# Choice Development, Inc. and Subsidiaries

# Consolidated Business Statements

with Independent Auditors' Report

for the Years of 2023 and 2022

(Stock Code: 9929)

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Choice Development, Inc. and Subsidiaries

Consolidated Financial Statements

with Independent Auditors' Report for the Years of 2023 and 2022

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Choice Development, Inc.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Choice Development, Inc. as of and for the year from January 1 to December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Financial Statements and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Choice Development, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Company: Choice Development, Inc.

Director: Chen, Hui-Yu

March 13, 2024

# Independent Auditors' Report

(113) Cai-shen-bao-zi No. 23004562

To: Choice Development, Inc.

## Opinion

We have audited the consolidated financial statements of Choice Development, Inc. and Subsidiaries ("Choice Group"), which comprise the Consolidated Balance Sheets as of December 31, 2023 and 2022, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows for the years then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Choice Group and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows from January 1 to December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Key Audit Matters

Based on our professional judgment, key audit matters pertain to the most important matters in the audit of consolidated financial statements for the year ended December 31, 2023 of Choice Group. Those matters have been addressed in our audit opinion on the said non-consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually.

The key audit matters of the non-consolidated financial statements of Choice Group in 2023 are as follows:

## Key Audit Matters: Appropriateness of sales revenue cut-off

Matter descriptions

Please refer to Notes to the Consolidated Financial Statements 4 (25) and 6 (19) for the accounting policies and subject descriptions of sales revenue.

Choice Group's revenue is primarily from the sale of printed materials, and the sales revenue is recognized when the goods are delivered to the destination or when the sales customer picks up the goods. Choice Group recognizes revenue primarily based on the delivery receipt from the destination company and uses the destination company's receipt records as the basis for revenue recognition. Therefore, we have identified this as one of the key audit matter.

Audit procedures performed:

We conducted the following audit procedures in response to the key audit matters described above:

1. to understand and evaluate Choice Group's internal control procedures over sales revenue.
2. to perform a cut-off test on sales revenue transactions for the period immediately preceding and following the balance sheet date, which included a random check of the destination company's receiving records and confirmation that the recorded revenue was recorded in the appropriate period.

## Other matters – Non-Consolidated Financial Statements

Choice Development, Inc. has additionally prepared non-consolidated financial statement as of and for the financial years 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 Choice Group '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 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 auditing standards generally accepted in 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 based on these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

1. Identify and assess the risks of material misstatement of the 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Choice Group.
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 Choice Group’s ability to continue as a going concern. If we determine that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company 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 accompanying notes) and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on Choice Group. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

PwC Taiwan

CPA: Liao Fu-Ming

Lin Yi-Fan

Financial Supervisory Commission R.O.C. (Taiwan)
Approved file No.: Jin-guan-zheng-shen-zi 1090350620
Jin-guan-zheng-shen-zi 1030048544

March 13, 2024

CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and December 31, 2022

Unit: Thousands of New Taiwan Dollars

| | Assets | Note(s) | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets:** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 297,622 | 14 | $ 150,796 | 11 |
| 1110 | Current financial assets at fair value through profit or loss | 6(2) | 43,130 | 2 | 72,240 | 5 |
| 1136 | Current financial assets at amortized cost | 6(3) | 37,816 | 2 | 159,524 | 11 |
| 1150 | Notes receivable, net | 6(4) | 16,234 | 1 | 21,381 | 1 |
| 1170 | Accounts receivable, net | 6(4) | 127,230 | 6 | 107,732 | 8 |
| 130X | Current inventories | 6(5) and 8 | 75,663 | 3 | 77,154 | 5 |
| 1410 | Prepayments | | 31,139 | 1 | 24,914 | 2 |
| 1479 | Other current assets | | 2,195 | - | 1,019 | - |
| 11XX | **Total current assets** | | 631,029 | 29 | 614,760 | 43 |
| | **Non-current assets** | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 6(6) | 192,292 | 9 | 166,997 | 12 |
| 1535 | Non-current financial assets at amortized cost | 6(3) and 8 | 26,000 | 1 | 26,000 | 2 |
| 1600 | Property, plant and equipment | 6(7) and 8 | 251,710 | 11 | 263,656 | 19 |
| 1755 | Right-of-use assets | 6(9) | 984,792 | 45 | 238,364 | 17 |
| 1900 | Other non-current assets | 6(10) and 8 | 99,313 | 5 | 106,860 | 7 |
| 15XX | **Total non-current assets** | | 1,554,107 | 71 | 801,877 | 57 |
| 1XXX | **Total assets** | | $ 2,185,136 | 100 | $ 1,416,637 | 100 |

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CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and December 31, 2022

Unit: Thousands of New Taiwan Dollars

| | Liabilities and equity | Note(s) | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Current borrowings | 6(11) | $ - | - | $ 30,000 | 2 |
| 2130 | Current contract liabilities | 6(19) | 3,606 | - | 4,141 | - |
| 2150 | Notes payable | | 818 | - | 1,500 | - |
| 2170 | Accounts payable | | 65,339 | 3 | 58,580 | 4 |
| 2200 | Other payables | 6(13) | 189,613 | 9 | 102,363 | 7 |
| 2230 | Current tax liabilities | | 878 | - | - | - |
| 2280 | Current lease liabilities | 6(9) | 168,701 | 8 | 160,311 | 12 |
| 2399 | Other current liabilities, others | | 5,407 | - | 7,724 | 1 |
| 21XX | **Total current liabilities** | | 434,362 | 20 | 364,619 | 26 |
| | **Non-current liabilities** | | | | | |
| 2540 | Non-current portion of non-current borrowings | 6(12) | 8,720 | - | 8,720 | 1 |
| 2580 | Non-current lease liabilities | 6(9) | 872,057 | 40 | 94,480 | 7 |
| 2640 | Net defined benefit liability, non-current | 6(14) | 987 | - | 852 | - |
| 2670 | Other non-current liabilities, others | 6(15) | 22,711 | 1 | 22,630 | 1 |
| 25XX | **Total non-current liabilities** | | 904,475 | 41 | 126,682 | 9 |
| 2XXX | **Total liabilities** | | 1,338,837 | 61 | 491,301 | 35 |
| | **Equity** | | | | | |
| | **Equity attributable to owners of parent** | | | | | |
| | Share capital | | | | | |
| 3110 | Ordinary share | 6(16) | 1,012,800 | 46 | 1,012,800 | 71 |
| | Retained earnings | 6(18) | | | | |
| 3310 | Legal reserve | | 10,084 | 1 | 8,929 | 1 |
| 3320 | Special reserve | | 50,242 | 2 | 39,845 | 3 |
| 3350 | Unappropriated retained earnings (accumulated deficit) | | ( 104,585) | ( 5) | 11,552 | 1 |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | ( 155,092) | ( 7) | ( 206,042) | ( 15) |
| 31XX | **Total equity attributable to owners of parent** | | 813,449 | 37 | 867,084 | 61 |
| 36XX | **Non-controlling interests** | 4(3) | 32,850 | 2 | 58,252 | 4 |
| 3XXX | **Total equity** | | 846,299 | 39 | 925,336 | 65 |
| | Material contingent liabilities and unrecognized contractual commitments | 9 | | | | |
| | Significant subsequent events | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 2,185,136 | 100 | $ 1,416,637 | 100 |

The attached notes to the consolidated financial statements are part of this consolidated financial report. Please refer to them together.

