals	-	54,124
	<u>\$ 6,610,707</u>	<u>8,055,476</u>



Appendix B.

2023 Individual Financial Statements Audited and Certified by CPAs

Table of contents

PRIMAX ELECTRONICS LTD.
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No. 669, Ruey Kuang Road, Neihu, Taipei
Telephone: (02)2798-9008

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Parent Company Only Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the parent company only financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	9~25
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	25~26
(6) Explanation of significant accounts	26~59
(7) Related-party transactions	59~63
(8) Pledged assets	63
(9) Commitments and contingencies	63
(10) Losses due to major disasters	64
(11) Subsequent events	64
(12) Other	64~65
(13) Other disclosures	
(a) Information on significant transactions	65~69
(b) Information on investees	70~71
(c) Information on investment in mainland China	71~72
(d) Major shareholders	72
(14) Segment information	72
9. Statement of major accounting items	73~85

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

Independent Auditors' Report

To the board of directors of PRIMAX ELECTRONICS LTD.:

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of PRIMAX ELECTRONICS LTD. as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by another auditor, and our opinion, insofar as it relates to the amounts included for those investments, is based solely on the report of another auditor. The Company's investment in these companies both constituting 14% of the total assets, as of December 31, 2023 and 2022. The related share of profit of subsidiaries and associates accounted for using the equity method amounted constituting 23% and 17% of the profit after tax, for the years ended December 31, 2023 and 2022, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of PRIMAX ELECTRONICS LTD. only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

Please refer to note 4(g) "Inventories", note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and note 6(e) "Inventories" of the financial statements.

Description of key audit matter:

Inventories of PRIMAX ELECTRONICS LTD. are measured at the lower of cost and net realizable value. Due to the fast high-tech revolution, as well as the advancement of production technologies that may lead the dramatic change in customers' demand, the net realizable value of inventories requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, the evaluation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the policies of evaluating the inventories of PRIMAX ELECTRONICS LTD.; inspecting whether existing inventory policies are applied; examining the accuracy of the aging of inventories by sampling and analyzing the changes of the aging of inventories; inspecting the reasonableness of the allowance provided for inventory valuation in the past and comparing it to the current year to ensure that the measurements and assumptions are appropriate.

2. Investments accounted for using equity method

Please refer to note 4(h) "Investments in subsidiaries", and note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the financial statements.

Description of key audit matter:

Based on the scope and nature of their businesses of PRIMAX ELECTRONICS LTD.'s subsidiaries accounted for using equity method, the net realizable value of inventories in certain subsidiaries required the managements to make subjective judgments, which is the major source of estimation uncertainty and may influence the outcome of their operations. Therefore, the valuation of inventories of the subsidiaries accounted for using equity method is one of the key audit matters for our audit.

In 2014, PRIMAX ELECTRONICS LTD. acquired Tymphony Worldwide Enterprises Ltd. through its subsidiary, Diamond (Cayman) Holdings Ltd., the transaction resulted in the Company to recognize its goodwill, technologies, and customer relations, as intangible assets. The rapid industrial transformation and the assessment of impairment contained estimation uncertainty. Therefore, the assessment of impairment of intangible assets is one of the key audit matters for our audit.

How the matter was addressed in our audit:

For the principal audit procedures on the valuation of inventories of the investments accounted for using equity method, please refer to key audit matters 1. "Evaluation of inventories". In addition, the consolidated financial statements of Tymphony Worldwide Enterprises Ltd. and its subsidiaries were audited by other auditors; therefore, we issued audit instructions to their auditors as guidelines to communicate the key audit matters with them and obtained the feedbacks required in the audit instructions.

The principal audit procedures on the assessment of recoverable amount of the investments accounted for using equity method included: evaluating the identification of cash generating units and any indication of impairment made by management; acquiring impairment assessment reports from external expert engaged by the Company; reviewing the impairment assessment reports and assessing the reasonability of measurements, parameters, and assumptions; evaluating the operation outcomes and comparing them to the past forecasts; making sensitivity analysis for evaluation of impairment losses and evaluating the completeness of disclosure in the financial reports.

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 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 PRIMAX ELECTRONICS LTD.'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 PRIMAX ELECTRONICS LTD. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing PRIMAX ELECTRONICS LTD.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are SHYH-GANG HORNG and HUNG-WEN FU.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

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

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

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(a))	\$ 5,478,685	14	2,961,693	8
1110 Current financial assets at fair value through profit or loss (note 6(b))	358,835	1	367,032	1
1170 Accounts receivable, net (notes 6(d) and (s))	4,142,696	11	4,830,467	14
1180 Accounts receivable from related parties, net (notes 6(d), (s) and 7)	3,169,112	8	2,980,766	9
1200 Other receivables (note 7)	150,306	-	90,840	-
1310 Inventories (note 6(c))	2,701,623	7	2,772,215	8
1470 Other current assets	148,022	-	101,964	-
	<u>16,149,279</u>	<u>41</u>	<u>14,104,977</u>	<u>40</u>
Non-current assets:				
1511 Non-current financial assets at fair value through profit or loss (note 6(b))	12,048	-	2,662	-
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	290,285	1	288,671	1
1550 Investments accounted for using equity method, net (note 6(f))	19,000,624	49	17,830,483	50
1600 Property, plant and equipment (notes 6(g) and 8)	1,567,007	4	983,581	3
1755 Right-of-use assets (note 6(h))	1,111,300	3	1,139,985	3
1760 Investment property (note 6(i))	230,228	1	233,788	1
1780 Intangible assets (note 6(j))	1,543	-	3,598	-
1840 Deferred tax assets (note 6(o))	562,802	1	580,948	2
1990 Other non-current assets	134,020	-	139,261	-
	<u>22,909,857</u>	<u>59</u>	<u>21,202,977</u>	<u>60</u>
Total assets	<u>\$ 39,059,136</u>	<u>100</u>	<u>\$ 35,307,954</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
2170 Notes and accounts payable	500,695	1	301,600	1
2180 Accounts payable to related parties (note 7)	11,072,478	28	9,050,436	26
2120 Current financial liabilities at fair value through profit or loss (note 6(b))	989,080	2	1,013,985	3
2200 Other payables (note 7)	2,276,135	6	2,258,638	7
2201 Salaries payable	307,335	1	493,350	1
2280 Current lease liabilities (note 6(l))	92,448	-	72,294	-
2300 Other current liabilities (note 6(s))	1,036,790	3	727,384	2
2320 Long-term borrowings, current portion (notes 6(k) and 8)	16,667	-	-	-
2365 Current refund liabilities	2,193,824	6	1,851,815	5
	<u>18,485,452</u>	<u>47</u>	<u>15,769,502</u>	<u>45</u>
Non-current liabilities:				
2540 Long-term borrowings (notes 6(k) and 8)	691,312	2	464,000	1
2580 Non-current lease liabilities (note 6(l))	1,090,896	3	1,121,079	3
2630 Long-term deferred revenue (note 6(g))	488,088	1	586,567	2
2600 Other non-current liabilities (notes 6(n) and (o))	1,289,879	3	1,019,712	3
	<u>3,560,175</u>	<u>9</u>	<u>3,191,358</u>	<u>9</u>
Total liabilities	<u>22,045,627</u>	<u>56</u>	<u>18,960,860</u>	<u>54</u>
Ordinary shares (note 6(p))	4,629,738	12	4,582,893	13
Capital surplus (notes 6 (f) and (p))	2,359,753	6	2,129,908	6
Legal reserve (note 6(p))	2,274,414	6	1,999,217	6
Special reserve (note 6(p))	754,918	2	1,217,130	3
Unappropriated retained earnings (note 6(p))	8,311,190	21	7,433,108	21
Other equity interest	(1,316,504)	(3)	(1,015,162)	(3)
	<u>17,013,509</u>	<u>44</u>	<u>16,347,094</u>	<u>46</u>
Total equity	<u>\$ 39,059,136</u>	<u>100</u>	<u>\$ 35,307,954</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PRIMAX ELECTRONICS LTD.
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(s) and 7)	\$ 33,459,786	100	42,694,520	100
5000 Operating costs (notes 6(e), (l), (n), (t), 7 and 12)	<u>29,969,051</u>	<u>90</u>	<u>38,065,836</u>	<u>89</u>
Gross profit from operations	<u>3,490,735</u>	<u>10</u>	<u>4,628,684</u>	<u>11</u>
Operating expenses (notes 6(d), (j), (l), (n), (q), (t), 7 and 12):				
6100 Selling expenses	611,924	2	698,879	2
6200 Administrative expenses	598,281	1	586,822	2
6300 Research and development expenses	1,273,722	4	1,411,652	3
6450 Expected credit loss (gain on reversal)	(54,245)	-	52,213	-
Total operating expenses	<u>2,429,682</u>	<u>7</u>	<u>2,749,566</u>	<u>7</u>
Net operating income	<u>1,061,053</u>	<u>3</u>	<u>1,879,118</u>	<u>4</u>
Non-operating income and expenses:				
7100 Interest income	127,308	-	11,347	-
7010 Other income (notes 6 (c), (m), (u) and 7)	13,293	-	20,344	-
7020 Other gains and losses (notes 6(v) and 12)	334,166	1	200,516	-
7070 Share of profit of subsidiaries and associates accounted for using equity method	1,335,440	4	1,118,831	3
7050 Finance costs (notes 6(l) and (n))	(37,059)	-	(64,321)	-
Total non-operating income and expenses	<u>1,773,148</u>	<u>5</u>	<u>1,286,717</u>	<u>3</u>
Profit before income tax	<u>2,834,201</u>	<u>8</u>	<u>3,165,835</u>	<u>7</u>
7950 Less: Income tax expenses (note 6(o))	<u>348,912</u>	<u>1</u>	<u>423,226</u>	<u>1</u>
Profit	<u>2,485,289</u>	<u>7</u>	<u>2,742,609</u>	<u>6</u>
8300 Other comprehensive income (loss):				
8310 Items that may not be reclassified subsequently to profit or loss				
8311 Losses (gains) on remeasurements of defined benefit plans (note 6(n))	(2,428)	-	6,971	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(25,805)	-	22,345	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(47,605)	-	(10,371)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<u>(75,838)</u>	<u>-</u>	<u>18,945</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(188,627)	-	452,637	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<u>(188,627)</u>	<u>-</u>	<u>452,637</u>	<u>1</u>
8300 Other comprehensive income	<u>(264,465)</u>	<u>-</u>	<u>471,582</u>	<u>1</u>
Comprehensive income (after tax)	<u>\$ 2,220,824</u>	<u>7</u>	<u>\$ 3,214,191</u>	<u>7</u>
Earnings per share (note 6(r))				
9710 Basic earnings per share (NT dollars)	<u>\$ 5.50</u>		<u>\$ 6.10</u>	
9810 Diluted earnings per share (NT dollars)	<u>\$ 5.42</u>		<u>\$ 6.02</u>	

See accompanying notes to parent company only financial statements.

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

Statements of Changes in Equity

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

	Share capital		Retained earnings			Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation	
Balance on January 1, 2022	4,552,633	1,758,780	1,769,946	1,046,360	6,492,401	(1,265,160)	48,029	(227,477)	14,175,512	
Profit	-	-	-	-	2,742,609	-	-	-	2,742,609	
Other comprehensive income	-	-	-	-	6,971	-	11,974	-	471,582	
Comprehensive income	-	-	-	-	2,749,580	-	11,974	-	3,214,191	
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	229,271	-	(229,271)	-	-	-	-	
Special reserve	-	-	-	170,770	(170,770)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,411,230)	-	-	-	(1,411,230)	
Changes in investment accounted for using equity method	-	-	-	-	2,741	(2,741)	-	-	183,738	
Amortization expense of restricted stock	-	183,738	-	-	-	-	(2,741)	-	184,883	
Cancellation of restricted stock	(5,290)	(21,683)	-	-	-	-	-	-	26,973	
Issuance of restricted stock	35,550	209,073	-	-	-	-	-	-	(244,623)	
Effect of the liquidation of equity instruments at a fair value through other comprehensive income	-	-	-	-	(343)	-	343	-	-	
Balance on December 31, 2022	4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	
Profit	-	-	-	-	2,485,289	-	-	-	2,485,289	
Other comprehensive income	-	-	-	-	(2,428)	(188,627)	(73,410)	-	(264,465)	
Comprehensive income	-	-	-	-	2,482,861	(188,627)	(73,410)	-	2,220,824	
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	275,197	-	(275,197)	-	-	-	-	
Special reserve	-	-	-	(462,212)	462,212	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(1,791,794)	-	-	-	(1,791,794)	
Changes in investment accounted for using equity method	-	-	-	-	-	-	-	-	(12,835)	
Amortization expense of restricted stock	-	(12,835)	-	-	-	-	-	-	250,220	
Cancellation of restricted stock	(2,005)	(12,194)	-	-	-	-	-	-	14,199	
Issuance of restricted stock	48,850	254,874	-	-	-	-	-	-	(303,724)	
Balance on December 31, 2023	4,629,738	2,359,753	2,274,414	754,918	8,311,190	(1,001,150)	(15,805)	(299,549)	17,013,509	

See accompanying notes to parent company only financial statements.