Chairman: Chen, Hui-Yiu Manager: Chen, Hung-Pin Accounting supervisor: Lee, Chen-Hua

CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
January 1 ~ December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars
(Except Earnings Per Share)

| | Accounting Title | Note(s) | FY2023 Amount | FY2023 % | FY2022 Amount | FY2022 % |
|---|---|---|---|---|---|---|
| 4000 | Operating revenue | 6(19) and 7 | $ 701,308 | 100 | $ 604,066 | 100 |
| 5000 | Operating costs | 6(5)(24) | ( 630,898) | ( 90) | ( 508,486) | ( 84) |
| 5950 | Gross profit (loss) from operations | | 70,410 | 10 | 95,580 | 16 |
| | Operating expenses | 6(24) and 7 | | | | |
| 6100 | Selling expenses | | ( 32,024) | ( 5) | ( 33,051) | ( 5) |
| 6200 | Administrative expenses | | ( 44,646) | ( 6) | ( 45,879) | ( 8) |
| 6450 | Expected credit loss | 12(2) | ( 116) | - | 283) | - |
| 6000 | Total operating expenses | | ( 76,786) | ( 11) | ( 79,213) | ( 13) |
| 6900 | Net operating income (loss) | | ( 6,376) | ( 1) | 16,367 | 3 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest Income | 6(20) | 9,340 | 2 | 2,307 | - |
| 7010 | Total other income | 6(21) | 9,226 | 1 | 14,444 | 3 |
| 7020 | Other gains and losses, net | 6(22) | ( 130,931) | ( 19) | ( 130,820) | ( 22) |
| 7050 | Finance costs, net | 6(23) | ( 21,389) | ( 3) | ( 10,810) | ( 2) |
| 7000 | Total non-operating income and expenses | | ( 133,754) | ( 19) | ( 124,879) | ( 21) |
| 7900 | **Total non-operating income and expenses** | | ( 140,130) | ( 20) | ( 108,512) | ( 18) |
| 7950 | Total tax expense (income) | 6(25) | ( 878) | - | ( 211) | - |
| 8200 | **Profit (loss)** | | ($ 141,008) | ( 20) | ($ 108,723) | ( 18) |
| | **Other comprehensive income, net** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 6(14) | $ 742 | - | $ 1,562 | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(6) | 52,713 | 7 | ( 47,487) | ( 8) |
| 8300 | **Other comprehensive income, net** | | $ 51,971 | 7 | ($ 45,925) | ( 8) |
| 8500 | **Total comprehensive income** | | ($ 89,037) | ( 13) | ($ 154,648) | ( 26) |
| | Profit (loss), attributable to: | | | | | |
| 8610 | Profit (loss), attributable to owners of parent | | ($ 105,606) | ( 15) | ( $ 82,835) | ( 14) |
| 8620 | Profit (loss), attributable to non-controlling interests | | ( 35,402) | ( 5) | ( 25,888) | ( 4) |
| | | | ($ 141,008) | ( 20) | ($ 108,723) | ( 18) |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Comprehensive income, attributable to owners of parent | | ($ 53,635) | ( 8) | ($ 128,760) | ( 22) |
| 8720 | Comprehensive income, attributable to non-controlling interests | | ( 35,402) | ( 5) | ( 25,888) | ( 4) |
| | | | ($ 89,037) | ( 13) | ($ 154,648) | ( 26) |
| | Basic earnings per share | | | | | |
| 9750 | Total basic earnings per share | 6(26) | ($ 1.04) | | ($ 0.82) | |
| | Diluted earnings per share | | | | | |
| 9850 | Total diluted earnings per share | | ($ 1.04) | | ($ 0.82) | |

The attached notes to the consolidated financial statements are part of this consolidated financial report. Please refer to them together.

Chairman: Chen, Hui-Yu Manager: Chen, Hung-Pin Accountant Supervisor: Lee, Chen-Hua

CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
January 1 ~ December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

| | Note(s) | Equity attributable to owners of parent | | | | | | | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings | | | Other equity interest | | | | |
| | | Common stock | Legal reserve | Special reserve | Unappropriated Earnings | Unrealized Gain or Loss on Financial Assets at fair value through other comprehensive income | Appreciation in Revaluation on estate | Total | | |
| **2022** | | | | | | | | | | |
| Balance at January 1, 2022 | | $ 1,012,800 | $ 8,164 | $ - | $ 40,610 | ($ 158,465 ) | $ 92,735 | $ 995,844 | $ 84,140 | $ 1,079,984 |
| Profit for the year | | - | - | - | ( 82,835 ) | - | - | ( 82,835 ) | ( 25,888 ) | ( 108,723 ) |
| Other comprehensive income (loss) for the year | 6(6) | - | - | - | 1,562 | ( 47,487 ) | - | ( 45,925 ) | - | ( 45,925 ) |
| Total comprehensive income (loss) for the year | | - | - | - | ( 81,273 ) | ( 47,487 ) | - | ( 128,760 ) | ( 25,888 ) | ( 154,648 ) |
| 2021Appropriation and distribution of retained earnings: | 6(18) | | | | | | | | | |
| Legal reserve appropriated | | - | 765 | - | ( 765 ) | - | - | - | - | - |
| Cash dividends | | - | - | 39,845 | ( 39,845 ) | - | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(6) | - | - | - | 90 | ( 90 ) | - | - | - | - |
| Derecognition of investment property | 6(8) | - | - | - | 92,735 | - | ( 92,735 ) | - | - | - |
| Balance on December 31, 2022 | | $ 1,012,800 | $ 8,929 | $ 39,845 | $ 11,552 | ( 206,042 ) | $ - | $ 867,084 | $ 58,252 | $ 925,336 |
| **2023** | | | | | | | | | | |
| Balance on January 1, 2023 | | $ 1,012,800 | $ 8,929 | $ 39,845 | $ 11,552 | ($ 206,042 ) | $ - | $ 867,084 | $ 58,252 | $ 925,336 |
| Profit for the year | | - | - | - | ( 105,606 ) | - | - | ( 105,606 ) | ( 35,402 ) | ( 141,008 ) |
| Other comprehensive income (loss) for the year | 6(6) | - | - | - | ( 742 ) | 52,713 | - | 51,971 | - | 51,971 |
| Total comprehensive income (loss) for the year | | - | - | - | ( 106,348 ) | 52,713 | - | ( 53,635 ) | ( 35,402 ) | ( 89,037 ) |
| 2022Appropriation and distribution of retained earnings: | 6(18) | | | | | | | | | |
| Legal reserve appropriated | | - | 1,155 | - | ( 1,155 ) | - | - | - | - | - |
| Cash dividends | | - | - | 10,397 | ( 10,397 ) | - | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(6) | - | - | - | 1,763 | ( 1,763 ) | - | - | - | - |
| Change of non-controlling Interest | 4(3) | - | - | - | - | - | - | - | 10,000 | 10,000 |
| Balance on December 31, 2023 | | $ 1,012,800 | $ 10,084 | $ 50,242 | $ 104,585 | ( 155,092 ) | $ - | $ 813,449 | $ 32,850 | $ 846,299 |

The attached notes to the consolidated financial statements are part of this consolidated financial report. Please refer to them together.

Chairman: Chen, Hui-Yu Manager: Chen, Hung-Pin Accountant Supervisor: Lee, Chen-Hua

CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
January 1 ~ December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

| | Note(s) | Jan. 1 ~ Dec. 31 2023 | Jan. 1 ~ Dec. 31 2022 |
|---|---|---|---|
| Cash flows from (used in) operating activities | | | |
| Profit (loss) before tax | | ($ 140,130) | $ 108,512 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 6(2)(22) | ( 24,013) | 10,040 |
| Expected credit loss (gain) | 12(2) | 116 | 283 |
| Depreciation expense | 6(7)(24) | 12,386 | 17,026 |
| Right-of-use asset depreciation expense | 6(9)(24) | 109,107 | 7,772 |
| Interest expense | 6(23) | 21,389 | 10,810 |
| Amortization expense | 6(24) | 72 | 205 |
| Interest income | 6(20) | ( 9,340) | ( 2,307) |
| Other income(s) | 6(21) | - | ( 11,770) |
| Loss on lease modification | 6(8)(9)(22) | | 133,757 |
| Litigation loss | 9(1) | 89,219 | - |
| Loss (gain) on disposal of property, plant and equipment | 6(22) | ( 195) | ( 227) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | 5,147 | 1,256 |
| Accounts receivable | | ( 19,614) | 5,397 |
| Accounts receivable due from related parties | | - | 479 |
| Inventories | | 1,491 | ( 23,846) |
| )Prepayments | | ( 6,225) | 615 |
| Other current assets | | ( 433) | 162 |
| Changes in operating assets | | 8,014 | - |
| Contract liabilities, current | | ( 535) | 1,389 |
| Notes payable | | ( 682) | ( 5) |
| Accounts payable | | 6,759 | ( 3,511) |
| Other payable | | ( 1,924) | ( 20,182) |
| Other current liabilities | | ( 2,317) | 3,331 |
| Net defined benefit liability, non-current | | ( 607) | ( 1,657) |
| Cash inflow (outflow) generated from operations | | 47,685 | 17,739 |
| Income taxes paid | | ( 812) | ( 1,871) |
| Net cash flows from (used in) operating activities | | 46,873 | 15,868 |

(Continued on next page)

CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
January 1 ~ December 31, 2023 and 2022

Unit: Thousands of New Taiwan Dollars

| | Note(s) | Jan. 1 ~ Dec. 31 2023 | Jan. 1 ~ Dec. 31 2022 |
|---|---|---|---|
| Cash flows from (used in) investing activities | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | $ 53,123 | ($ 2,766) |
| Proceeds from Proceeds from disposal of financial assets at fair value through other comprehensive income | 6(6) | 27,418 | 390 |
| Capital deducted by cash of financial assets at fair value through other comprehensive income | 6(6) | - | 200 |
| Financial assets measured at amortized cost, current (decrease) increase | | 121,708 | (159,524) |
| Financial assets measured at amortized cost, non-current (decrease) increase | | - | 2,000 |
| Proceeds from disposal of property, plant and equipment | | 195 | 1,395 |
| Acquisition of property, plant, and equipment | 6(7) | (440) | (6,897) |
| Other non-current assets | | (68) | 508 |
| Interest received | | 9,409 | 2,081 |
| Decrease in refundable deposits | | (471) | 77 |
| Collection from derecognition of investing property | 6(8) | - | 150,268 |
| Cash provided by (used in) investing activities. | | 210,874 | (12,268) |
| Cash flows from (used in) financing activities | | | |
| Increase (decrease) in short-term loans | 6(27) | (30,000) | (30,000) |
| Increase in guarantee deposits received | | 81 | - |
| Increase (decrease) in other non-current liabilities | | - | 25 |
| Interest paid | | (459) | (900) |
| Proceeds from long-term loans | 6(27) | - | 8,720 |
| Cash Capital Increase | 4(3) | 10,000 | - |
| Repayments of lease liabilities | 6(27) | (90,543) | (8,894) |
| Net cash flows from (used in) financing activities | | (110,921) | (31,049) |
| Net decrease in cash and cash equivalents | | 146,826 | (24,683) |
| Cash and cash equivalents at beginning of period | | 150,796 | 175,479 |
| Cash and cash equivalents at end of period | | $ 297,622 | $ 150,796 |

The attached notes to the consolidated financial statements are part of this consolidated financial report. Please refer to them together.

Chairman:：Chen, Hui-Yu Manager: Chen, Hung-Pin Accountant Supervisor: Lee, Chen-Hua

CHOICE DEVELOPMENT, INC. AND SUBSIDIARIES

# Notes to the Consolidated Financial Statements

FY2023 and FY2022

Unit: Thousands of New Taiwan Dollars
(Unless Otherwise Specified)

1. Company History

Choice Development, Inc. ("the Company") formerly known as Choice Lithograph Inc., was founded, and started to operate in 1976, renamed into Choice Development, Inc. on June 23, 2020. The company officially listed on Taiwan Stock Exchanged in 1999. The company and subsidiaries ("the Group") is engaged in printing, paper folding and binding, photography, design, retail sale of medical equipment, general advertising services and Industrial Factory Development and Rental etc.

2. Approval date and procedures of the financial statements

The Board of Directors approved and issued the consolidated financial statements on March 13, 2024.

3. New standards, amendments and interpretations adopted.

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (FSC) which have already been adopted.

The following table summarizes the new, revised or amended standards and interpretations of IFRSs applicable for 2023 that have been endorsed and published by the FSC and are effective:

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB |
|---|---|
| Amendments to IAS 1 "Disclosure of Accounting Policy" | January 1, 2023 |
| Amendments to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 |
| Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a. Single Transaction" | January 1, 2023 |
| Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules" | May 23, 2023 |

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

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

The following table summarizes the new, revised or amended standards and interpretations of IFRSs applicable for 2024:

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB |
|---|---|
| Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback" | January 1, 2024 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 & IFRS 7 "Supplier Finance Arrangements" | January 1, 2024 |

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(3) The impact of IFRSs issued by IASB but not yet endorsed by FSC

The following table summarizes the new, revised or amended standards and interpretations of IFRSs issued by IASB but not yet endorsed by FSC:

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB |
|---|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture" | To be decided by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS No. 17 and IFRS No. 9 - Comparative Amendments" | January 1, 2023 |
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 |

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

4. Summary of significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements unless otherwise specified.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (hereinafter referred to as IFRSs) endorsed by the Financial Supervisory Commission, R.O.C.

(2) Basis of preparation

A. The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:
   (a) Financial assets at fair value through profit or loss are measured at fair value;
   (b) Financial assets at fair value through other comprehensive income are measured at fair value;
   (c) Defined benefit liability recognized as the net amount of pension fund assets minus the Present Value of a Defined Benefit Obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and management's judgement in the process of applying the Group's accounting policies; items involving a higher degree of judgement or complexity, or items involving significant assumptions and estimates in the consolidated financial statements are described in Note 5.

(3) Basis of Consolidation

A. Principles of preparation of the consolidated financial statements

(a) The Group includes all its subsidiaries in the preparation of the consolidated financial statements as an entity. Subsidiaries means an entity (including a structured entity) under the control of the Group, which controls the entity when the Group is exposed to variable remuneration from participation in the entity or has rights to such variable remuneration and can influence such remuneration through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date the Group obtains control, and the consolidation ceases on the date control is lost.

(b) Significant intra-group transactions, balances and unrealized gains and losses have been eliminated.

(c) The components of profit or loss and other comprehensive income are equity attributable to the owners of the parent and non-controlling interests; the total amount of comprehensive income is also the equity attributable to the owners of the parent and non-controlling interests, even if this results in a loss balance for non-controlling interests.

(d) Changes in the shareholding of subsidiaries that do not result in a loss of control (as in the case of transactions with non-controlling interests) are treated as equity transactions, that is, as transactions with owners. The difference between the fair value of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the financial asset or the cost of the investment in the affiliate or joint venture, and the difference between the fair value and the carrying amount is recognized in profit or loss for the period. All amounts previously recognized in other comprehensive income relating to such subsidiaries are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities, i.e. if a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss when control over the subsidiaries is lost.

B. List of subsidiaries in the consolidated financial statements:

| Name of investor | Name of subsidiary | Principal activity | Shareholding % Dec. 31, 2023 | Shareholding % Dec. 31, 2022 | Note |
|---|---|---|---|---|---|
| Choice Development, Inc. | Omni Media Int’l Inc. | General Advertising Services | 81.19% | 81.19% | |
| Choice Development, Inc. | Choice Property Management Inc. | Housing & Building Development and Rental | 60.00% | 60.00% | Note1 |
| Omni Media Int’l Inc. | Kwong Fong Industries Corp. | Real Estate Development | - | 100.00% | Note2 |

Note 1: Choice Property Management Inc. has subscribed 1,500 thousand shares ($15,000) according to its shareholding ratio after the Board of Directors decided to handle the cash capital increase $25,000 on January 4, 2023, and the rest $10,000 has been subscribed by noncontrol interest.

Note 2: Kwong Fong Industries Corp. was dissolved with the approval of Taipei City Government on September 2, 2022 and the liquidation process has been completed on April 21, 2023.

C.Subsidiaries excluded from the consolidated financial statements: None.

D.Adjustment and treatment methods for different accounting periods of subsidiaries: None.

E.Major restrictions: None.

F.Subsidiaries with significant non-controlling interests in the Group: The total non-controlling interests of the Group on December 31, 2023 and 2022 were $32,850 and $58,252 respectively. The non-controlling interests and subsidiaries that are material to the Group are listed below Information:

| | | Non-controlling interests | | | | |
|---|---|---|---|---|---|---|
| | | December 31, 2023 | | December 31, 2022 | | |
| Name of subsidiary | Location | Amount | % | Amount | % | explanation |
| Omni Media International Incorporation | Taiwan | $19,786 | 18.81% | $52,859 | 18.81% | |

Aggregate Financial Information of Subsidiaries:

(a) Balance Sheet

| | Omni Media International Incorporation Dec. 31, 2023 | Omni Media International Incorporation Dec. 31, 2022 |
|---|---|---|
| Current assets | $ 176,078 | $ 206,782 |
| Non-current assets | 1,093,497 | 350,091 |
| Current liabilities | ( 278,110 ) | ( 176,391 ) |
| Non-current liabilities | ( 886,292 ) | ( 99,510 ) |
| Total net assets | $ 105,173 | $ 280,972 |

(b) Consolidated Income Statement

| | Omni Media International Incorporation | |
|---|---|---|
| | FY2023 | FY2022 |
| Revenues | $ 118,833 | $ 34,387 |
| Loss before income tax | ( 175,799 ) | ( 127,389 ) |
| Income tax benefit | - | 9 |
| Loss | ($ 175,799) | ($ 127,380) ) |
| | | |
| Other comprehensive income, after tax | - | - |
| Total comprehensive income | ($ 175,799 ) | ($ 127,380 ) |
| Comprehensive income, attributable to non-controlling interests | ($ 33,073 ) | ($ 23,811 ) |

(c) Cash Flows

| | Omni Media International Incorporation | |
|---|---|---|
| | FY 2023 | FY2022 |
| Cash provided by operating activities | $ 32,011 | $ 2,804 |
| Cash provided by (used in) investing activities | 128,583 | ( 7,223 ) |
| Cash used in financing activities | ( 81,415 ) | - |
| Net increase (decrease) in cash and cash equivalents | 79,179 | ( 4,419 ) |
| Cash and cash equivalents at beginning of year | 14,739 | 19,158 |
| Cash and cash equivalents at end of year | $ 93,918 | $ 14,739 |

(4) Foreign currency conversion

Each item in the Group's non-consolidated financial statements is measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The consolidated financial statements are presented with the Group's functional currency "Taiwan Dollar" as the presentation currency.