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

Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,834,201	3,165,835
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	136,438	123,267
Amortization expense	19,396	28,739
Amortization of long-term deferred revenue	(172,655)	(199,573)
Expected credit loss (gain on reversal)	(54,245)	52,213
Interest expense	37,059	60,992
Net loss on financial assets or liabilities at fair value through profit or loss	631,606	646,954
Interest income	(127,308)	(11,347)
Dividend income	(690)	(8,337)
Compensation cost of share-based payment	181,902	123,795
Share of profit of subsidiaries and associates accounted for using equity method	(1,335,440)	(1,118,831)
Gain on disposal of property, plant and equipment	(1)	-
Gain on disposal of right-of-use assets	(2)	(5)
Amortization of unrealized revenue of patents disposed	(15,450)	(15,450)
Total adjustments to reconcile profit (loss)	(699,390)	(317,583)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	367,032	153,675
Accounts receivable, including related parties	553,670	(149,364)
Other receivable	(59,466)	61,512
Inventories	70,592	1,059,738
Other current assets	(46,058)	(34,715)
Other operating assets	21,914	(5,703)
Changes in operating assets	907,684	1,085,143
Financial liabilities at fair value through profit or loss	(1,013,985)	(602,978)
Notes and accounts payable, including related parties	2,221,137	(508,888)
Salaries payable	(186,015)	52,941
Other payables	(92,062)	592,809
Refund liabilities	342,009	238,852
Other current liabilities	309,406	147,391
Long-term deferred revenue	74,176	76,541
Other operating liabilities	168,761	235,254
Changes in operating liabilities	1,823,427	231,922
Total changes in operating assets and liabilities	2,731,111	1,317,065
Total adjustments	2,031,721	999,482
Cash inflow generated from operations	4,865,922	4,165,317
Interest received	127,308	11,347
Interest paid	(36,979)	(60,915)
Income taxes paid	(213,237)	(850,773)
Net cash flows from operating activities	4,743,014	3,264,976
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(27,419)	(44,839)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	60
Proceeds from capital reduction of financial assets at fair value through profit and loss	(10,747)	(2,662)
Acquisition of investments accounted for using equity method	-	(277,000)
Acquisition of property, plant and equipment	(552,452)	(149,664)
Proceeds from disposal of property, plant and equipment	19	-
Acquisition of unamortized expense	(2,420)	(7,091)
Increase (decrease) in refundable deposits	(2,401)	1,099
Dividends received	690	8,337
Net cash flows used in investing activities	(594,730)	(471,760)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	-	(332,000)
Increase in long-term borrowings	243,979	34,500
Increase in guarantee deposits received	-	100
Payment of lease liabilities	(83,477)	(68,544)
Cash dividends paid	(1,791,794)	(1,411,230)
Net cash flows used in financing activities	(1,631,292)	(1,777,174)
Net increase in cash and cash equivalents	2,516,992	1,016,042
Cash and cash equivalents at beginning of period	2,961,693	1,945,651
Cash and cash equivalents at end of period	\$ 5,478,685	2,961,693

See accompanying notes to parent company only financial statements.

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

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

PRIMAX ELECTRONICS LTD. (the “Company”), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company’s registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

The major business activities of the Company were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products and shredders.

The Company’s common shares were registered with the Financial Supervisory Commission, ROC (“FSC”) on June 22, 2012, and listed on the Taiwan Stock Exchange (“TWSE”) on October 5, 2012.

(2) Approval date and procedures of the parent company only financial statements:

The parent company only financial statements were authorized for issuance by the board of directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2023:

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

The Company has initially adopted the new amendment, which do not have a significant impact on its parent company only financial statements, from May 23, 2023:

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

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent company only financial statements:

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

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

These annual parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities are measured at fair value of the plan assets, less the present value of the defined benefit obligation.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The Company's parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for the difference relating to an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income.

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

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

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

(e) Cash and cash equivalents

Cash and cash equivalents comprise petty cash, cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Time deposits with maturities within three months or less which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(Continued)

PRIMAX ELECTRONICS LTD.**Notes to the Parent Company Only Financial Statements**

(i) Financial assets

All regular way purchases or sales of financial assets classified as the same categories are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) ; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

(Continued)

PRIMAX ELECTRONICS LTD.**Notes to the Parent Company Only Financial Statements**

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, principal is defined as the fair value of the financial assets on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivables, other receivables, guarantee deposit paid and other financial assets, etc).

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

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

(Continued)

PRIMAX ELECTRONICS LTD.**Notes to the Parent Company Only Financial Statements**

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 61 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 361 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 361 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

PRIMAX ELECTRONICS LTD.**Notes to the Parent Company Only Financial Statements**

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

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences the residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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

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

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

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

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

(h) Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method. There is no difference between net income and comprehensive income in the Company's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's parent company only financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Company loses control over its subsidiaries, the Company derecognizes the investment by the book value on the date of loss of control and remeasures the rest of the investments at fair value on the same date.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(i) Investment property

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land has an unlimited useful life, and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings and additional equipment: 1 ~ 51 years
- 2) Machinery and equipment: 1 ~ 4 years
- 3) Other equipment: 1 ~ 5 years

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(k) Lease

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

(i) As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on purchase option; or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications

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

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

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

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

(ii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

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

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(l) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete the development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including trademarks, patents and copyrights, that are acquired by the Company and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Trademarks 10 years
- 2) Patents 2.5~10 years
- 3) Copyrights 15 years

Amortization methods, useful lives and residual values, are reviewed at each annual reporting date and adjusted if appropriate.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(m) Impairment of non-financial assets

At each annual reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company sales computer peripherals and non-computer peripherals to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of components. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of components are made with a credit term of 45 days to 120 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(ii) Rendering of services

The Company provides services, such as model research, development, and design to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Deferred grant service

Deferred grant revenue with additional conditions shall be recognized if the Company fulfills the conditions and the grant revenue becomes receivable.

Deferred grant revenue shall be recognized in profit or loss on a systematic basis in the periods in which the expenses it is to compensate are recognized. Grant revenue with conditions to compensate for the acquisition cost of an asset shall be deferred and recognized in profit or loss on a systematic basis over the useful life of the asset.

If the deferred grant revenue is to compensate for the Company's expenses that have been incurred or to supply immediate financial support to the Company and there is no related cost in the future, it shall be recognized in profit or loss when the grant revenue becomes receivable.

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

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

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

(iii) Short-term employee benefits

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

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and the number of shares that employees can subscribe for.

(r) Income taxes

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

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

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(s) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration and restricted stock.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(t) Operating segments

Please refer to the Company's consolidated financial statements for the years ended December 31, 2023 and 2022, for further details.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

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

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainty.

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Company estimates the amount due to inventories' obsolescence and unmarketable items at the reporting date and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for valuation of inventories.

(b) Valuation of inventories and impairment assessment of intangible assets and investments of investments accounted for using equity method

Please refer to above for inventories valuation. The assessment of impairment of intangible assets and investments accounted for using equity method required the Company to make subjective judgments on cash-generating units, allocate the intangible assets to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Changes in economic conditions or changes in assessment caused by business strategies could result in significant impairment charges or reversal in future years.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company has established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Company assessed the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: 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).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the impact of transfer is recognized on the reporting date. Please refer to note 6(w) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 853	1,163
Checking accounts and demand deposits	3,224,255	2,806,990
Time deposits	<u>2,253,577</u>	<u>153,540</u>
	<u>\$ 5,478,685</u>	<u>2,961,693</u>

- (b) Current financial assets and liabilities at fair value through profit or loss

- (i) The derivative financial instruments were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mandatorily measured at FVTPL:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 81,452	261,258
Foreign exchange swap contracts	277,383	105,774
Non-derivative financial assets		
Equities unlisted in foreign markets – Storm Venture Fund VII, L.P.	5,040	2,662
Equities unlisted in foreign markets – Thin Line Capital Fund II, L.P.	<u>7,008</u>	<u>-</u>
	<u>\$ 370,883</u>	<u>369,694</u>
Current	\$ 358,835	367,032
Non-Current	<u>12,048</u>	<u>2,662</u>
	<u>\$ 370,883</u>	<u>369,694</u>

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities held-for-trading:		
Derivative instrument not used for hedging		
Forward exchange contracts	\$ (981,945)	(620,211)
Foreign exchange swap contracts	<u>(7,135)</u>	<u>(393,774)</u>
	<u>\$ (989,080)</u>	<u>(1,013,985)</u>

- (ii) The Company invested the amounts of \$2,065 and \$597 in an unlisted company, Storm Venture Fund VII, L.P. in July and September 2022, respectively. Moreover, Storm Venture Fund VII, L.P. increased its capital, wherein the Company participated and invested the amount of \$3,097 for the year ended December 31, 2023.
- (iii) The Company invested the amount of \$7,650 in an unlisted company, Thin Line Capital Fund II, L.P. in June 2023.
- (iv) The Company held the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities as of December 31, 2023 and 2022:

<u>December 31, 2023</u>				
<u>Derivative financial instruments</u>	<u>Nominal amount (in thousands)</u>	<u>Maturity date</u>	<u>Predetermined rate</u>	
Forward exchange contracts – buy USD / sell TWD	USD 643,000	January 16, 2024~ June 27, 2024	30.418~31.990	
Forward exchange contracts – buy TWD / sell USD	USD 20,000	January 16, 2024~ June 20, 2024	30.780~31.315	
Forward exchange contracts – buy CNY/ sell USD	USD 222,000	January 4, 2024~ January 19, 2024	7.1546~7.1756	
Forward exchange contracts – buy USD/ sell THB	USD 9,000	January 22, 2024	34.835~34.980	
Foreign exchange swap contracts– swap in TWD/ swap out USD	USD 462,000	January 16, 2024~ June 24, 2024	30.457~31.761	

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

December 31, 2022

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts – buy USD / sell TWD	USD 680,000	January 10, 2023~ July 26, 2023	28.788~32.145
Forward exchange contracts – buy CNY / sell USD	USD 149,000	January 4, 2023~ July 3, 2023	6.7117~7.2535
Foreign exchange contracts – buy USD / sell THB	USD 8,000	January 13, 2023~ February 23, 2023	34.460~35.000
Foreign exchange swap contracts – swap in TWD/ swap out USD	USD 585,000	January 10, 2023~ July 26, 2023	29.095~31.935

(c) Financial assets at FVOCI

	December 31, 2023	December 31, 2022
Equity investments at FVOCI		
Stocks unlisted in domestic markets–Changing Information Technology Inc.	\$ 11,093	7,535
Stocks unlisted in domestic markets–Syntronix Corp.	250	250
Equities unlisted in foreign markets–Grove Ventures, L.P.	158,070	183,766
Equities unlisted in foreign markets–Grove Ventures II, L.P.	97,145	85,267
Equities unlisted in foreign markets–Grove Ventures III, L.P.	23,727	11,853
Total	\$ 290,285	288,671

- (i) The Company designated the investments above as equity securities at FVOCI because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes and not for sale.
- (ii) During the years ended December 31, 2023 and 2022, the dividends of \$690 and \$8,337, respectively, related to equity investments at FVOCI held were recognized as other income.
- (iii) WK Technology Fund IV Ltd. refunded the amount of \$60 to the Company due to its liquidation in May 2022.
- (iv) Grove Venture, L.P. executed capital increases, wherein the Company had participated and invested the amounts of \$1,377 and \$5,340 in the years ended December 31, 2023 and 2022, respectively.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

- (v) Grove Venture II, L.P. executed capital increases, wherein the Company had participated and invested the amounts of \$10,773 and \$26,415 in the years ended December 31, 2023 and 2022, respectively.
- (vi) The Company invested the amount of \$7,756 in an unlisted company, Grove Ventures III, L.P. in January 2022. Grove Ventures III, L.P. executed capital increase, where the Company had participated and invested the amount of \$15,269 and \$5,328 in the years ended December 31, 2023 and 2022, respectively.
- (vii) The Company's investments in Grove Ventures, L.P., Grove Ventures II, L.P., and Grove Ventures III, L.P. are investments with duration. The Company's investments in the above limited partnership was designated as a financial asset at fair value through other comprehensive income at the time of the initial recognition.

Although, in accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated at fair value through other comprehensive income, the accounting treatment need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023, according to the Q&A of the FSC. Therefore, the Company continues to measure its investment in these limited partnership companies at fair value through other comprehensive income.

- (viii) The Company did not provide any of the aforementioned financial assets as collateral.

(d) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 4,153,808	4,896,691
Accounts receivable – related parties	3,169,112	2,980,766
Less: allowance for doubtful accounts	(11,112)	(66,224)
Total	\$ 7,311,808	7,811,233

- (i) The Company did not provide any of the aforementioned accounts receivable (including related parties) as collateral.

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

- (ii) The Company applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all accounts receivables. To measure the ECL, accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

December 31, 2023			
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 6,889,265	0%	-
0 to 30 days past due	409,636	0%~3%	9,775
31 to 60 days past due	19,421	0%~5%	971
61 to 90 days past due	1,259	0%~10%	75
91 to 180 days past due	3,309	0%~25%	265
181 to 360 days past due	9	0%~80%	5
More than 361 days past due	21	0%~100%	21
	<u>\$ 7,322,920</u>		<u>11,112</u>
December 31, 2022			
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 6,819,338	0%	-
0 to 30 days past due	717,776	0%~3%	20,649
31 to 60 days past due	197,556	0%~5%	9,878
61 to 90 days past due	-	0%~10%	-
91 to 180 days past due	142,787	0%~25%	35,697
181 to 360 days past due	-	0%~80%	-
More than 361 days past due	-	0%~100%	-
	<u>\$ 7,877,457</u>		<u>66,224</u>

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

- (iii) The movement in the allowance for accounts receivable was as follows:

	2023	2022
Balance on January 1, 2023 and 2022	\$ 66,224	13,136
Impairment losses recognized (reversed)	(54,245)	52,213
Effect of exchange rate changes	(867)	875
Balance on December 31, 2023 and 2022	<u>\$ 11,112</u>	<u>66,224</u>

- (iv) The Company entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Company does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Company receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Company shall pay handling charges based on a fixed rate. The Company derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of December 31, 2023 and 2022, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

December 31, 2023						
Buyer	Amount derecognized	Amount advanced		Amount Recognized in Other Receivables	Range of Interest rate	Guarantee (promissory note)
		Unpaid	Paid			
Mega International Commercial Bank	\$ -	-	-	-	-	US\$ 2,500
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>		
December 31, 2022						
Buyer	Amount derecognized	Amount advanced		Amount Recognized in Other Receivables	Range of Interest rate	Guarantee (promissory note)
		Unpaid	Paid			
Mega International Commercial Bank	\$ -	-	-	-	-	US\$ 3,750
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>		

- (v) Please refer to note 9 for guarantee notes provided by the Company to sell its accounts receivable.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 431,063	335,485
Semi-finished goods	57,351	55,200
Finished goods and merchandise	2,213,209	2,381,530
	<u>\$ 2,701,623</u>	<u>2,772,215</u>

The Company did not provide any of the aforementioned inventories as collateral. Except for cost of inventories sold, the Company recognized the following items as cost of goods sold:

	2023	2022
Losses on inventory valuation and disposal of inventories	\$ (12,243)	(13,140)
Losses on physical inventories	(1,422)	(381)
	<u>\$ (13,665)</u>	<u>(13,521)</u>

(f) Investments accounted for using equity method

The Company's investments accounted for using the equity method at the reporting dates were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 19,000,624</u>	<u>17,830,483</u>

- (i) Please refer to the Company's consolidated financial statements for the year ended December 31, 2023, for details of subsidiaries.
- (ii) The Company did not provide investments accounted for using the equity method as collateral.
- (iii) In 2022, the Company invested the amounts of US\$10,000 in Primax Electronics (Singapore) Pte. Ltd.
- (iv) The revenue of ALT International Co., Ltd (Cayman) ("AIC") held by the Company through its subsidiary, Primax AE (Cayman) Holding Ltd. did not turn out as expected due to intensive industrial competition. Therefore, there is an impairment of the intangible assets and carrying amounts related to this equity investment after the Company's evaluation in 2022. Please refer to note 6(h) of the Company's consolidated financial statements for the year ended December 31, 2023.
- (v) Tymphany Huizhou held by the Company through its subsidiary, Diamond (Cayman) Holding Ltd., repurchased shares from the employee stock ownership plan in May 2022. The Company recognized the equity change as capital surplus. Please refer to note 6(i) of the Company's consolidated financial statements for the year ended December 31, 2023.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(g) Property, plant and equipment

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

	Land	Buildings and additional equipment	Machinery and equipment	Other equipment	Testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 792,459	195,070	150,658	72,384	81,456	1,292,027
Additions	-	-	10,812	3,820	628,747	643,379
Disposals	-	-	(1,129)	(2,599)	-	(3,728)
Reclassifications	-	12,463	1,394	1,333	(44,382)	(29,192)
Balance on December 31, 2023	<u>\$ 792,459</u>	<u>207,533</u>	<u>161,735</u>	<u>74,938</u>	<u>665,821</u>	<u>1,902,486</u>
Balance on January 1, 2022	\$ 792,459	141,673	132,387	64,221	15,170	1,145,910
Additions	-	-	9,980	8,692	130,992	149,664
Disposals	-	(584)	(1,677)	(529)	-	(2,790)
Reclassifications	-	53,981	9,968	-	(64,706)	(757)
Balance on December 31, 2022	<u>\$ 792,459</u>	<u>195,070</u>	<u>150,658</u>	<u>72,384</u>	<u>81,456</u>	<u>1,292,027</u>
Depreciation:						
Balance on January 1, 2023	\$ -	135,572	114,535	58,339	-	308,446
Depreciation	-	5,934	18,408	6,401	-	30,743
Disposals	-	-	(1,111)	(2,599)	-	(3,710)
Balance on December 31, 2023	<u>\$ -</u>	<u>141,506</u>	<u>131,832</u>	<u>62,141</u>	<u>-</u>	<u>335,479</u>
Balance on January 1, 2022	\$ -	133,560	95,413	53,321	-	282,294
Depreciation	-	2,596	20,799	5,547	-	28,942
Disposals	-	(584)	(1,677)	(529)	-	(2,790)
Balance on December 31, 2022	<u>\$ -</u>	<u>135,572</u>	<u>114,535</u>	<u>58,339</u>	<u>-</u>	<u>308,446</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 792,459</u>	<u>66,027</u>	<u>29,903</u>	<u>12,797</u>	<u>665,821</u>	<u>1,567,007</u>
Balance on December 31, 2022	<u>\$ 792,459</u>	<u>59,498</u>	<u>36,123</u>	<u>14,045</u>	<u>81,456</u>	<u>983,581</u>
Balance on January 1, 2022	<u>\$ 792,459</u>	<u>8,113</u>	<u>36,974</u>	<u>10,900</u>	<u>15,170</u>	<u>863,616</u>

- (i) The unamortized deferred revenue of equipment subsidy amounted to \$488,088 and \$586,567 as of December 31, 2023 and 2022, respectively.
- (ii) As of December 31, 2023 and 2022, the Company has started the construction of Jhubei factory in 2022, with the total costs of \$662,663 and \$58,556, respectively. For the year ended December 31, 2023, the capitalized borrowings cost of \$1,039, related with the construction of the said factory, had been calculated using a capitalization rate of 1.1%.
- (iii) The Company provided the aforementioned property, plant and equipment as collateral; please refer to note 8.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(h) Right-of-use assets

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

	Buildings	Vehicles	Other equipments	Total
Cost:				
Balance on January 1, 2023	\$ 1,484,029	13,813	2,106	1,499,948
Additions	66,323	7,423	-	73,746
Disposals	-	(4,926)	(2,106)	(7,032)
Balance on December 31, 2023	<u>\$ 1,550,352</u>	<u>16,310</u>	<u>-</u>	<u>1,566,662</u>
Balance on January 1, 2022	\$ 1,482,800	13,125	2,106	1,498,031
Additions	1,229	2,884	-	4,113
Disposals	-	(2,196)	-	(2,196)
Balance on December 31, 2022	<u>\$ 1,484,029</u>	<u>13,813</u>	<u>2,106</u>	<u>1,499,948</u>
Depreciation:				
Balance on January 1, 2023	\$ 348,081	9,776	2,106	359,963
Depreciation	98,452	3,683	-	102,135
Disposals	-	(4,630)	(2,106)	(6,736)
Balance on December 31, 2023	<u>\$ 446,533</u>	<u>8,829</u>	<u>-</u>	<u>455,362</u>
Balance on January 1, 2022	\$ 260,119	8,436	1,935	270,490
Depreciation	87,962	2,632	171	90,765
Disposals	-	(1,292)	-	(1,292)
Balance on December 31, 2022	<u>\$ 348,081</u>	<u>9,776</u>	<u>2,106</u>	<u>359,963</u>
Carrying amounts:				
Balance on December 31, 2023	<u>\$ 1,103,819</u>	<u>7,481</u>	<u>-</u>	<u>1,111,300</u>
Balance on December 31, 2022	<u>\$ 1,135,948</u>	<u>4,037</u>	<u>-</u>	<u>1,139,985</u>
Balance on January 1, 2022	<u>\$ 1,222,681</u>	<u>4,689</u>	<u>171</u>	<u>1,227,541</u>

(i) Investment property

	Land	Buildings and other equipments	Total
Cost or deemed cost:			
Balance on January 1, 2023 (Balance on December 31, 2023)	<u>\$ 162,012</u>	<u>172,167</u>	<u>334,179</u>
Balance on January 1, 2022 (Balance on December 31, 2022)	<u>\$ 162,012</u>	<u>172,167</u>	<u>334,179</u>

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

	Land	Buildings and other equipments	Total
Depreciation and impairment losses:			
Balance on January 1, 2023	\$ 33,941	66,450	100,391
Depreciation	-	3,560	3,560
Balance on December 31, 2023	<u>\$ 33,941</u>	<u>70,010</u>	<u>103,951</u>
Balance on January 1, 2022	\$ 33,941	62,890	96,831
Depreciation	-	3,560	3,560
Balance on December 31, 2022	<u>\$ 33,941</u>	<u>66,450</u>	<u>100,391</u>
Carrying amounts:			
Balance on December 31, 2023	<u>\$ 128,071</u>	<u>102,157</u>	<u>230,228</u>
Balance on December 31, 2022	<u>\$ 128,071</u>	<u>105,717</u>	<u>233,788</u>
Balance on January 1, 2022	<u>\$ 128,071</u>	<u>109,277</u>	<u>237,348</u>
Fair value:			
Balance on December 31, 2023			<u>\$ 782,771</u>
Balance on December 31, 2022			<u>\$ 748,616</u>
Balance on January 1, 2022			<u>\$ 711,098</u>

- (i) The fair value of investment property is based on the quotation from third parties, which is categorized within Level 3.
- (ii) Investment property comprises a number of commercial properties which are leased to third parties. Each of the leases contains an initial non-cancellable period between 1 and 15 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to note 6(m) for further information.

- (iii) The Company did not provide any of the aforementioned investment property as collateral.

(j) Intangible assets

The cost and amortization of the intangible assets of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Trademarks	Patents	Copyrights	Total
Cost:				
Balance on January 1, 2023 (Balance on December 31, 2023)	<u>\$ 25,584</u>	<u>64,271</u>	<u>30,832</u>	<u>120,687</u>
Balance on January 1, 2022 (Balance on December 31, 2022)	<u>\$ 25,584</u>	<u>64,271</u>	<u>30,832</u>	<u>120,687</u>

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

	<u>Trademarks</u>	<u>Patents</u>	<u>Copyrights</u>	<u>Total</u>
Amortization:				
Balance on January 1, 2023	\$ 25,584	64,271	27,234	117,089
Amortization	-	-	2,055	2,055
Balance on December 31, 2023	<u>\$ 25,584</u>	<u>64,271</u>	<u>29,289</u>	<u>119,144</u>
Balance on January 1, 2022	\$ 25,584	64,271	25,179	115,034
Amortization	-	-	2,055	2,055
Balance on December 31, 2022	<u>\$ 25,584</u>	<u>64,271</u>	<u>27,234</u>	<u>117,089</u>
Carrying amount:				
Balance on December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>1,543</u>	<u>1,543</u>
Balance on December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>3,598</u>	<u>3,598</u>
Balance on January 1, 2022	<u>\$ -</u>	<u>-</u>	<u>5,653</u>	<u>5,653</u>

(i) The Company did not provide any of the aforementioned intangible assets as collateral.

(k) Long-term borrowings

December 31, 2023				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.1%~1.65%	2026~2028	\$ 707,979
Less: current portion				(16,667)
				<u>\$ 691,312</u>
Unused credit lines				<u>\$ 1,092,021</u>
December 31, 2022				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.03%~1.40%	2026	\$ 464,000
Less: current portion				-
				<u>\$ 464,000</u>
Unused credit lines				<u>\$ 1,336,000</u>

(i) Please refer to note 8 for further information on assets provided as collateral.

(ii) Please refer to note 9 for the details of the outstanding guarantee notes.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(l) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 92,448</u>	<u>72,294</u>
Non-current	<u>\$ 1,090,896</u>	<u>1,121,079</u>

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 25,785</u>	<u>25,908</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 6,978</u>	<u>4,338</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Rental paid in operating activities	\$ (6,978)	(4,338)
Interest on lease liabilities paid in operating activities	(25,785)	(25,908)
Payment made on lease liabilities in financing activities	(83,477)	(68,544)
Total cash outflow for leases	<u>\$ (116,240)</u>	<u>(98,790)</u>

(i) Real estate leases

The Company leases buildings for its office and staff dormitory. The leases typically run for a period of one to fifteen years. Some leases require additional rental payments depending on the changes in fair value of the lease assets.

(ii) Other leases

The Company leases vehicles and other equipments with lease terms of one to four years.

The Company also leases vehicles with lease terms of one to two years. These leases are short-term or leases of low-value items. The Company decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

(m) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i).

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than one year	\$ 11,615	11,395
Between two and five years	39,931	40,006
More than five years	<u>21,444</u>	<u>31,341</u>
Total undiscounted lease payments	<u>\$ 72,990</u>	<u>82,742</u>

Rental income from investment properties amounted to \$11,295 and \$11,290 in 2023 and 2022, respectively.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 119,828	125,391
Fair value of plan assets	<u>64,056</u>	<u>70,037</u>
Net defined benefit liability (classified as other non-current liabilities)	<u>\$ 55,772</u>	<u>55,354</u>

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

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$64,056 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

2) Movements in present value of defined benefit obligations

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

	<u>2023</u>	<u>2022</u>
Defined benefit obligation on January 1	\$ 125,391	134,375
Benefits paid	(10,208)	(9,099)
Current service costs and interest cost	1,692	1,195
Remeasurement of net defined benefit liabilities	<u>2,953</u>	<u>(1,080)</u>
Defined benefit obligation on December 31	<u>\$ 119,828</u>	<u>125,391</u>

3) Movements of defined benefit plan assets

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

	<u>2023</u>	<u>2022</u>
Fair value of plan assets on January 1	\$ 70,037	69,942
Interest income	936	530
Remeasurement of net defined liabilities	525	5,891
Contributions paid	2,766	2,773
Benefits paid	<u>(10,208)</u>	<u>(9,099)</u>
Fair value of plan assets on December 31	<u>\$ 64,056</u>	<u>70,037</u>

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Current service costs	\$ -	192
Net interest of net liabilities for defined benefit	<u>756</u>	<u>473</u>
Expenses	<u>\$ 756</u>	<u>665</u>

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

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

The Company's remeasurement of net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 16,085	23,056
Recognized during the period	2,428	(6,971)
Balance on December 31	<u>\$ 18,513</u>	<u>16,085</u>

- 6) Actuarial assumptions

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

	<u>2023</u>	<u>2022</u>
Discount rate	1.300 %	1.400 %
Future salary increase rate	2.750 %	2.750 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date was \$2,742.