Foreign currency transactions and balance

A. Foreign currency transactions are converted into functional currency at the spot exchange rate on the trading day or measurement date. Except for those that are deferred to other comprehensive income in line with cash flow hedging and net investment hedging, the translation differences arising from the conversion of these transactions are recognized as current profit and loss.

B. The balances of foreign currency assets and liabilities are adjusted at the spot rate at the balance sheet date and the translation difference arising from the adjustment is recognized as current profit or loss.

C. For the balance of non-monetary assets and liabilities, if it is measured by fair value through profit or loss, it shall be adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized as current profit or loss; if is measured at fair value through other comprehensive income, adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in other comprehensive income items; if it is not measured by fair value, it shall be measured by the historical exchange rate of the initial trading day.

D. All other exchange profits and losses are reported under "Other Profits and Losses" in the comprehensive income statement according to the nature of the transaction.

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

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

   (a) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
   (b) It is held primarily for the purpose of trading;
   (c) It is expected to be realized within twelve months after the reporting period; or
   (d) 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 noncurrent.

B. An entity shall classify a liability as current when:

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

(6) Cash and cash equivalents

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. The saving deposits which satisfied the definition above and held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, are reported as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL.

B. The Group adopts trading day accounting for financial assets measured at fair value through profit and loss in accordance with customary transactions.

C. The Group measures it at fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss, and subsequently measured at fair value, with the benefit or loss recognized in profit or loss.

D. The Group recognizes dividend income in profit or loss when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow in, and the amount of the dividend can be measured reliably.

(8) <u>Fair value through other comprehensive income (FVOCI)</u>

A. Refers to an irrevocable choice made at the time of original recognition to present the fair value changes of equity instrument investments not held for trading in other comprehensive income:

(a) Holding the financial assets in a business mode for the purpose of collecting contracted cash flows and selling them.

(b) The cash flows generated from the contractual terms of the financial asset on a specified date is entirely the payment of principal and interest on the outstanding principal amount.

B. The Group adopts trading day accounting for financial assets that meet trading practices and are measured at a fair value based on other comprehensive income.

C. At the time of original recognition, the Group measured it at its fair value plus transaction costs, and subsequently measured it at its fair value:

Changes in fair value of equity instruments are recognized in other comprehensive income. On derecognition, cumulative gains or losses previously recognized in other comprehensive income are not subsequently reclassified to profit or loss and are transferred to retained earnings. The Group recognizes dividend income in profit or loss when the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow and the amount of the dividends can be measured reliably.

(9) <u>Financial assets measured at amortized cost</u>

A. A financial asset meets following conditions:

(a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. The Group adopts trading day accounting for financial assets measured at amortized cost that conform to trading practices.

C. At the time of original recognition, the Group measured it at its fair value plus transaction costs, and subsequently used the effective interest method to recognize interest income and impairment losses during the circulation period according to the amortization procedure and recognized the benefits or losses in profit or loss during derecognition.

D. The Group holds time deposits that do not meet cash equivalents. Since the holding period is short, the impact of discounting is not significant and is measured by the investment amount.

(10) <u>Accounts and Notes receivable</u>

A. Refers to the accounts and bills that have the unconditional right to receive the consideration amount in exchange for the transfer of goods or services in accordance with the contract.

B. Refers to the short-term accounts receivable and bills that have not paid interest, because the impact of discounting is not significant, the Group measured it by the original invoice amount.

(11) Impairment of financial assets

At each balance sheet date, the Group considers all reasonable and supportable information (including prospective ones) on the financial assets measured at amortized cost and, for those whose credit risk has not increased significantly since the original designation, allowance loss is measured by 12-month expected credit loss; for those whose credit risk has increased significantly since the original recognition, the allowance loss is measured by the amount of expected credit loss during the duration; for accounts receivable or contract assets that do not contain significant financial components, the allowance loss is measured by the expected credit loss amount during the duration.

(12) Derecognition of financial assets

When the Group's contractual right to receive the cash flow from the financial asset expires, it will derecognize the financial asset.

(13) Lessor's Lease Transactions - Operating Leases

Lease income from operating leases, net of any incentives given to the lessee, is amortized on a straight-line basis over the lease term and recognized as current profit or loss.

(14) Inventories

Inventories are measured by the lower of cost and net realizable value using the perpetual inventory system; cost is determined using the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and production related manufacturing overheads, but excludes borrowing costs. When comparing the lower of cost and net realizable value, the item-by-item comparison method shall be adopted; net realizable value refers to the balance after deducting relevant variable sales expenses from the estimated selling price in the normal course of business.

(15) Property, plant, and equipment

A. Real estate, plant and equipment are recorded on an acquisition cost basis and are capitalized with interest incurred during the purchase and construction period.

B. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when the future economic benefits associated with the project are likely to flow into the Group and the cost of the project can be reliably measured. The carrying amount of the replaced portion should be derecognized. All other maintenance costs are recognized in profit or loss as incurred.

C. Property, plant, and equipment are subsequently measured using the cost model and are depreciated on a straight-line basis over their estimated useful lives, except for land, which is not depreciated. Separate depreciation is provided for each component of property, plant, and equipment if it is significant.

D. The Group reviews the salvage value, useful life, and depreciation method of each asset at the end of each financial year. If the expected value of the salvage value and service life is different from the previous estimate, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly, then the change shall be treated in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors from the date of the change. The useful life of each asset is as follows:

| | |
|---|---|
| Building | 3 years ~ 45 years |
| Machinery and equipment | 2 years ~ 15 years |
| Transportation equipment | 5 years |
| Office equipment | 2 years ~ 15 years |
| Leasehold improvements | 2 years ~ 5 years |
| Other equipment | 2 years ~ 5 years |

(16) Lessee's lease transactions - right-of-use assets/lease liabilities

A. The leased assets are recognized as use assets and lease liabilities on the date they become available to the Group. When the lease contract is a short-term lease or a lease of an underlying asset of low value, the payment of the lease is recognized as an expense by the straight-line method during the lease term.

B. The lease liability is recognized as the present value of the outstanding lease benefits discounted at the Group's increased borrowing rate on the commencement date of the lease. The lease payments include the following:

(a) Fixed payments, less any rental incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

Subsequent adoption of the interest method is measured by the amortized cost method, and interest expenses are provided during the lease period. When the lease term or lease payment changes due to non-contract modification, the lease liability will be reassessed, and the remeasurement amount will be adjusted to the right-of-use asset.

C. The right-of-use asset is recognized at cost on the lease commencement date, and the cost include:

(a) original measurement amount of lease liabilities;
(b) any lease payments made on or before the commencement date; and
(c) any original direct costs incurred.

Subsequent measurement is made using the cost model, and depreciation expenses are provided when the useful life of the right-of-use asset expires or when the lease period expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

D. 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.

(17) Impairment of non-financial assets

A. The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date and recognizes the impairment loss when the recoverable amount is lower than its carrying amount. The recoverable amount refers to the fair value of an asset less the cost of disposal or its value in use, whichever is higher. Except for goodwill, when the asset impairment recognized in the previous year does not exist or decreases, the impairment loss shall be reversed, provided that the carrying amount of the asset increased by the reversed impairment loss does not exceed the carrying amount of the asset reduced by depreciation or amortization if the impairment loss had not been recognized.

B. Goodwill is estimated periodically at its recoverable amount. When the recoverable amount is less than its book value, an impairment loss is recognized. An impairment loss on goodwill is not reversed in subsequent years.

C. Goodwill is allocated to cash-generating units for the purposes of impairment testing. This allocation is based on the operating segment's identification of the cash-generating unit, or group of cash-generating units, that is expected to benefit from the business combination in which the goodwill arose.

(18) Borrowings

Borrowings are measured at fair value less transaction costs at the time of original recognition, and any difference between the price and the redemption value after deducting transaction costs is then measured by the effective interest method at the amortized cost during the borrowing period.

(19) Accounts and notes payable

A. Refers to debts incurred due to the purchase of raw materials, commodities, or services on credit, and notes payable incurred due to business and non-business.

B. They are short-term accounts payable and notes that are unpaid interests, and this Group measured at the original invoice amount because the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

The Group derecognizes financial liabilities upon performance, cancellation or maturity of the obligations contained in the contracts.

(21) Employee benefits

A. Short term employee benefits

Short-term employee benefits are measured at non-discounted amounts expected to be paid and are recognized as an expense when the related service is rendered.

B. Pension

(a) Defined contribution plans

For the defined contribution plan, the amount of the pension fund that should be contributed is recognized as the current pension cost on the accrual basis. Prepaid contributions are recognized as assets to the extent that they are refundable in cash or reduce future benefits.

(b) Defined benefit plans

i. The net obligation under defined benefit plans is calculated by discounting the number of future benefits earned by employees in the current period or past service and deducting the fair value of the plan assets from the present value of the defined benefit obligations on the balance sheet date. The net obligation of defined benefit is calculated annually by the actuary using the Projected Unit Credit Method; the discount rate is the market yield of government bonds (on the balance sheet date) that match the currency and period of the defined benefit plans on the balance sheet date.

ii. The remeasurement amount generated by defined benefit plans is recognized in other comprehensive income in the current period and expressed in retained earnings.

iii. The expenses related to the previous service cost are immediately recognized as profit or loss.

(c) Post-employment Benefits

Post-employment Benefits are benefits provided when the employee's employment is terminated before the normal retirement date, or when the employee decides to accept the company's offer of benefits in exchange for termination of employment. The Group recognizes expenses when the offer of Post-employment Benefits can no longer be withdrawn, or upon recognition of related restructuring costs, whichever comes first Benefits that are not expected to be fully repaid 12 months after the balance sheet date should be discounted.

(d) Remuneration of employees and remuneration of directors and supervisors

Remuneration of employees and remuneration of directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation, and the amount can be reasonably estimated. If there is any difference between the actual allotment amount and the estimated amount in subsequent resolution, it shall be treated as a change in accounting estimate.

(22) Income tax

A. Income tax includes current and deferred income tax. Income tax is recognized in profit or loss, except that income tax related to items included in other comprehensive income or directly included in equity, which are included in other comprehensive income or directly included in equity, respectively.

B. The Group calculates the income tax for the current period based on the tax rate that has been legislated or substantively legislated on the balance sheet date in the country where the Group operates and generates taxable income. Management regularly assesses the status of income tax declarations for applicable income tax regulations and, where applicable, estimates income tax liabilities based on expected tax payments to tax authorities. For the income tax levied on the undistributed earnings according to the Income Tax Act will be recognized undistributed earnings income tax expense on the actual distribution of earnings after the shareholder meeting approves the earnings distribution plan in the year following the year in which the earnings is generated

C. The deferred income tax is recognized on the basis of temporary differences between the tax basis of assets and liabilities and their carrying amounts in the consolidated balance sheets using the balance sheet approach. Deferred income tax liabilities arising from goodwill are not recognized, and deferred income tax is not recognized if it arises from the original recognition of an asset or liability in a transaction (other than a business merger) that does not affect the accounting profit or taxable income (tax loss) at the time of the transaction. The temporary differences arising from investment in subsidiaries will not be recognized if the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax adopts the tax rate (and tax law) as of the balance sheet date when legislation is enacted or materially enacted and the deferred income tax assets are realized or the deferred income tax liabilities are liquidated.

D. Deferred income tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.

(23) Capital

Common stocks are classified as equity. The net amount of incremental cost directly attributable to the issuance of new shares or stock options after deducting the income tax shall be recognized as price deductions in equity.

(24) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders resolve to distribute the dividends, and cash dividends are recognized as a liability.

(25) Revenue Recognition

A. Merchandising

(a) The Group manufactures and sells products related to the printing industry, electronic components, and medical devices; sales revenue is recognized when the control of the products is transferred to the customer, that is when the product is delivered to the customer, the customer has discretion over the access and price of the product and the Group has no outstanding obligations that may affect the customer's acceptance of the product. Delivery of goods occurs when the product has been delivered to the specified location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract or there is objective evidence that all acceptance criteria have been met.

(b) Sales revenue is recognized based on contract prices less discounts on sales. The recognized amount of income is limited to the part that is highly unlikely to have a significant reversal in the future, and the estimate is updated on each balance sheet date. The terms of collection for sales transactions are contractually agreed on an individual basis. The Group did not adjust the transaction price to reflect the time value of money because the time interval between the goods or services promised by transfer to the customer and the customer's payment did not exceed one year.

(c) Accounts receivable is recognized when the goods are delivered to the customer, because the Group has an unconditional right to the contract price from that point on, and the consideration can be collected from the customer only after time passes.

B. Service revenue

The Group provides advertising production and placement services; sales revenue is recognized when the project (performance obligation) is completed and delivered to the customer. Revenue is measured at the fair value of the consideration agreed between the Company and the buyer and is recognized when the contractual obligation is satisfied. The contract price is paid in accordance with the agreed payment schedule and is recognized as a contract asset when the services provided by the Group exceed the amount due from the customer, or as a contract liability when the amount due from the customer exceeds the amount of services provided by the Group.

(26) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that it will receive the grant. Where the nature of government grants is to compensate the Group for costs incurred, government grants are recognized as current profit and loss on a systematic basis over the period in which the relevant costs are incurred.

(27) Operating Department

The Group's Operating Department information is reported in a consistent manner with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the Operating Department and evaluating its performance. The chief operating decision maker for the Group is identified as the Board of Directors.

5. Significant accounting assumptions and judgments, and major sources

In preparing these consolidated financial statements, no significant accounting judgement has been involved in the process of applying the accounting policies. Management has used its judgement in determining the accounting policies to be used and has made accounting estimates and assumptions that are based on reasonable expectations of future events under the circumstances at the balance sheet date. Significant accounting estimates and assumptions made that may differ from actual results are continually evaluated and adjusted, considering historical experience and other factors. The Group has no significant accounting judgments, estimates and assumptions that are uncertain.

6. Explanation of significant accounts

(1) Cash and cash equivalents

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Cash and cash equivalents | $ 810 | $ 810 |
| Cash on hand and revolving funds | 176,338 | 141,344 |
| Deposit account | 120,474 | 8,642 |
| | $ 297,622 | $ 150,796 |

A. The Group's dealings with financial institutions are of good credit quality and the Group's dealings with several financial institutions diversify its credit risk and the likelihood of default is expected to be low.

B. For the situation that the Group provides bank deposits as pledge guarantee, please refer to Note 8, which lists Financial Assets measured at amortized cost and Other Non-current assets.

(2) Financial assets at fair value through profit or loss

| Item | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Current items: | | |
| Mandatorily measured at fair value through profit or loss | | |
| Stocks listed on domestic markets | $ 36,063 | $ 81,616 |
| Adjustments for change in value | 7,067 | ( 9,376 ) |
| | $ 43,130 | $ 72,240 |

A. The details of financial asset at fair value through profit or loss recognized in profit and loss are as follows:

| | 2023 | 2022 |
|---|---|---|
| Mandatorily measured at fair value through profit or loss | | |
| Equity Instrument | $ 24,013 | ($ 10,040 ) |

B. The Group has not pledged any financial assets at fair value through profit or loss.

(3) Financial Assets measured at amortized cost

| Item | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Current items: | | |
| Time deposits with a maturity of more than three months | $ 37,816 | $ 159,524 |
| Fixed deposit interest rate range | 1.31% | 4.35%~4.7% |
| Non-current items: | | |
| Pledge fixed deposit | $ 26,000 | $ 26,000 |
| Fixed deposit interest rate range | 0.74%~1.59% | 0.06%~1.465% |
| Period | 3.1.2022~3.1.2025 | 3.1.2022~3.1.2025 |

A. The details of financial Assets measured at amortized cost recognized in profit and loss are as follows:

| | FY2023 | FY2022 |
|---|---|---|
| Interest revenue | $ 2,237 | $ 1,607 |

B. Without taking into account collateral held or other credit enhancements, the most representative financial assets held by the Group measured at amortized cost on December 31, 2023 and 2022 are equal to the carrying amount of the largest credit risk exposures respectively.

C. Please refer to Note 8 for details of the Group providing financial assets measured at amortized cost as pledge guarantee.