The weighted-average lifetime of the defined benefit plans is 8 years.

- 7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2023		
Discount rate	\$ (2,033)	2,089
Future salary increase rate	\$ 2,007	(1,963)
December 31, 2022		
Discount rate	\$ (2,198)	2,261
Future salary increase rate	\$ 2,169	(2,119)

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. Many assumption changes may affect each other in practice. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

- (ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company recognized pension costs under the defined contribution method amounting to \$59,513 and \$56,922 for the years ended December 31, 2023 and 2022, respectively, recorded as operating expenses and operating cost in the statement of comprehensive income.

- (o) Income taxes

- (i) The components of income tax expenses for the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense	\$ 231,868	473,516
Deferred tax expense (benefit)	117,044	(50,290)
Income tax expense	<u>\$ 348,912</u>	<u>423,226</u>

- (ii) The Company had no income tax recognized directly in equity or other comprehensive income for the years ended December 31, 2023 and 2022.

- (iii) Reconciliation of income tax expenses and profit before tax for the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Profit before tax	\$ 2,834,201	3,165,835
Income tax calculated based on the Company's domestic tax rate	566,840	633,167
Overseas investment gains recognized under the equity method	(168,190)	(192,515)
Investment tax credits accrued	(85,925)	(90,614)
Prior year's income tax adjustment	(14,957)	25,674
Surtax on unappropriated earnings	32,360	20,572
Others	18,784	26,942
Income taxes expense	<u>\$ 348,912</u>	<u>423,226</u>

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with subsidiaries' earnings. Also, the management considered it probable that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 1,475,850	1,339,438

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 243,900	207,558

The deductible temporary differences cannot be realized. Therefore, they were not recognized as deferred tax assets.

3) Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, were as follows:

	Investment income recognized under the equity method (overseas)	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	\$ 253,637	-	1,247	254,884
Recognized in profit or loss	98,898	-	-	98,898
Balance on December 31, 2023	\$ 352,535	-	1,247	353,782
Balance on January 1, 2022	\$ 222,385	47,867	1,247	271,499
Recognized in profit or loss	31,252	(47,867)	-	(16,615)
Balance on December 31, 2022	\$ 253,637	-	1,247	254,884

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

	Bad debt in excess of tax limit	Unfunded pension fund contribution	Refund liabilities	Loss on inventory valuation	Deferred granted revenue	Unrealized revenue from disposal of assets	Unrealized foreign exchange loss	Gain on valuation of financial assets / liabilities	Others	Total
Deferred tax assets:										
Balance on January 1, 2023	\$ -	12,814	243,832	9,475	117,313	18,026	41,559	129,391	8,538	580,948
Recognized in profit or loss	-	(402)	32,981	(1,239)	(19,695)	(3,090)	(21,034)	(3,342)	(2,325)	(18,146)
Balance on December 31, 2023	\$ -	12,412	276,813	8,236	97,618	14,936	20,525	126,049	6,213	562,802
Balance on January 1, 2022	\$ 39,958	13,235	227,235	11,527	141,920	21,116	-	89,860	2,422	547,273
Recognized in profit or loss	(39,958)	(421)	16,597	(2,052)	(24,607)	(3,090)	41,559	39,531	6,116	33,675
Balance on December 31, 2022	\$ -	12,814	243,832	9,475	117,313	18,026	41,559	129,391	8,538	580,948

(v) The Company's income tax returns have been examined by the tax authority through the years to 2020.

(p) Capital and other equity

(i) Ordinary Shares

As of December 31, 2023 and 2022, the nominal ordinary shares both amounted to \$5,500,000. Par value of each share is \$10 (dollars), which means in total there were 550,000 thousand authorized ordinary shares, of which 462,974 thousand and 458,289 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2023 and 2022, were as follows:

	Ordinary shares (in thousands of shares)	
	2023	2022
Balance on January 1	458,289	455,263
Issuance of restricted stock	4,885	3,555
Cancellation of restricted stock	(200)	(529)
Balance on December 31	462,974	458,289

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 1,076,639	945,508
Employee stock options	259,401	259,401
Restricted employee stock options	463,007	351,458
Long-term stock investment	560,706	573,541
	\$ 2,359,753	2,129,908

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase via transferring of the paid-in capital, in excess of par value, should not exceed 10% of the total common stock outstanding.

Tymphany Huizhou, a subsidiary of Company, repurchased shares from employee stock ownership plan in cash and cancelled such shares for a capital reduction in May 2022, resulting in an increase of the shareholding of the Company from 71.43% to 77.01%. The Company recognized the change in its ownership interest in the subsidiary as capital surplus-long-term equity investments. Please refer to note 6(t) of the Company's consolidated financial statements for the year ended December 31, 2023.

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earning left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws, the balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed according to the distribution plan proposed by the board of directors and submitted to the stockholders' meeting for resolution.

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to stockholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

1) Legal reserve

If the Company experiences profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of IFRS Accounting Standards endorsed by the FSC, retained earnings increased by \$97,300 by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with the FSC, the increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. As of December 31, 2023 and 2022, the carrying amount of special reserve both amounted to \$97,300.

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

In accordance with the FSC, a portion of earnings shall be allocated as special earnings reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other stockholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other stockholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 25, 2023 and May 26, 2022, the shareholders' meeting resolved to distribute the 2022 and 2021 earnings, respectively. The distributions for 2022 and 2021 were NT\$3.9(dollars) and NT\$3.1(dollars) per share, which amounted to \$1,791,794 and \$1,411,230, respectively.

The earnings distributions for 2023 were proposed to be NT\$4(dollars) per share which amounted to \$1,851,727 during the board of directors meeting held on February 26, 2024.

(q) Share-based payment

(i) As of December 31, 2023, the outstanding restricted stock of the Company was as follows:

	Plan 5 (note 1)		Plan 6 (note 1)		Plan 7 (note 1)		Plan 8 (note 1)		Plan 9 (note 1)
Grant date	November 21, 2019	February 20, 2020	July 30, 2020	January 25, 2021	October 18, 2021	February 9, 2022	August 9, 2022	February 8, 2023	August 4, 2023
Fair value on grant date (per share)	64.30	53.20	41.75	55.80	50.40	53.90	69.70	58.50	63.30
Exercise price	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants
Granted units (thousand shares)	1,820	180	2,260	740	3,800	200	3,355	1,145	3,740
Vesting period	1-3 years (notes 2 and 4)	1-3 years (note 2)	1-5 years (notes 2, 3, 4 and 5)	1-3 years (notes 2, 3 and 4)	1-3 years (note 2)	1-3 years (note 2)	1-3 years (note 2)	1-3 years (note 2)	1-3 years (note 2)

Note 1: Plan 5 was resolved by the stockholders' meeting held on June 18, 2019, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,820 thousand shares and 180 thousand shares on November 12, 2019 and February 18, 2020, respectively.

Plan 6 was resolved by the stockholders' meeting held on June 23, 2020, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 2,260 thousand shares and 740 thousand shares on July 30, 2020 and January 22, 2021, respectively.

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

Plan 7 was resolved by the stockholders' meeting held on July 13, 2021, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 3,800 thousand and 200 thousand shares on August 24, 2021 and January 21, 2022, respectively.

Plan 8 was resolved by the stockholders' meeting held on May 26, 2022, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 3,355 thousand and 1,145 thousand shares on August, 2022 and January, 2023, respectively.

Plan 9 was resolved by the stockholders' meeting held on May 25, 2023, and has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 3,740 thousand shares on August, 2023.

Note 2: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, 30%, 30% and 40% shall be vested in the first year, second year and third year, respectively, after the grant date.

Note 3: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, 50% of the restricted stock shall be vested in the first year after the grant date, and the remaining 50% shall be vested in second year after the grant date.

Note 4: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, the restricted stock shall be vested in the first year after the grant date.

Note 5: If the employees continue to provide service to the employer company and meet the prior year's performance indicator, 15%, 15%, 20%, 20% and 30% shall be vested in the first year, second year, third year, fourth year and fifth year, respectively, after the grant date.

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or, by any other means, disposed of to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Company will cancel the unvested shares thereafter.

1) The related information on restricted stock of the Company was as follows:

(Thousand shares)	<u>2023</u>	<u>2022</u>
Outstanding on January 1	7,148	6,487
Granted during the year	4,885	3,555
Vesting during the year	(2,793)	(2,365)
Expired during the year	(243)	(529)
Outstanding on December 31	<u>8,997</u>	<u>7,148</u>

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

(ii) Expenses attributable to share-based payment were as follows:

	<u>2023</u>	<u>2022</u>
Restricted stock	\$ <u>181,902</u>	<u>123,795</u>

(r) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2023 and 2022 was based on the profit and the weighted-average number of ordinary shares outstanding was as follows:

	<u>2023</u>	<u>2022</u>
Profit of the Company for the year	\$ <u>2,485,289</u>	<u>2,742,609</u>
Weighted-average number of ordinary shares (thousand shares)	<u>452,268</u>	<u>449,522</u>
Basic earnings per share (NT dollars)	\$ <u>5.50</u>	<u>6.10</u>

Weighted-average number of ordinary shares (thousand shares)

	<u>2023</u>	<u>2022</u>
Ordinary shares on January 1	451,142	448,777
Vesting of restricted stock	1,126	745
Ordinary shares on December 31	<u>452,268</u>	<u>449,522</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2023 and 2022 was based on the profit and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares was as follows:

	<u>2023</u>	<u>2022</u>
Profit of the Company for the year	\$ <u>2,485,289</u>	<u>2,742,609</u>
Weighted-average number of ordinary shares (diluted / thousand shares)	<u>458,794</u>	<u>455,337</u>
Diluted earnings per share (NT dollars)	\$ <u>5.42</u>	<u>6.02</u>

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Weighted-average number of ordinary shares (diluted) (thousand shares)

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares on December 31 (basic)	452,268	449,522
Estimated effect of employee stock bonuses	1,605	2,074
Effect of restricted stock	<u>4,921</u>	<u>3,741</u>
Weighted-average number of ordinary shares on December 31 (diluted)	<u><u>458,794</u></u>	<u><u>455,337</u></u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Goods sold	\$ 20,081,784	12,557,280	32,639,064
Service rendered	<u>117,659</u>	<u>703,063</u>	<u>820,722</u>
	<u>\$ 20,199,443</u>	<u>13,260,343</u>	<u>33,459,786</u>
	<u>2022</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Goods sold	\$ 24,672,245	17,356,247	42,028,492
Service rendered	<u>115,890</u>	<u>550,138</u>	<u>666,028</u>
	<u>\$ 24,788,135</u>	<u>17,906,385</u>	<u>42,694,520</u>

	<u>2023</u>	<u>2022</u>
Mainland China	\$ 17,817,452	22,671,715
Europe	4,025,546	4,625,836
America	9,069,080	9,307,917
Other	<u>2,547,708</u>	<u>6,089,052</u>
	<u>\$ 33,459,786</u>	<u>42,694,520</u>

(ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable (including related parties)	\$ 7,322,920	7,877,457	7,727,218
Less: allowance for impairment	<u>(11,112)</u>	<u>(66,224)</u>	<u>(13,136)</u>
	<u>\$ 7,311,808</u>	<u>7,811,233</u>	<u>7,714,082</u>
Contract liabilities (recorded as other current liabilities)	<u>\$ 160,241</u>	<u>123,253</u>	<u>118,882</u>

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$52,766 and \$118,882, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

(t) Employee's and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 2 to 10 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

Details of remuneration to employees and directors were as follows:

	<u>2023</u>	<u>2022</u>
Employee remuneration	\$ 89,330	99,830
Directors' remuneration	<u>44,665</u>	<u>49,915</u>
	<u>\$ 133,995</u>	<u>149,745</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year.

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings were as follows:

	<u>Actual earnings distributed</u>	<u>Accrued in the financial statements</u>	<u>Difference</u>
Employee remuneration – Cash	\$ 99,830	99,830	-
Directors' remuneration	49,915	49,915	-

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

	2021		
	Actual earnings distributed	Accrued in the financial statements	Difference
Employee remuneration – Cash	\$ 85,798	85,799	1
Directors' remuneration	42,899	42,899	-

The difference in 2021 was accounted for as changes in accounting estimates and recognized as profit or loss in 2022. Information on the remuneration to employees and directors, approved in the Board of Directors' meetings, can be accessed in the Market Observation Post System website.

(u) Other income

The details of other income were as follows:

	2023	2022
Rent income	\$ 11,999	12,007
Cash dividend income	690	8,337
Government grants	604	-
	<u>\$ 13,293</u>	<u>20,344</u>

(v) Other gains and losses

The details of other gains and losses were as follows:

	2023	2022
Net losses on financial assets/liabilities measured at FVTPL	\$ (631,606)	(646,954)
Foreign currency exchange gains, net	847,574	741,692
Other	118,198	105,778
	<u>\$ 334,166</u>	<u>200,516</u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

For information on the Company's concentration of credit risk, please refer to note 6(x).

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities:						
Notes and accounts payable	\$ 500,695	500,695	500,695	-	-	-
Accounts payable to related parties	11,072,478	11,072,478	11,072,478	-	-	-
Other payables	1,906,564	1,906,564	1,906,564	-	-	-
Salaries payable	307,335	307,335	307,335	-	-	-
Lease liabilities	1,183,344	1,339,066	116,672	115,732	336,698	769,964
Refund liabilities	2,193,824	2,193,824	2,193,824	-	-	-
Long-term borrowings	707,979	732,135	26,686	240,064	465,385	-
Guarantee deposits	2,091	2,091	-	-	-	2,091
Derivative financial liabilities:	989,080	-	-	-	-	-
Outflow	-	2,044,771	2,044,771	-	-	-
Inflow	-	(1,055,691)	(1,055,691)	-	-	-
	<u>\$ 18,863,390</u>	<u>19,043,268</u>	<u>17,113,334</u>	<u>355,796</u>	<u>802,083</u>	<u>772,055</u>
December 31, 2022						
Non-derivative financial liabilities:						
Notes and accounts payable	\$ 301,600	301,600	301,600	-	-	-
Accounts payable to related parties	9,050,436	9,050,436	9,050,436	-	-	-
Other payables	1,903,296	1,903,296	1,903,296	-	-	-
Salaries payable	493,350	493,350	493,350	-	-	-
Lease liabilities	1,193,373	1,370,316	96,733	99,521	300,852	873,210
Refund liabilities	1,851,815	1,851,815	1,851,815	-	-	-
Long-term borrowings	464,000	482,562	6,256	22,923	453,383	-
Guarantee deposits	2,091	2,091	-	-	-	2,091
Derivative financial liabilities:	1,013,985	-	-	-	-	-
Outflow	-	16,277,841	16,277,841	-	-	-
Inflow	-	(15,263,856)	(15,263,856)	-	-	-
	<u>\$ 16,273,946</u>	<u>16,469,451</u>	<u>14,717,471</u>	<u>122,444</u>	<u>754,235</u>	<u>875,301</u>

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

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD:TWD	\$ 393,330	30.735	12,089,006	339,559	30.708	10,427,172
Financial liabilities						
Monetary items						
USD:TWD	508,499	30.735	15,628,715	420,929	30.708	12,925,887

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables (including related parties), notes and accounts payable (including related parties), and other payables (including related parties) that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD against the USD as of December 31, 2023 and 2022, would have decreased or increased the net profit before tax by \$176,985 and \$124,936, respectively. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses on monetary items

The Company's exchange gains and losses on monetary items (including realized and unrealized) translated to functional currency were as follows:

	2023		2022	
	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate
TWD	\$ 847,574	1	741,692	1

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the net profit before tax would have increased or decreased by \$6,294 and by \$5,928 for the years ended December 31, 2023 and 2022, respectively. This is mainly due to borrowings and bank savings with variable interest rates.

(v) Other price risk

If the market price of the equity securities had changed on the reporting date, the influence on other comprehensive income is as follows (The analysis is performed on the same basis for both periods and assumes all other variable remain constant):

Prices of securities at the reporting date	2023		2022	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Increasing 10%	\$ 29,029	1,205	28,867	266
Decreasing 10%	\$ (29,029)	(1,205)	(28,867)	(266)

(vi) Fair value

1) Kinds of financial instruments and fair value

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

	December 31, 2023				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 370,883</u>	-	-	370,883	370,883
Financial assets at FVOCI – non current	<u>\$ 290,285</u>	-	-	290,285	290,285
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,478,685				
Accounts receivable (including related parties)	7,311,808				
Other receivables	150,306				
Refundable deposits	29,780				
Total	<u>\$ 12,970,579</u>				
Financial liabilities at FVTPL – current	<u>\$ 989,080</u>	-	-	989,080	989,080

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

	Carrying amounts	December 31, 2023			
		Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Borrowings	\$ 707,979				
Notes and accounts payable (including related parties)	11,573,173				
Other payables	1,906,564				
Salaries payable	307,335				
Lease liabilities	1,183,344				
Refund liabilities	2,193,824				
Guarantee deposits	2,091				
Total	<u>\$ 17,874,310</u>				
December 31, 2022					
Financial assets at FVTPL					
	<u>\$ 369,694</u>	-	-	369,694	369,694
Financial assets at FVOCI – non current					
	<u>\$ 288,671</u>	-	-	288,671	288,671
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,961,693				
Accounts receivable (including related parties)	7,811,233				
Other receivables	90,840				
Refundable deposits	27,379				
Total	<u>\$ 10,891,145</u>				
Financial liabilities at FVTPL – current					
	<u>\$ 1,013,985</u>	-	-	1,013,985	1,013,985
Financial liabilities measured at amortized cost					
Borrowings	\$ 464,000				
Notes and accounts payable (including related parties)	9,352,036				
Other payables	1,903,296				
Salaries payable	493,350				
Lease liabilities	1,193,373				
Refund liabilities	1,851,815				
Guarantee deposits	2,091				
Total	<u>\$ 15,259,961</u>				

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

2) Fair value valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The Company uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

- a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
- b) Financial assets at FVOCI – non-current are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and lack of liquidity. When prices are available, the fair value is estimated on the basis of unadjusted prior trade prices.

3) In 2023 and 2022, there were no transfers between Levels.

4) Reconciliation of Level 3 fair values

	2023			2022		
	FVTPL	FVOCI	Total	FVTPL	FVOCI	Total
Balance on January 1	\$ (644,291)	288,671	(355,620)	(449,302)	221,547	(227,755)
Recognized in profit or loss	(631,606)	-	(631,606)	(646,953)	-	(646,953)
Recognized in other comprehensive income	-	(25,805)	(25,805)	-	22,345	22,345
Acquisition / disposal	657,700	27,419	685,119	451,964	44,779	496,743
Balance on December 31	<u>\$ (618,197)</u>	<u>290,285</u>	<u>(327,912)</u>	<u>(644,291)</u>	<u>288,671</u>	<u>(355,620)</u>

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The fair value measurements of the Company which are categorized within level 3 are classified as financial assets and liabilities at FVTPL – non-derivative financial assets and derivative instruments not used for hedging and financial assets at FVOCI – equity investment without an active market. The quantitative information about significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at FVOCI – equity investment without an active market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – non-derivative financial assets	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – derivative instruments not used for hedging	(note 2)	(note 2)	(note 2)

note 1: The fair value is based on the market value, and it has considered the recent financing activities, comparable business, market and other economic conditions etc., to determine the assumptions. Also, the significant unobservable inputs are marketability discount, but any changes of marketability discount would not result in significant potential financial impact, therefore there is no need to show the quantified information on it.

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

- (x) Financial risk management

- (i) Overview

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes for measuring and managing risk. For detailed information, please refer to the related notes on each risk.

(Continued)

PRIMAX ELECTRONICS LTD.

Notes to the Parent Company Only Financial Statements

- (ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's board of directors oversees the management's monitoring of the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

- (iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, accounts receivables (including related parties), and derivative instruments.

- 1) Cash and cash equivalents

The Company had deposited \$5,214,211 (including restricted deposits) in O-Bank and 10 other financial institutions, and \$2,697,679 (including restricted deposits) in HSBC Bank and 7 other financial institutions, representing 13% and 8% of total assets, as of December 31, 2023 and 2022, respectively. The Company believes that there is no significant credit risk from the above-mentioned financial institutions.

- 2) Accounts receivable

Sales to individual customers (including related parties) constituting over 10% of total revenue for the years ended December 31, 2023 and 2022, totaled 48% and 42%, respectively; also 47% and 49%, respectively, of the ending balance of accounts receivable (including related parties) were accounted for by those customers. In order to reduce credit risk, the Company assesses the financial status of each customer and the possibility of collection of receivables on a regular basis. The above-mentioned customers are profitable and have a good credit record; hence, and the Company did not suffer any significant credit loss from those customers during the financial reporting period.

- 3) Derivative instruments

The Company entered into derivative instrument contracts with reputable and creditworthy financial institutions. The Company believes that the risk that these financial institutions may default on these contracts is relatively low and anticipates no significant credit loss.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company had unused credit line of \$13,458,671 and \$13,379,228 as of December 31, 2023 and 2022, respectively.

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the functional currency. These transactions are denominated in USD.

The Company uses forward exchange contracts and foreign exchange swap contracts to hedge its currency risk. The Company makes performance reports and reviews operating strategy regularly, and believes that there is no significant risk because the gains or losses from exchange rate fluctuation will mostly be offset by the hedged item.

2) Interest rate risk

The Company's main assets and liabilities with a floating-interest-rate basis are deposits and long-term borrowings. The Company believes that cash flow risk arising from interest rate fluctuation is insignificant.

(y) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, other equity, and non-controlling interests.

The Company sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

The Company's debt ratio as of December 31, 2023 and 2022, were 56% and 54%, respectively.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(z) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Effect of changes in exchange rate	Change in lease payments	December 31, 2023
Long-term borrowings	\$ 464,000	243,979	-	-	707,979
Lease liabilities	1,193,373	(83,477)	-	73,448	1,183,344
Guarantee deposits	2,091	-	-	-	2,091
Total liabilities from financing activities	<u>\$ 1,659,464</u>	<u>160,502</u>	<u>-</u>	<u>73,448</u>	<u>1,893,414</u>

	January 1, 2022	Cash flows	Effect of changes in exchange rate	Change in lease payments	December 31, 2022
Short-term borrowings	\$ 332,000	(332,000)	-	-	-
Long-term borrowings	429,500	34,500	-	-	464,000
Lease liabilities	1,258,713	(68,544)	-	3,204	1,193,373
Guarantee deposits	1,991	100	-	-	2,091
Total liabilities from financing activities	<u>\$ 2,022,204</u>	<u>(365,944)</u>	<u>-</u>	<u>3,204</u>	<u>1,659,464</u>

(aa) Supplementary information of cash flow

- (i) The Company acquired property, plant and equipment amounting to \$643,379 and \$149,664 respectively, and the payables on equipment increased \$90,927 and \$0 respectively, generating cash outflow of \$552,452 and \$149,664 for the years ended December 31, 2023 and 2022, respectively.

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	A subsidiary
Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	A subsidiary
Destiny Technology Holding Co., Ltd. (Destiny BVI.)	A subsidiary
Primax Destiny Co., Ltd. (Destiny Japan)	A subsidiary
Diamond (Cayman) Holdings Ltd. (Diamond)	A subsidiary
Gratus Technology Corp. (Gratus Tech.)	A subsidiary
Primax AE (Cayman) Holdings Ltd. (Primax AE)	A subsidiary

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Name of related party	Relationship with the Group
Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	A subsidiary
Primax Industries (Hong Kong) Ltd. (Primax HK)	A subsidiary
Polaris Electronics Inc.(Polaris)	A subsidiary
Destiny Electronic Corp. (Destiny Beijing)	A subsidiary
Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	A subsidiary
Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	A subsidiary
Primax Electronics (Kun Shan) Corp., Ltd. (PKS1)	A subsidiary
Primax Electronics (Thailand) Pte. Ltd. (Primax Thailand)	A subsidiary
Tymphany Worldwide Enterprises Ltd. (TWEL)	A subsidiary
Tymphany Acoustic Technology (Huizhou) Co., Ltd. (Tymphany Huizhou)	A subsidiary
Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	A subsidiary
Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	A subsidiary
TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	A subsidiary
Tymphany Acoustic Technology Europe, s.r.o. (TYM Acoustic Europe)	A subsidiary
Tymphany HK Ltd.(TYM HK)	A subsidiary
TYP Enterprises, Inc.(TYP)	A subsidiary
Tymphany Acoustic Technology Limited (TYM Acoustic)	A subsidiary
Tymphany Acoustic Technology (Thailand) Co., Ltd. (TYTH)	A subsidiary
Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	A subsidiary
TYMPHANY LOGISTICS, INC (TYML)	A subsidiary
Tymphany Acoustic Technology (Singapore) PTE. Ltd. (TYM Singapore)	A subsidiary
ALT International Co., Ltd. (Cayman) (AIC)	An associate
De Amertek Technology Inc. (US) (DAT)	An associate
Advanced Micro Electronics Co.,LTD. (AME)	An associate
Advanced Leading Technology (Shanghai) Co. (ALT (Shanghai))	An associate
Advanced Leading Technology Co. (ALT)	An associate

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(b) Significant transactions with related-party

(i) Sales

The amounts of sales by the Company to related parties and the outstanding balances were as follows:

	Sales		Accounts receivable – related parties	
	2023	2022	December 31, 2023	December 31, 2022
Primax Singapore	\$ 10,935,549	12,661,309	1,823,757	2,354,802
Polaris	3,450,949	3,915,475	806,440	309,736
Others (note)	68,911	218,173	538,915	316,228
	<u>\$ 14,455,409</u>	<u>16,794,957</u>	<u>3,169,112</u>	<u>2,980,766</u>

Note: Individual amount not exceeding 10%.

- The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company through triangular trade and sold to the customers. The amount of semi-finished products sold in 2023 and 2022 were \$1,695,973 and \$1,289,967, respectively, which were written off against the related cost of goods sold; therefore, the Company did not recognize the above transaction as sales in the parent company only financial statements. As of December 31, 2023 and 2022, the accounts receivable arising from the sales of semi-finished products to subsidiaries amounted to \$528,969 and \$299,571, respectively.
- There were no significant differences in the selling prices offered to related parties and those of other customers. The trading terms to other customers are 45 days to 120 days, can be lengthened for related parties.