D. Please refer to Note 12(2) for information on the credit risk of the underlying financial assets measured at amortized cost. The Group invests in time deposits with creditworthy financial institutions and the likelihood of default is low.

(4) Notes receivable and accounts receivable

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Notes receivable | $ 16,234 | $ 21,381 |
| Accounts receivable | 127,232 | 107,734 |
| Less: Allowance for doubtful receivables | ( 2 ) | ( 2 ) |
| | $ 127,230 | $ 107,732 |

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Overdue receivables (Listed other non-current assets) | $ 242,990 | $ 242,874 |
| Less: Allowance loss(note) | ( 242,990 ) | ( 242,874 ) |
| | $ - | - |

Note: It is disclosed by the original account numbers of each consolidated entity of the Group.

A. The aging analysis of Accounts receivable (including overdue receivables and restricted assets-accounts receivable) is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| ~ 90 days | $ 114,791 | $ 101,848 |
| 91 ~ 120 days | 12,440 | 5,179 |
| 121 ~ 180 days | - | 707 |
| ~ 90 days - restricted assets | 8,859 | - |
| 91 ~ 120 days – restricted assets | 3,641 | - |
| 121 ~ 180 days – restricted assets | 553 | - |
| 181 days ~ restricted assets | - | 2,142 |
| 181 days ~ others | 242,990 | 242,874 |
| | $ 383,274 | $ 352,750 |

The above ageing analysis is based on the date of establishment of the accounts.

B. On December 31, 2023 and 2022, the Group’s notes receivable are not overdue.

C. The accounts receivable and notes receivable balances on December 31, 2023 and 2022 are all generated by the customer contract, and the receivable balance of the customer contract on January 1, 2022 is $136,048.

D. If the Group's notes receivable and accounts are not pledged, but restricted due to the circumstances mentioned in Note 9, please refer to notes 6(10) and 9(1).

E. The Group does not hold any collateral.

F. The above accounts receivable includes $233,117 and $233,417 from certain customers of Omni Media International Incorporation (Omni Int'l) on December 31, 2023 and 2022.

G. Since these accounts have not been paid after repeated calls, Omni Int'l filed a civil ruling in Taiwan Taipei Districut Court on November 2019 for a promissory note of $126,686 issued by the specific customer, and transferred it to overdue receivables (listed in “Other non-current assets”).

H. Without considering the collateral held or other credit enhancements, the risk amount that best represents the Group notes receivable and accounts receivable on December 31, 2023 and 2011 is the carrying amount.

I. Please refer to notes 12(2) for the credit risks of the notes receivable, accounts receivable.

(5) Inventories

| | December 31, 2023 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Carrying amount |
| Development Dept. | | | |
| Land to be built | $ 24,111 | $ - | $ 24,111 |
| Printing Dept. | | | |
| Commodities | 28 | ( - ) | 28 |
| Material | 22,002 | ( 1,566 ) | 20,436 |
| Raw material | 1,396 | ( 91 ) | 1,305 |
| Work-in process | 25,790 | ( 181 ) | 25,609 |
| Finished products | 4,253 | ( 79 ) | 4,174 |
| Subtotal | 53,469 | ( 1,917 ) | 51,552 |
| Total amount | $ 77,580 | ($ 1,917 ) | $ 75,663 |

| | December 31, 2022 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Carrying amount |
| Development Dept. | | | |
| Land to be built | $ 21,800 | $ - | $ 21,800 |
| Printing Dept. | | | |
| Commodities | 1 | - | 1 |
| Material | 22,775 | ( 3,353 ) | 19,422 |
| Raw material | 1,447 | ( 77 ) | 1,370 |
| Work-in process | 25,121 | ( 301 ) | 24,820 |
| Finished products | 9,844 | ( 103 ) | 9,741 |
| Subtotal | 59,188 | ( 3,834 ) | 55,354 |
| Total amount | $ 80,988 | ($ 3,834 ) | $ 77,154 |

A. Inventory cost recognized as expense by the Group in the current period:

| | FY2023 | FY2022 |
|---|---|---|
| Cost of Inventory Sold | $ 519,942 | $ 503,091 |
| Gain from price recovery of inventory | ( 1,917 ) | 925 |
| Scrap income | ( 2,927 ) | ( 3,997 ) |
| | $ 515,098 | $ 500,019 |

In 2023, the Group suffered a gain from price recovery due to the price reduction and slow-moving inventory that was originally listed as having been sold..

B. Please refer to Note 8 for details of the Group providing guarantees for inventories.

(6) <u>Financial assets at fair value through other comprehensive income</u>

| Item | | Dec. 31, 2023 | | Dec. 31, 2022 |
|---|---|---|---|---|
| Non-current items: | $ | | | |
| Equity instruments | | | | |
| Stocks of listed companies | $ | 338,935 | $ | 338,935 |
| Unlisted, OTC, emerging OTC stocks | | 8,449 | | 34,104 |
| | | 347,384 | | 373,039 |
| Adjustments of change in value | ( | 155,092 ) | ( | 206,042 ) |
| Total amount | $ | 192,292 | $ | 166,997 |

A. The Group has chosen to classify investments in securities that are strategic investments and receive stable dividends as financial assets measured at fair value through other comprehensive income. The fair value of these investments on December 31, 2023 and 2022 is equal to the book value of these investments, respectively.

B. Some equity instruments invested by the Group were reduced in February 2022, and the original investment of $200 was returned.

C. Due to strategic investment adjustments in 2023 and 2022, the Group sells securities investments with fair values of $27,418 and $390 respectively, and the original accumulated gains and losses in other equity of $1,763 and $90 have been transferred to retained earnings.

D. Financial assets at fair value through other comprehensive income are recognized in profit and loss and the details of comprehensive income are as follows:

| Financial assets at fair value through other comprehensive income | | FY2023 | | FY2022 |
|---|---|---|---|---|
| Changes in fair value recognized in other comprehensive income | $ | 52,713 | ($ | 47,487 ) |
| Accumulated profit or loss transferred to retained earnings due to derecognition | $ | 1,763 | $ | 90 |

E. Without considering the collateral held or other credit enhancements, the risk amount that best represents the Group holding financial assets at fair value through other comprehensive income on December 31, 2023 and 2022 is the carrying amount.

F. The Group has not pledged financial assets at fair value through other comprehensive income.

G. For relevant financial assets at fair value through other comprehensive income credit risk information, please refer to note 12(2).

(7) Property, plant and equipment

| | Land | Buildings | Mechanical equipment | Transportation equipment | Office equipment | Other equipment | Lease improvement | Total amount |
|---|---|---|---|---|---|---|---|---|
| January 1, 2023 | | | | | | | | |
| Cost | $ 190,316 | $ 142,964 | $ 326,961 | $ 4,380 | $ 21,001 | $ 27,394 | $ 6,490 | $ 719,506 |
| Accumulated depreciation and impairment | ( 6,342 ) | ( 93,052 ) | ( 307,512 ) | ( 1,425 ) | ( 18,886 ) | ( 22,143 ) | ( 6,490 ) | ( 455,850 ) |
| | $ 183,974 | $ 49,912 | $ 19,449 | $ 2,955 | $ 2,115 | $ 5,251 | $ - | $ 263,656 |
| FY 2023 | | | | | | | | |
| January 1 | $ 183,974 | $ 49,912 | $ 19,449 | $ 2,955 | $ 2,115 | $ 5,251 | $ - | $ 263,656 |
| Addition | - | - | 100 | - | - | 340 | - | 440 |
| Depreciation expense | - | ( 2,144 ) | ( 5,107 ) | ( 677 ) | ( 860 ) | ( 3,598 ) | - | ( 12,386 ) |
| December 31 | $ 183,974 | $ 47,768 | $ 14,442 | $ 2,278 | $ 1,255 | $ 1,993 | $ - | $ 251,710 |
| December 31, 2023 | | | | | | | | |
| Cost | $ 190,316 | $ 142,964 | $ 320,664 | $ 4,380 | $ 21,001 | $ 25,943 | $ 6,490 | $ 711,758 |
| Accumulated depreciation and impairment | ( 6,342 ) | ( 95,196 ) | ( 306,222 ) | ( 2,102 ) | ( 19,746 ) | ( 23,950 ) | ( 6,490 ) | ( 460,048 ) |
| | $ 183,974 | $ 47,768 | $ 14,442 | $ 2,278 | $ 1,255 | $ 1,993 | $ - | $ 251,710 |