(ii) Purchases

The amounts of purchases by the Company from related parties and the outstanding balances were as follows:

	Purchases		Accounts payable – related parties	
	2023	2022	December 31, 2023	December 31, 2022
PCH2	\$ 18,148,657	25,430,611	7,032,690	5,972,525
PCQ1	6,194,057	7,499,967	3,057,622	2,488,994
Primax Thailand	2,369,368	1,218,267	309,592	63,738
PKS1	1,423,450	1,814,952	989,771	852,654
	<u>\$ 28,135,532</u>	<u>35,963,797</u>	<u>11,389,675</u>	<u>9,377,911</u>

- As of December 31, 2023 and 2022, the amount of accounts payable arising from the transactions mentioned in note 7(b)(i) amounted to \$1,501,233 and \$945,146, respectively.
- The prices of purchases from related parties were determined based on the cost, plus a reasonable profit margin. The payment terms of related parties and other vendors are 60 days and 30 days to 120 days, respectively.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

- 3) The accounts payable to subsidiaries which exceeded the normal payment terms and agreed by both parties were reclassified to other payables. As of December 31, 2023 and 2022, other payables to related parties were \$317,197 and \$327,475, respectively.

(iii) Purchase of service

The amounts of purchase of service by the Company from its related parties and the outstanding balances were as follows:

	Purchase of service		Other payables	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiaries	\$ 76,848	57,587	9,513	9,477

(iv) Receivable and payable on behalf of related parties

The other receivables arising from the materials purchased and shipping fee paid on behalf of the subsidiaries amounted to \$110,308 and \$64,559 on December 31, 2023 and 2022, respectively.

The other payables arising from the shipping fee paid by subsidiaries on behalf of the Company amounted to \$6,712 and \$9,016 on December 31, 2023 and 2022, respectively.

(v) Guarantees and endorsements

The amounts of guarantee the Company provided to PCH2 and Primax Singapore were as follows:

	December 31, 2023	December 31, 2022
Purchasing of raw materials	\$ 307,350	307,080
Shipping Guarantee	2,700,000	2,700,000
	<u>\$ 3,007,350</u>	<u>3,007,080</u>

(vi) Lease

The Company leased out its investment properties to its subsidiaries as office buildings and entered into 15-years lease contract by reference of the rental price of the nearby offices. The rental income in 2023 and 2022 amounted to \$9,924 and \$9,919, respectively, and there were no outstanding receivables on December 31, 2023 and 2022. Please refer to note 6(m) for lease receivable in the future.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 129,193	136,986
Post-employment benefits	1,407	1,315
Share-based payments	101,390	65,799
	<u>\$ 231,990</u>	<u>204,100</u>

Please refer to note 6(q) for information related to share-based payments.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Property, plant and equipment	Loan collateral	\$ 769,580	769,580

(9) Significant commitments and contingencies:

- (a) For the detail of the Company's guarantees provided to subsidiaries, please refer to notes 7 and 13.
- (b) The following are guarantee letters issued by the banks to customs and business partner as guarantee deposits.

	December 31, 2023	December 31, 2022
Guarantee letters	\$ 37,835	38,108

- (c) Guarantee notes provided as part of agreements with banks to sell its accounts receivable and to acquire long-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Sales of accounts receivable	\$ 76,838	412,155
Long-term borrowings	\$ 1,800,400	1,800,400

- (d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 1,213,214	445,355

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By item	By function	2023			2022		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
Salaries		187,423	1,529,325	1,716,748	157,468	1,670,946	
Labor and health insurance		6,811	107,874	114,685	7,140	102,784	
Pension		3,379	56,890	60,269	3,517	54,070	
Remuneration of directors		-	59,401	59,401	-	76,892	
Others		2,197	53,544	55,741	2,516	64,419	
Depreciation		1,609	131,269	132,878	1,426	118,281	
Amortization		20	19,376	19,396	10	28,729	

Excluding the depreciation of the investment property-buildings (classified as other gains and losses) both amounted to \$3,560 thousand for the years ended December 31, 2023 and 2022.

The following were the additional information on the Company's employees and employee benefits for the years ended December 31, 2023 and 2022:

	2023	2022
Numbers of employees	<u>912</u>	<u>922</u>
Numbers of directors, but not employees concurrently	<u>7</u>	<u>6</u>
The average employee benefits	<u>\$ 2,152</u>	<u>2,252</u>
The average salaries and wages	<u>\$ 1,897</u>	<u>1,996</u>
Adjustment of the average salaries and wages	<u>(4.96)%</u>	
Remuneration to supervisors	<u>\$ -</u>	<u>-</u>

The Company's remuneration policy to directors, supervisors, managers and employees are as follows:

The Company's remuneration to directors includes directors' remuneration and bonuses. According to the policy stipulated in the Articles of incorporation, wherein no more than 2% of the profit, if applicable, shall be allocated as remuneration to directors. The remuneration distributed to directors shall be resolved by a majority vote at the Board of Directors attended by directors representing two-thirds or more of the voting rights, and be reported during the shareholders' meeting. The bonuses to directors are proposed by the Human Resource Department based on the considerations for the competitive environment and operational risks and in line with the corporate management policy and bonus plan, which are then sent to the Board of Directors for resolution after the Remuneration Committee evaluates the performance results and approves the proposal.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

The remuneration to employees and managers consists of fixed salary and variable rewards. The fixed salary is the basic salary of the employees, and the variable rewards are mainly linked to the Company's (or various business units') operational performance and strategic goal achieving status. The rewards policy is proposed by the Human Resource Department based on the corporate salary policy and bonus plan. The bonus plan for the managers has to be evaluated and approved by the Remuneration Committee, and thereafter, proposed to the Board of Directors for resolution.

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the Regulations for the Company:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	327,475	317,197	317,197	0	Short-term loan to other parties	-	Operating capital	-	-	-	797,141	797,141

Note 1: After the approval from the Board of directors, the loan provided to an individual entity shall not exceed the net worth of PKS1 in the latest financial statements to its parent company, and also to subsidiaries wherein its parent owns 100%, directly and indirectly, of its voting shares. Also, the criterion for the amount available for financing is the same as that offered to an individual entity mentioned above.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)													
No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	5,104,053	324,190	307,350	-	-	1.81 %	13,610,807	Y	N	Y
"	"	Primax Singapore	Subsidiary	5,104,053	2,700,000	2,700,000	307,919	-	15.87 %	13,610,807	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK	"	2,162,341	4,863	4,610	-	-	0.06 %	3,603,901	N	N	N

Note 1: The amount of the guarantee to a company shall not exceed 30% of the Company's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Company's net worth in the latest financial statements.

Note 2: The amount of the guarantee to a company shall not exceed 30% of the Tymphony Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 50% of the Tymphony Huizhou's net worth in the latest financial statements.

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stocks (equities):							
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-	
	Changing Information Technology Inc.	-	"	223	11,093	1.29	11,093	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	250	0.02	250	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures L.P.	-	"	-	158,070	2.73	158,070	
	Grove Ventures II, L.P.	-	"	-	97,145	3.29	97,145	
	Grove Ventures III, L.P.	-	"	-	23,727	2.21	23,727	
	Storm Ventures Fund VII, L.P.	-	Other non-current asset	-	5,040	0.44	5,040	
	ThinLine Capital Fund II, L.P.	-	"	-	7,008	7.10	7,008	
					302,333			
Primax Tech.	Stocks:							
	Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
Tymphony Huizhou	Stocks:							
	Shenzhen Mees Hi-Tech Co., Ltd.	-	Financial assets at FVOCI	556	-	10.00	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TW 300 million or 20% of the Company's paid-in capital: None

(v) Acquisition of individual real estate with amount exceeding the lower of TW 300 million or 20% of the Company's issued capital: None

(vi) Disposal of individual real estate with amount exceeding the lower of TW 300 million or 20% of the Company's issued capital: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TW 100 million or 20% of the Company's issued capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	(Sale)	(10,935,549)	(33) %	60 days	Price agreed by both sides	The same as general selling	1,823,757	25%	
"	PCH2	The subsidiary of Primax HK	Purchase	18,148,657	61 %	"	"	The same as general purchasing	(7,032,690)	(61)%	
"	PKS1	"	Purchase	1,423,450	5 %	"	"	"	(672,574)	(6)%	
"	PCQ1	"	Purchase	6,194,057	21 %	"	"	"	(3,057,622)	(26)%	

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Polaris	The subsidiary of Primax Tech.	(Sale)	(3,450,949)	(10) %	90 days	Price agreed by both sides	The same as general selling	806,440	11%	
"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	2,369,368	8 %	60 days	"	The same as general purchasing	(309,592)	(3)%	
Primax Singapore	The Company	Parent	Purchase	10,935,549	99 %	"	"	"	(1,823,757)	(84)%	
"	PCH2	The subsidiary of Primax HK	Purchase	151,474	1 %	"	"	"	(33,986)	(2)%	
PCH2	The Company	The parent of Primax Cayman	(Sale)	(18,148,657)	(78) %	"	"	The same as general selling	7,032,690	89%	
"	Primax Singapore	The subsidiary of the Company	(Sale)	(151,474)	(1) %	"	"	"	33,986	-%	
PKS1	The Company	The parent of Primax Cayman	(Sale)	(1,423,450)	(100) %	"	"	"	672,574	68%	
PCQ1	"	"	(Sale)	(6,194,057)	(73) %	"	"	"	3,057,622	79%	
Primax Thailand	"	The parent of Primax Singapore	(Sale)	(2,369,368)	(87) %	"	"	"	309,592	91%	
Polaris	"	The parent of Primax Tech.	Purchase	3,450,949	100 %	90 days	"	The same as general purchasing	(806,440)	(100)%	
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(2,902,735)	(47) %	60 days	"	The same as general selling	898,112	46%	
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(2,755,372)	(44) %	"	"	"	828,359	43%	
"	"	"	Purchase	107,004	2 %	"	"	The same as general purchasing	(42,943)	(4)%	
"	TYM Acoustic Europe	"	(Sale)	(247,151)	(4) %	"	"	The same as general selling	58,316	3%	
"	Tymphony Dongguan	Subsidiary	Purchase	147,433	3 %	"	"	The same as general purchasing	(36,950)	(3)%	
"	TYTH	The subsidiary of TYM Acoustic HK	(Sale)	(148,907)	(2) %	"	"	The same as general selling	131,551	7%	
Tymphony Dongguan	TYM HK	"	Purchase	318,190	6 %	"	"	The same as general purchasing	(99,430)	(7)%	
"	"	"	(Sale)	(4,170,008)	(61) %	"	"	The same as general selling	1,136,082	65%	
"	Tymphony Huizhou	Parent	(Sale)	(147,433)	(2) %	"	"	"	36,950	2%	
"	TYM Acoustic Europe	The subsidiary of TYM Acoustic HK	(Sale)	(458,859)	(7) %	"	"	"	188,239	11%	
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(1,094,421)	(16) %	"	"	"	291,991	17%	
"	TYDC	Subsidiary	(Sale)	(401,058)	(6) %	"	"	"	48,990	3%	
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(1,211,762)	(30) %	"	"	"	(931)	-%	
"	"	"	Purchase	203,179	6 %	"	"	The same as general purchasing	(3,502)	(1)%	
"	Tymphony Dongguan	Parent	Purchase	401,058	12 %	"	"	"	(48,990)	(13)%	
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(2,538,905)	(63) %	"	"	The same as general selling	691,017	97%	

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	2,246,710	26 %	60 days	Price agreed by both sides	The same as general purchasing	(608,020)	(21)%	
"	Tymphony Huizhou	Parent	Purchase	2,902,735	33 %	"	"	"	(898,112)	(32)%	
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	1,094,421	13 %	"	"	"	(291,991)	(10)%	
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	2,538,905	29 %	"	"	"	(691,017)	(24)%	
"	Specialty	The other related party	(Sale)	(570,633)	(6) %	"	"	The same as general selling	70,606	4%	
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(2,246,710)	(100) %	"	"	"	608,020	100%	
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	247,151	14 %	"	"	The same as general purchasing	(58,316)	(12)%	
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	458,859	27 %	"	"	"	(188,239)	(39)%	
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	2,755,372	23 %	"	"	"	(828,359)	(28)%	
"	"	"	(Sale)	(107,004)	(1) %	"	"	The same as general selling	42,943	2%	
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	4,170,008	35 %	"	"	The same as general purchasing	(1,136,082)	(38)%	
"	"	"	(Sale)	(318,190)	(3) %	"	"	The same as general selling	99,430	5%	
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	1,211,762	10 %	"	"	The same as general purchasing	931	-%	
"	"	"	(Sale)	(203,179)	(2) %	"	"	The same as general selling	3,502	-%	
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	3,838,067	32 %	"	"	The same as general purchasing	(635,356)	(21)%	
TYTH	TYM HK	"	(Sale)	(3,838,067)	(98) %	"	"	The same as general selling	635,356	91%	
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	148,907	4 %	"	"	The same as general purchasing	(131,551)	(12)%	

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Primax Singapore	Subsidiary	1,823,757	5.23	-	-	1,322,353	-
"	Polaris	The subsidiary of Primax Tech.	806,440	6.18	-	-	806,440	-
"	PCH2	The subsidiary of Primax HK	452,242 (note 2)	3.74	-	-	130,966	-
"	"	"	73,234 (note 3)	-	-	-	29,791	-
PCH2	The Company	The parent of Primax Cayman	7,032,690	2.79	-	-	2,916,857	-
"	Primax Thailand	The subsidiary of Primax Singapore	241,682	(note 3)	-	-	53,522	-
PKS1	The Company	The parent of Primax Cayman	672,574	2.38	-	-	132,787	-
"	"	"	317,197 (note 4)	-	-	-	-	-
PCQ1	"	"	3,057,622	2.23	-	-	443,626	-
Primax Thailand	"	The parent of Primax Singapore	309,592	12.69	-	-	-	-
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	898,112	3.09	-	-	458,410	-
"	TYM HK	The subsidiary of TYM Acoustic HK	828,359	2.89	-	-	213,616	-
"	TYTH	"	131,551	2.15	-	-	18,774	-
Tymphony Dongguan	TYM HK	"	1,136,082	3.82	-	-	342,413	-
"	TYM Acoustic Europe	"	188,239	2.24	-	-	34,471	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	291,991	5.75	-	-	235,544	-
TYDC	"	"	691,017	3.19	-	-	125,517	-
TYM Acoustic HK	Tymphony Huizhou	Parent	242,498 (note 3)	-	-	-	242,156	-
TYM Acoustic Europe	TYM Acoustic HK	"	608,020	3.92	-	-	439,898	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	99,430	2.15	-	-	99,430	-
"	"	"	1,157,861 (note 3)	-	-	-	305,753	-
"	TYM Acoustic HK	"	279,433 (note 3)	-	-	-	257,207	-
TYAT	TYM HK	The subsidiary of TYM Acoustic HK	335,490 (note 3)	-	-	-	150,245	-
TYTH	"	"	635,356	6.96	-	-	-	-

Note 1: Amounts collected as of February 6, 2024.

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the year ended December 31, 2023 was \$1,695,973, which was written off with related cost of goods sold, and not regarded as sales for the Company.

Note 3: The receivables arise from service rendering for intercompany or material purchasing on behalf of intercompany or related parties.

Note 4: The other receivables arise from intercompany loans.

(ix) Trading in derivative instruments: Please refer to note 6(b) in the consolidated financial statements for the year ended December 31, 2023.

(Continued)

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	8,221,648	601,890	655,774	Note 2
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	3,007,677	191,367	192,001	Note 2
"	Destiny BVI	Virgin Island	Holding company	30,939	30,939	1,050	100.00	3,634	5,895	5,895	Note 2
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	15,281	364	364	Note 2
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	6,943,949	489,841	485,956	Note 2
"	Gratus Tech.	USA	Market development of and customer service for computer peripherals, mobile device components, and business devices	9,330	9,330	300	100.00	17,784	2,225	2,225	Note 2
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	64,336	2,528	2,528	Note 2
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	1,181,150	40,100	100.00	726,315	(10,672)	(9,303)	
	Total			9,987,798	9,987,798			19,000,624	1,283,438	1,335,440	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	1,162,928	1,244	99.99	730,196	(18,971)	(18,971)	Note 2
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	8,232,363	602,133	602,133	Note 2
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices	52,680	52,680	1,600	100.00	445,691	13,087	13,087	Note 2
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	7,004,331	569,336	489,764	Note 2
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	-	(108,401)	-	Note 3
TWEL	TYM Singapore	Singapore	R&D, design, and sales of various speaker accessories, speakers, and their components, as well as holding business	-	-	-	100.00	-	-	-	Note 2 Note 4
Tymphony Hui Zhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories, speakers, and their components, as well as holding business	1,592,954	1,592,954	418,090	100.00	3,015,340	170,294	170,294	Note 2

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
TYM Acoustic HK	TYM HK	Hong Kong	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	865,131	(364,720)	(364,720)	Note 2
"	TYP	USA	Market development of and customer service for speakers and their components	15 (note 1)	15 (note 1)	0.50	100.00	50,869	5,534	5,534	Note 2
"	TYM UK	United Kingdom	R&D and design of various speaker accessories as well as speakers and their components	15,631	15,631	400	100.00	39,749	1,418	1,418	Note 2
"	TYM Acoustic Europe	Czech	Manufacturing, installation, and maintenance of various speaker accessories and their components	653,796	653,796	187,800	100.00	975,943	44,454	44,454	Note 2
"	Tymphony Acoustic	Taiwan	R&D and design of various speaker accessories as well as speakers and their components	48,318	48,318	5,000	100.00	353,858	21,989	21,989	Note 2
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	672,676	63,101	63,101	Note 2
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	7,995	(1,345)	(1,345)	Note 2

Note 1: The amount is the initial investment costs from the original stockholders prior to the acquisition of the Company through Diamond.

Note 2: The subsidiary of the Company.

Note 3: The associate of the Company.

Note 4: As of December 31, 2023, there was no capital injection from the Company.

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,935,108	Indirect investment through Primax Cayman and Primax Tech.	1,685,001	-	-	1,685,321	527,890	100%	527,890	7,503,102	-
Destiny Beijing	R&D of computer peripheral and business devices	38,333	Indirect investment through Destiny BVI.	32,243	-	-	32,272	5,895	100%	5,895	3,630	-
PKS1	Production of computer peripheral products	847,319	Indirect investment through Primax Cayman	675,576	-	-	676,170	13,947	100%	13,947	797,141	-

(Continued)

PRIMAX ELECTRONICS LTD.
Notes to the Parent Company Only Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCQ1	Production of computer peripheral products	828,084	Indirect investment through Primax Cayman	614,160	-	-	614,700	233,597	100%	233,597	2,351,492	-
Tymphony Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,642,541	Indirect investment through Diamond	3,961,332	-	-	3,964,815	747,956	77.01%	575,996	5,550,780	-
Tymphony Dongguan	"	153,675	"	15,354	-	-	15,368	285,824	77.01%	220,113	845,933	-
TYDC	"	86,788	"	-	-	-	-	157,901	77.01%	121,600	283,323	-

Note 1: The above information on the exchange rate is as follows: HKD:TWD3.9325 ; USD:TWD 30.7350; CNY:TWD 4.3394.

Note 2: The differences between the accumulated out flow of investments and paid in capital was derived from the currency exchange on translation, capital increase from retained earning and working capital.

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,442,764	8,712,498	None (note)

Note: The Company has received the Certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start the operating of its headquarters.

The above investment income (losses) in mainland China, except for PCH2, Destiny Beijing, PKS1 and PCQ1 which were based on financial statements audited by the Company's auditors, others were based on the audited results of other auditors.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the year ended December 31, 2023, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Capital TIP Customized Taiwan Select High Divided Exchange Traded Fund		31,599,000	6.82 %

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2023, for details.

(Continued)

PRIMAX ELECTRONICS LTD.
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand	USD 15 ; Exchange rate 30.735	\$ 453
	CNY 37 ; Exchange rate 4.3394	160
	HKD 5 ; Exchange rate 3.9325	21
	JPY 110 ; Exchange rate 0.2179	24
	EUR 4 ; Exchange rate 34.1040	145
	TWD 50	50
Demand deposits and checking accounts	USD 101,491 ; Exchange rate 30.735	3,119,334
	CNY 2,093 ; Exchange rate 4.3394	9,082
	HKD 1,333 ; Exchange rate 3.9325	5,243
	JPY 8,233 ; Exchange rate 0.2179	1,794
	EUR 12 ; Exchange rate 34.1040	426
	TWD 88,376	88,376
Time deposits	USD 50,000 ; Exchange rate 30.735 (2023.01.15~2023.02.20, interest rate 5.53%~5.93%)	1,536,750
	CNY 15,400 ; Exchange rate 4.3394 (due on 2023.01.10, interest rate 2.35%)	66,827
	TWD 650,000 (2023.01.15~2023.01.29, interest rate 1.25%~1.39%)	650,000
		\$ 5,478,685

PRIMAX ELECTRONICS LTD.

Statement of accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Accounts receivable:		
Corporation P	Operating revenue	\$ 1,622,446
Corporation B	"	268,732
Corporation C	"	253,548
Other (individual amount not exceeding 5%)	"	<u>2,009,082</u>
Total		4,153,808
Less: Allowance for doubtful accounts		<u>(11,112)</u>
Net accounts receivable		<u><u>\$ 4,142,696</u></u>

Statement of accounts receivable from related parties

Item	Description	Amount
Accounts receivable from related parties:		
Primax Singapore		\$ 1,823,757
Polaris		806,440
PCH2		452,242
Other (individual amount not exceeding 5%)		<u>86,673</u>
Total		<u>3,169,112</u>
Net accounts receivable		<u><u>\$ 3,169,112</u></u>

PRIMAX ELECTRONICS LTD.

Statement of other receivables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other receivables—related parties	Payable on behalf of related parties	\$ 110,308
Business tax refund receivables		29,028
Other (individual amount not exceeding 5%)		<u>10,970</u>
Total		<u><u>\$ 150,306</u></u>

Statement of inventories

Item	Cost	Net realizable value
Finished goods and merchandises	\$ 2,264,887	2,592,579
Less: Provision for finished goods and merchandises	<u>(51,678)</u>	
Subtotal	<u>2,213,209</u>	
Semi-finished products	57,889	57,403
Less: Provision for semi-finished products	<u>(538)</u>	
Subtotal	<u>57,351</u>	
Raw material	437,525	<u>433,106</u>
Less: Provision for raw material	<u>(6,462)</u>	<u>\$ 3,083,088</u>
Subtotal	<u>431,063</u>	
Net amount	<u><u>\$ 2,701,623</u></u>	

PRIMAX ELECTRONICS LTD.

Statement of changes in financial assets measure at fair value through profit and loss — non-current

From January 1 to December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Additions		Disposal		Other adjustments (note 1)		Ending Balance		Pledged or guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	
Storm Venture Fund VII, L.P.	-	\$ 2,662	-	3,097	-	-	-	(719)	-	5,040	None
Thin Line Capital Fund II, L.P.	-	-	-	7,650	-	-	-	(642)	-	7,008	"
		\$ 2,662		10,747				(1,361)		12,048	

Note 1: Other adjustments comprise unrealized gains or losses of financial assets at fair value through profit and loss.

PRIMAX ELECTRONICS LTD.

Statement of changes in financial assets measure at fair value through other comprehensive income — non-current

From January 1 to December 31, 2023

(Expressed in thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning Balance		Additions		Disposal		Other adjustments (note 1)		Ending Balance		Pledged or guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	
Green Rich Technology Co., Ltd.	359	\$ -	-	-	-	-	-	-	359	-	None
Changing Information Technology Inc.	223	7,535	-	-	-	-	-	3,558	223	11,093	"
Formosoft International Inc.	11	-	-	-	-	-	-	-	11	-	"
Syntronix Corp.	7	250	-	-	-	-	-	-	7	250	"
Ricavision International Inc.	917	-	-	-	-	-	-	-	917	-	"
Grove Ventures, L.P	-	183,766	-	1,377	-	-	-	(27,073)	-	158,070	"
Grove Ventures II, L.P	-	85,267	-	10,773	-	-	-	1,105	-	97,145	"
Grove Ventures III, L.P	-	11,853	-	15,269	-	-	-	(3,395)	-	23,727	"
		\$ 288,671		27,419				(25,805)		290,285	

Note 1: Other adjustments comprise unrealized gains or losses of financial assets at fair value through other comprehensive income.

PRIMAX ELECTRONICS LTD.

Statement of changes in investment accounted for using equity method

From January 1 to December 31, 2023

(Expressed in thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning Balance		Additions		Disposal		Other adjustments		Ending Balance		Market value or book value	Pledged of guaranteed	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount (note1)	Number of shares	Percentage of holding shares			Amount
Primax Industries (Cayman Holding) Ltd.	8,147,636	\$ 7,688,347	-	-	-	-	-	-	8,147,636	100.00 %	8,221,648	8,241,194	"
Primax Technology (Cayman Holding) Ltd.	285,067	2,850,752	-	-	-	-	-	156,925	285,067	100.00 %	3,007,677	3,029,311	"
Destiny Technology Holding Co., Ltd	1,050	(2,169)	-	-	-	-	-	5,803	1,050	100.00 %	3,634	3,634	"
Primax Destiny Co., Ltd.	0.5	15,816	-	-	-	-	-	(535)	0.5	100.00 %	15,281	15,281	"
Diamond (Cayman) Holdings Ltd.	129,050	6,477,691	-	-	-	-	-	466,258	129,050	100.00 %	6,943,949	7,013,093	"
Gratus Technology Corp.	300	15,564	-	-	-	-	-	2,220	300	100.00 %	17,784	17,784	"
Primax AE (Cayman) Holdings Ltd.	48,200	61,809	-	-	-	-	-	2,527	48,200	100.00 %	64,336	64,336	"
Primax Electronics (Singapore) Pte. Ltd	40,100	722,673	-	-	-	-	-	3,642	40,100	100.00 %	726,315	735,728	"
		<u>\$ 17,830,483</u>						<u>1,170,141</u>			<u>19,000,624</u>	<u>19,120,361</u>	

Note 1: Adjustments under equity method valuation.

PRIMAX ELECTRONICS LTD.

Statement of changes in property, plant and equipment

From January 1 to December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(g) for property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to note 6(h) for right-of-use assets.

Statement of changes in investment property

Please refer to note 6(i) for investment property.

Statement of changes in intangible assets

Please refer to note 6(j) for intangible assets.

PRIMAX ELECTRONICS LTD.