| | Land | Buildings | Mechanical equipment | Transportation equipment | Office equipment | Other equipment | Lease improvement | Total amount |
|---|---|---|---|---|---|---|---|---|
| January 1, 2022 | | | | | | | | |
| Cost | $ 190,316 | $ 142,964 | $ 322,855 | $ 4,332 | $ 20,397 | $ 27,394 | $ 6,490 | $ 714,748 |
| Accumulated depreciation and impairment | ( 6,342 ) | ( 90,886 ) | ( 302,318 ) | ( 2,184 ) | ( 17,572 ) | ( 16,802 ) | ( 6,490 ) | ( 442,594 ) |
| | $ 183,974 | $ 52,078 | $ 20,537 | $ 2,148 | $ 2,825 | $ 10,592 | $ - | $ 272,154 |
| FY 2022 | | | | | | | | |
| January 1 | $ 183,974 | $ 52,078 | $ 20,537 | $ 2,148 | $ 2,825 | $ 10,592 | $ - | $ 272,154 |
| Addition | - | - | 5,034 | 1,500 | 363 | - | - | 6,897 |
| Disposal | - | - | ( 1,168 ) | - | - | - | - | ( 1,168 ) |
| Transfer | - | - | 2,557 | - | 242 | - | - | 2,799 |
| Depreciation expense | - | ( 2,166 ) | ( 7,511 ) | ( 693 ) | ( 1,315 ) | ( 5,341 ) | - | ( 17,026 ) |
| December 31 | $ 183,974 | $ 49,912 | $ 19,449 | $ 2,955 | $ 2,115 | $ 5,251 | $ - | $ 263,656 |
| December 31, 2022 | | | | | | | | |
| Cost | $ 190,316 | $ 142,964 | $ 326,961 | $ 4,380 | $ 21,001 | $ 27,394 | $ 6,490 | $ 719,506 |
| Accumulated depreciation and impairment | ( 6,342 ) | ( 93,052 ) | ( 307,512 ) | ( 1,425 ) | ( 18,886 ) | ( 22,143 ) | ( 6,490 ) | ( 455,850 ) |
| | $ 183,974 | $ 49,912 | $ 19,449 | $ 2,955 | $ 2,115 | $ 5,251 | $ - | $ 263,656 |

1.The Group has no interest capitalization situation at all.

2.For pledge of property, plant, and equipment, please refer to note 8.

(8) Investment property

| | FY2023 | FY2022 |
|---|---|---|
| January 1 | $ - | $ 508,569 |
| Derecognition | - | ( 508,569 ) |
| December 31 | $ - | $ - |

A. Investment property–superficies are the royalties paid by Omni Media International Incorporation (hereinafter referred to as "Omni Int'l"), a subsidiary of the Company setting the superficies of the business district at Sec. Laojiexi, Zhongli Dist., Taoyuan City obtained by winning a bid in March 2018; the contract is 50 years from March 2018, and the following agreement was signed:

(a) In addition to the royalty, superficies' land rent shall be paid on an annual basis from the date of delivery, and the land rent is calculated on an annual basis. In addition to the royalties, the land rent for superficies is required to be calculated from the date of delivery, and the land rent is calculated on an annual basis. In the contracting year, the rent will be calculated at 3% annual interest of the announced land values (total $2,594); the land rent after the next contract year shall be calculated by multiplying the annual interest rate of the preceding paragraph by the announced land price of the current year; However, if the ground rent has increased by more than 6% compared with the previous year, the excess part shall not be collected. If the land rent in the previous two items is lower than the land value tax payable according to law, the land value tax shall be calculated and collected instead. In 2022, due to the impact of the Covid-19 epidemic, the Group was affected by the reduction of advertising budgets, so the Group wrote to Taoyuan City Government to agree to postpone the payment of royalties and land rent.

(b) As of December 31, 2022, the Group has paid the first installment of $56,398 and the second installment of $84,597, while the third installment of $140,994 has not been paid in accordance with the contract. A performance bond of $37,650 has been provided, which is recorded as other non-current assets - refundable deposits.

(9) Lease transaction - lessee

A. The underlying assets leased by the Group include land, buildings, and billboards, etc.; the period of the lease contract usually ranges from 1 to 7 years. The lease contract is negotiated individually and contains various terms and conditions, except that the leased assets cannot be used as loan guarantees, without imposing any other restrictions.

B. The lease period of the offices and parking spaces leased by the Group does not exceed 12 months, and the underlying assets leased are low-value office equipment, which are not recognized as right-of-use assets.

C. The book value of the right-of-use asset and the recognized depreciation expense information are as follows:

| | Dec. 31, 2023 Carrying amount | Dec. 31, 2022 Carrying amount |
|---|---|---|
| Billboard | $ 970,544 | $ 216,345 |
| House | 13,657 | 21,104 |
| Parking space | 591 | 915 |
| | $ 984,792 | $ 238,364 |

| | FY2023 Depreciation Expense | FY2022 Depreciation Expense |
|---|---|---|
| Billboard | $ 101,336 | $ - |
| House | 7,447 | 7,450 |
| Parking space | 324 | 322 |
| | $ 109,107 | $ 7,772 |

D. The main leasing contracts related to billboards are as follows:

a. Omni Int'l signed a commercial advertising business contract with Taoyuan International Airport Corporation Ltd. in December 2018. The lease is for a period of 5 years and 6 months from January 1, 2019 for the use of commercial advertising in the first and second terminals of Taoyuan International Airport.

b. Omni Int'l renewed the commercial advertising business contract with Taoyuan International Airport Corporation Ltd. in July 2023, the period of this contract is from June 30, 2024 to February 28, 2031.

E. The right-of-use assets of this Group in 2023 and 2022 are added $894,026 and $0 respectively.

F. In addition to depreciation expense, other profit and loss items related to the lease contract are as follows:

| | FY2023 | FY2022 |
|---|---|---|
| <u>Items affecting current profit and loss</u> | | |
| Interest expense of lease liabilities | $ 20,975 | $ 9,916 |
| Expenses for short-term rental contracts | 3,137 | 561 |
| Expenses for the lease of low-value assets | 151 | 123 |
| Lease modification loss | - | 133,757 |

G. The Group's total cash outflows for leases in 2023 and 2022 are $93,831 and $9,578, respectively.

H. The Group recognizes a lease modification loss of $133,757 in 2022, and the relevant instructions are detailed in Note 6(8)2.

I. The book value information of the lease liabilities (including such as the superficies of investment property in Note 6(8)) related to the above-mentioned right-of-use assets is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Lease liabilities-current | | |
| Billboards | $ 159,496 | $ 151,447 |
| Others | 9,205 | 8,864 |
| | $ 168,701 | $ 160,311 |
| Lease liabilities-non-current | | |
| Billboard | $ 864,138 | $ 77,356 |
| Others | 7,919 | 17,124 |
| | $ 872,057 | $ 94,480 |

J. The Group recognizes the profit and loss of changes in lease payments arising from rental concessions as follows:

| Account items | FY2023 | FY2022 |
|---|---|---|
| Deduction for "Operating Costs - Depreciation of Right-of-Use Assets" | $ 38,491 | $ 144,230 |
| “Other revenues” | - | 11,770 |

Note: Before June 30, 2022, the practical expedient method of "Covid-19-Related Rent Concessions" was adopted, and from July 1, 2022, the variable lease payments arising from rent concessions that occurred during the recognition period were recognized.

(10) Other non-current assets

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Refundable deposits | $ 4,331 | $ 3,859 |
| Restricted Assets—demand deposits | 23,767 | 44,786 |
| Restricted Assets—time deposits | 57,184 | 30,000 |
| Restricted Assets—account receivables | 13,053 | 2,142 |
| Restricted Assets—other receivables | - | 25,000 |
| Others | 978 | 983 |
| | $ 99,313 | $ 106,860 |

A. Restricted Assets—demand deposits, accounts receivable and other receivables provided as guarantee, please refer to note 9(1).

B. The amount of $50,084 in other receivables for December 31, 2023 and 2022 represents Omni International's loaning funds to certain customers as described in Note 6(4)6. Omni Int’l has transferred the above amount to overdue receivables and has recorded a full charge for expected credit losses.

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Overdue receivables-other receivables (listed other non-current assets ) | $ 50,084 | $ 50,084 |
| Less: Allowance loss | ( 50,084 ) | ( 50,084 ) |
| | $ - | $ - |

(11) Short-term borrowings

| Nature of Borrowing | Dec. 31, 2023 | Interest rate range | Collaterals |
|---|---|---|---|
| Bank Guaranteed Loan | $ - | - | - |

| Nature of Borrowing | Dec. 31, 2022 | Interest rate range | Collaterals |
|---|---|---|---|
| Bank Guaranteed Loan | $ 30,000 | 1.78% | Please refer to note 8 |

The interest expense recognized in profit or loss in 2023 and 2022 is $194 and $741 respectively.