Statement of notes and accounts payables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Accounts payable		
Supplier A	Purchase	\$ 64,396
Supplier B	"	57,265
Supplier C	"	43,895
Supplier D	"	25,588
Other (individual amount not exceeding 5%)	"	<u>309,551</u>
Total		<u>\$ 500,695</u>

Statement of accounts payables from related parties

Item	Description	Amount
Accounts payable		
PCH		\$ 7,032,690
PCQ		3,057,622
PKS		672,574
Other (individual amount not exceeding 5%)		<u>309,592</u>
Total		<u>\$ 11,072,478</u>

PRIMAX ELECTRONICS LTD.

Statement of long-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Bank	Description	Ending Balance	Contract Period	Range of interest rate	Credit Line	Pledged on guaranteed
E.SUN Bank	Secured bank loans	<u>\$ 707,979</u>	2021.11.22~ 2028.07.15	1.1%~1.65%	1,800,000	Yes

Statement of other payables

Item	Description	Amount
Expense payables	Research and development expense for projects and inspection	\$ 1,092,611
	Taxes related to income and tariff	357,675
	Intercompany loans	317,197
	Employee and director remuneration	217,708
	Accounts payable for pensions, labor and health insurance and employee benefits	108,380
Others (note)	Accounts payable for construction projet, service, lawyer, travel expense and freight expense	182,564
Total		<u>\$ 2,276,135</u>
Note : individual amount not exceeding 5%		

PRIMAX ELECTRONICS LTD.
Statement of other current liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Remedy received in advance		\$ 750,775
Contract liabilities	Advance sales receipts — non-related parties	160,241
Advance receipts for purchasing inventory		62,188
Other (note)		63,586
Total		<u>\$ 1,036,790</u>

Note : individual amount not exceeding 5%

Statement of other non-current liabilities

Item	Amount
Advance receipts on behalf of non-related parties	\$ 875,134
Deferred tax liabilities — non-current	353,782
Accrued pension liabilities	55,772
Other (note)	5,191
Total	<u>\$ 1,289,879</u>

Note : individual amount not exceeding 5%

PRIMAX ELECTRONICS LTD.
Statement of lease liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount rate	Ending Balance	Note
Lease liabilities — current					
	Buildings	2024.06~2035.12	2.13%~2.73%	\$ 89,013	
	Vehicles	2024.06~2026.06	1.53%~2.33%	3,435	
				<u>\$ 92,448</u>	
Lease liabilities — Non-current					
	Buildings	2028.02~2035.12	2.13%~2.67%	\$ 1,086,787	
	Vehicles	2025.02~2026.06	2.2%~2.33%	4,109	
				<u>\$ 1,090,896</u>	

Statement of operating revenue
From January 1 to December 31, 2023

Item	Quantity (in thousands)	Amount
Operating revenue:		
Computer peripherals	60,744	\$ 21,382,347
Non-Computer peripherals	26,665	12,903,430
		<u>34,285,777</u>
Less: Sales returns		(328,121)
Sales discounts		(1,318,592)
		<u>32,639,064</u>
Net service revenue		820,722
Net operating revenue		<u>\$ 33,459,786</u>

PRIMAX ELECTRONICS LTD.

Statement of operating costs

From January 1 to December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw material On January 1, 2023	\$ 337,566
Add: Purchases of raw materials	1,812,380
Gain on physical inventories	152
Less: Raw materials on December 31, 2023	(437,525)
Sales of raw material	(33,756)
Losses on disposal of raw materials	<u>(2,371)</u>
Raw materials used	1,676,446
Manufacturing overhead	<u>230,762</u>
Manufacturing cost	1,907,208
Add: Semi-finished products on January 1, 2023	56,097
Purchases of semi-finished products	477,855
Less: Semi-finished products on December 31, 2023	(57,889)
Sales of semi-finished products	(211,709)
Losses on disposal of semi-finished products	<u>(2,906)</u>
Cost of finished goods	2,168,656
Add: Finished goods and merchandises on January 1, 2023	2,445,928
Purchases of finished goods and merchandises	27,504,686
Less: Finished goods and merchandises on December 31, 2023	(2,264,887)
Losses on physical finished goods and merchandises	(1,574)
Losses on disposal of finished goods	<u>(15,664)</u>
Cost of finished goods and merchandises	29,837,145
Service costs	(127,224)
Sales of raw material and semi-finished products	245,465
Gain on inventory valuation, obsolescence and loss on physical inventories	(7,276)
Loss on disposal of inventories	<u>20,941</u>
Operating Costs	<u><u>\$ 29,969,051</u></u>

PRIMAX ELECTRONICS LTD.

Statement of selling, administrative, research and development expenses

From January 1 to December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	\$ 280,707	397,590	910,429
Depreciation and amortization expense	20,472	35,960	94,213
Service expense	70,405	56,471	19,447
Insurance expense	46,909	21,045	68,713
Storage expense	58,604	-	-
Other expense (note)	<u>134,827</u>	<u>87,215</u>	<u>180,920</u>
Total	<u><u>\$ 611,924</u></u>	<u><u>598,281</u></u>	<u><u>1,273,722</u></u>

Note : individual amount not exceeding 5%

ISO Certificate

此为证书 CN19/32211.00 译本

下述组织

东莞东聚电子电讯制品有限公司
昆山致伸东聚电子有限公司
致伸科技(重庆)有限公司

统一社会信用代码: 914419006177619998
 注册地址: 广东省东莞市石碣镇石碣村东涌路 135 号
 经营地址: 中国广东省东莞市石碣镇石碣村东涌路 135 号

的管理体系已经过审核, 并被证明符合下述要求

ISO 45001:2018

所涉及的活动范围覆盖

输入设备 (包括指纹识别模组、键盘、鼠标 (消鼠)、轨迹板、光学模块、光学触控模块、游戏手柄)、
 摄像头模组、车用摄像头、蓝牙/可携式与可移动 (穿戴式) 设备配件、充电器 (仅供出口)、扫描仪 (仅供出口)、打印机 (仅供出口)、多功能事务机 (仅供出口)、家庭办公自动化产品 (仅供出口)、耳机、智慧
 遥控产品、手机消毒器、智能门锁的制造

输入设备、绘图板、轨迹板、键盘模块、键盘、光学模块的设计与制造
 输入设备、鼠标、键盘、键盘模块、简报设备、平板专属键盘、扩展坞、触控板模块、游戏鼠标垫、无线充
 电器、遥控器的设计与制造

该证书的有效期自 2022 年 12 月 19 日 至 2025 年 12 月 18 日并须经过符合要求的监督审核保持有效
 版本号 4, 初始注册日期 2019 年 12 月 13 日
 在此范围内出具了多张证书, 主证书编号为 CN19/32211.00
 在其它场所实施的认证活动在后续页面上列出

Jonathan H. Hill

签署
 Jonathan Hill
 Global Head
 Certification Services
 SGS United Kingdom Ltd
 Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
 t +44 (0) 151 350-0666 www.sgs.com



本文件是真实的电子版证书, 仅供客户用于其商业用途。客户可自行打印, 视同副本。本文件根据 Terms and Conditions |
 SGS 中认证服务使用条款的要求颁发。请特别注意其中已包含的责任限制、赔偿和司法管辖事项。本文件受 SGS 版权保护, 任何
 未经授权的复制或分发均构成侵权。请通过以下链接访问: <https://www.sgs.com>

第 1 页 共 2 页

Certificate TW19/10729

The Energy management system of

Primax Electronics Ltd.

No. 669, Ruay Kuang Road, Nahu, Taipei, Taiwan, R.O.C.

has been assessed and certified as meeting the requirements of

ISO 50001:2018


For the following activities

The registration covers design of input devices, mouse, camera module, tablet, track pad, keyboard, keyboard module, web
 camera, smart remote product, stylus, presenter, e-dice, joystick, shaker, optical film and touch module, system products, digital
 imaging products, print and facsimile function products, analog/digital data communications equipment, wireless analog/digital data
 communications equipment, mobile computing products, scanner, multi-function printer, automatic document feeder, automatic
 stapler, home office automatic products, blue tooth/portable & mobile device accessories, image accessories, power charger,
 telephone accessories, battery charger, audio products, wireless charging module, wireless KII, IP cam, action cam, wireless audio
 amplifier, printer, thermal printer, POS accessory, cash register fiscal, smart voice assistant, fingerprint module, automotive
 electronics, optical modules, Gaming controller (gamepad) and mousepad, Phone sanitizer and Smart door lock, Docking
 Clickpad Module, Gaming Mouse Pad, Wireless Charger, Remote Controller, feet camera, body camera, gaming headset,
 surveillance camera, wearable air purifier, feet sensor, feet gateway, feet asset tracker.

This certificate is valid from 16 December 2022 until 16 December 2025 and remains valid subject to satisfactory surveillance audits.
 Issue 3. Certified since 16 December 2019.

Jonathan H. Hill

Authorised by
 Jonathan Hill
 Deputy Head
 Deputy Director
 SGS Taiwan Ltd.
 No. 136-1, Wu Kuang Road, New Taipei Industrial Park, Yui Ku District, New Taipei City 24603, Taiwan
 t +886 (0) 2293 3279 www.sgs.com



This document is an authentic electronic certificate for Client business purposes use only. Printed version of the electronic certificate are permitted and will be considered as a copy.
 This document is issued by the Company subject to SGS General Conditions of certification services available on Terms and Conditions | SGS. Alteration drawn by the Issuance
 liability, indemnification and jurisdictional clauses contained therein. This document is copyright protected and any unauthorized alteration, forgery or falsification of the content or
 appearance of this document is unlawful.

Page 1 / 1

Certificate TW22/00000993

The management system of

Primax Electronics Ltd.

No. 669, Ruay Kuang Road, Nahu, Taipei, Taiwan, R.O.C.

has been assessed and certified as meeting the requirements of

ISO 14001:2015


For the following activities

The registration covers design of input devices, mouse, camera module, tablet, track pad, keyboard, keyboard module, web
 camera, smart remote product, stylus, presenter, e-dice, joystick, shaker, optical film and touch module, system products, digital
 imaging products, print and facsimile function products, analog/digital data communications equipment, wireless analog/digital data
 communications equipment, mobile computing products, scanner, multi-function printer, automatic document feeder, automatic
 stapler, home office automatic products, blue tooth/portable & mobile device accessories, image accessories, power charger,
 telephone accessories, battery charger, audio products, wireless charging module, wireless KII, IP cam, action cam, wireless audio
 amplifier, printer, thermal printer, POS accessory, cash register fiscal, smart voice assistant, fingerprint module, automotive
 electronics, optical modules, Gaming controller (gamepad) and mousepad, Phone sanitizer and Smart door lock, Docking
 Clickpad Module, Gaming Mouse Pad, Wireless Charger, Remote Controller, feet camera, body camera, gaming headset,
 surveillance camera, wearable air purifier, feet sensor, feet gateway, feet asset tracker.

This certificate is valid from 26 October 2022 until 26 October 2025 and remains valid subject to satisfactory surveillance audits.
 Issue 1. Certified since 26 October 2022.

Jonathan H. Hill

Authorised by
 Jonathan Hill
 Global Head - Certification Services
 SGS United Kingdom Ltd
 Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
 t +44 (0) 151 350-0666 www.sgs.com



This document is an authentic electronic certificate for Client business purposes use only. Printed version of the electronic certificate are permitted and will be considered as a copy.
 This document is issued by the Company subject to SGS General Conditions of certification services available on Terms and Conditions | SGS. Alteration drawn by the Issuance
 liability, indemnification and jurisdictional clauses contained therein. This document is copyright protected and any unauthorized alteration, forgery or falsification of the content or
 appearance of this document is unlawful.

Page 1 / 1

聲明書編號 TW23/00160GG

溫室氣體查驗聲明書

2022 年溫室氣體排放資訊

致伸科技股份有限公司

台灣台北市內湖區瑞光路 669 號

經本公司依據 ISO 14064-3:2006 完成查驗並符合下列標準要求

ISO 14064-1:2018

直接溫室氣體排放量
166,8448 公噸二氧化碳當量
 間接溫室氣體排放量
19,167,9970 公噸二氧化碳當量
 直接與間接溫室氣體排放量
19,334,842 公噸二氧化碳當量

簽署人

Jonathan Hill

鮑柏宇
 知識與管理事業群副總經理
 日期: 2023年05月25日
 版次:1

TQP56A-15-6 2207
 台灣致伸科技股份有限公司
 新北市五股區(新北產業園區)五工路 136 之 1 號
 t (02) 22933279 f (02)22994453 www.sgs.com




本查驗聲明書不可篡改使用, 資料查驗範圍、日期、淨量及結論皆與真實資料一致

第 1 頁 共 1 頁

聲明書編號 TW23/00173WFP

水足跡查證聲明書

查證標的
 組織水足跡

以上之計算由

致伸科技股份有限公司

台灣台北市內湖區瑞光路 669 號

本公司確認以生命週期評估數據為基礎
 完成查驗並符合下列標準要求

ISO 14046:2014

生命週期評估範疇
 企業對企業
 簽署人

Jonathan Hill

鮑柏宇
 知識與管理事業群副總經理
 版次:1
 聲明書發證日期: 2023年05月25日

TQP56B-15-3 2207
 台灣致伸科技股份有限公司
 新北市五股區(新北產業園區)五工路 136-1 號
 t (02)22933279 f (02)22994453
 http://www.sgs.com




本查驗聲明書不可篡改使用, 資料查驗範圍、日期、淨量及結論皆與真實資料一致

第 1 頁 共 1 頁



PRIMAX

Primax  Electronics Ltd.

Chairman and General Manager
 Duh, Jia-Bin