(12) Long-term borrowings

| Nature of Borrowing | Loan Period and Repayment Method | Interest rate range | Collaterals | Dec. 31, 2023 |
|---|---|---|---|---|
| long-term bank loans | | | | |
| Secured loan | From March 15, 2022 to March 15, 2025, interest will be paid on a monthly basis, and the principal will be repaid once due | 2.43~2.55% | Please refer to note 8 | $ 8,720 |

| Nature of Borrowing | Loan Period and Repayment Method | Interest rate range | Collaterals | Dec. 31, 2022 |
|---|---|---|---|---|
| long-term bank loans | | | | |
| Secured loan | From March 15, 2022 to March 15, 2025, interest will be paid on a monthly basis, and the principal will be repaid once due | 1.80%~2.43% | Please refer to note 8 | $ 8,720 |

(13) Other payables

| Item | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Salary payable | $ 12,044 | $ 11,684 |
| Payable service fee | 2,089 | 2,118 |
| Business tax payable | 341 | 1,020 |
| Payable business promotion fee | - | 2,450 |
| Outsourcing processing fee payable | 55,683 | 54,321 |
| Litigation expenses payable | 89,219 | - |
| Other payables | 30,237 | 30,770 |
| | $ 189,613 | $ 102,363 |

1. The subcontract processing fee payable is the amount payable for the printed copies of the outsourced manufacturers.
2. The Litigation expenses referred to note 9(1).

(14) Pension

A. Defined benefit plans

(a) According to the provisions of the "Labor Standard Act", the Group has established a retirement method with defined benefits, which is applicable to the service years of all regular employees before the implementation of the "Labor Pension Act" on July 1, 2005. And the follow-up service years of employees who choose to continue to apply the Labor Standards Act after the implementation of the "Labor Pension Act". For employees who meet the retirement requirements, the pension payment is calculated based on the years of service and the average salary of the six months before retirement. The service years within 15 years (inclusive) will be given two bases every year, and the service years exceeding 15 years will be paid every year. A base is given for one full year, but the accumulation is limited to a maximum of 45 bases. The Group contributes 6% of the total salary to the retirement fund monthly, and deposits it in the Bank of Taiwan in a special account in the name of the Labor Pension Fund Supervisory Committee. In addition, The Group estimates the balance of the labor retirement reserve account before the end of each year. If the balance is not enough to pay the estimated amount of pension calculated above for workers who meet the retirement conditions in the next year, the Group will contribute the difference before the end of March of the following year.

(b) The amounts recognized in the balance sheet were as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Defined benefit obligation (present value) | $ 11,160 | $ 12,253 |
| Fair value of planned assets | ( 10,173 ) | ( 11,401 ) |
| Net defined benefit obligation | $ 987 | $ 852 |

(c) The changes in the net defined benefit obligation were as follows:

| | Defined benefit obligation (present value) | Fair value of planned assets | Net defined benefit obligation |
|---|---|---|---|
| FY2023 | | | |
| Balance at January 1 | $ 12,253 | ($ 11,401 ) | $ 852 |
| Interest revenue | - | ( 152 ) | ( 152 ) |
| Interest cost | 159 | - | 159 |
| | 12,412 | ( 11,553 ) | 859 |
| Remeasurements: | | | |
| Planned ROA(Amounts not included in interest revenue or fees) | - | ( 110 ) | ( 110 ) |
| Impact of changes in financial assumptions | 14 | - | 14 |
| Experience adjustments | 838 | - | 838 |
| | 852 | ( 110 ) | 742 |
| Retirement funds contributed | - | ( 614 ) | ( 614 ) |
| Payment of pensions | ( 2,104 ) | 2,104 | - |
| Balance at Dec. 31 | $ 11,160 | ($ 10,173 ) | $ 987 |

| | Defined benefit obligation (present value) | Fair value of planned assets | Net defined benefit obligation |
|---|---|---|---|
| FY2022 | | | |
| Balance at January 1 | $ 16,691 | $ 12,620 | $ 4,071 |
| Interest revenue | - | ( 90 ) | ( 90 ) |
| Interest cost | 115 | - | 115 |
| | 16,806 | 12,710 | 4,096 |
| Remeasurements: | | | |
| Planned ROA(Amounts not included in interest revenue or fees) | - | ( 1,123 ) | ( 1,123 ) |
| Impact of changes in demographic assumptions | ( 597 ) | - | ( 597 ) |
| Experience adjustments | 158 | - | 158 |
| | ( 439 ) | 1,123 | ( 1,562 ) |
| Retirement funds contributed | - | ( 1,682 ) | ( 1,682 ) |
| Payment of pensions | ( 4,114 ) | 4,114 | - |
| Balance at Dec. 31 | $ 12,253 | ($ 11,401 ) | $ 852 |

(d) For the Group's Defined benefit plans fund assets, Bank of Taiwan entrusts operation according to the items set forth in Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (that is, deposit in domestic or foreign financial institutions, Investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and Investment in domestic or foreign real estate and its securitization products), within the proportion and amount of entrusted operation projects determined in accordance with the fund's annual investment and utilization plan. The relevant usage is supervised by the Labor Pension Fund Supervisory Committee. In the use of the fund, the minimum income distributed in the final accounts of each year shall not be less than the income calculated based on the two-year fixed deposit rate of the local bank. If there is any shortfall, it shall be made up by the state Treasury after approval by the competent authority. Since the Group has no right to participate in the operation and management of the fund, it is not possible to disclose the fair value classification of plan assets in accordance with paragraph 142 of International Financial Reporting Standards (IFRS) No. 19. For the fair value of the total assets of the fund on December 31, 2023 and 2022, please refer to the annual Labor Pension Fund operation report announced by the government.

(e) Actuarial assumptions related to pensions are summarized as follows:

| | FY2023 | FY2022 |
|---|---|---|
| Discount rate | 1.28% | 1.30% |
| Future salary increase rate | 2.00% | 2.00% |

The assumptions for future mortality in 2023 and 2022 are based on 90% of the 6th Experience Life Table for the Taiwan life insurance industry..

The defined benefit obligation (present value of) impacted by changes in the main actuarial assumptions adopted is analyzed as follows:

| | Discount Rate | | Future Salary Increase Rate | |
|---|---|---|---|---|
| | Increase by 0.25% | Decrease by 0.25% | Increase by 0.25% | Decrease by 0.25% |
| December 31, 2023 | | | | |
| Impact on the present value of defined benefit obligations | ($ 145 ) | $ 148 | $ 119 | ($ 117 ) |

| | Discount Rate | | Future Salary Increase Rate | |
|---|---|---|---|---|
| | Increase by 0.25% | Decrease by 0.25% | Increase by 0.25% | Decrease by 0.25% |
| December 31, 2023 | | | | |
| Impact on the present value of defined benefit obligations | ($ 177 ) | $ 182 | $ 149 | ($ 147 ) |

The above sensitivity analysis is based on the analysis of the impact of a single assumption change under the condition that other assumptions remain unchanged. In practice, changes in many assumptions may be linked. The sensitivity analysis is used to calculate the net pension liability of the balance sheet consistent approach.

The methods and assumptions used in the preparation of the sensitivity analysis in this period are the same as those in the previous period.

(f) The Group expects to pay $580 contributions to retirement plans in 2024.

B. Defined contribution plan

(a) Since July 1, 2005, the company and domestic subsidiaries have established a retirement method with a certain contribution in accordance with the "Labor Pension Act", which is applicable to employees of their nationality. The Group contributes 6% of the salary to the employee's personal account of the Bureau of Labor Insurance every month when the employee chooses to apply the part of the labor pension system stipulated in the "Labor Pension Act". The employee's pension is paid according to the employee's personal pension account and the amount of accumulated income in the form of monthly pension or one-time pension.

(b) In 2023 and 2022, the Group's pension costs recognized in accordance with the above pension method are $3,366 and $3,573 respectively.

(15) Other non-current liabilities

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Deposits received | $ 22,711 | $ 22,630 |

The deposits received on December 31, 2023 and 2022 amounted to $22,094, representing the deposits received by the Group for signing an advertising cooperation contract with a specific manufacturer.

(16) Capital

A. On December 31, 2023, the rated capital of the company is $1,760,000, the paid-in capital is $1,012,800, and the face value of each share is NT$10. The company's issued shares have all been received.

The adjustment of the number of shares outstanding at the beginning of the period and at the end of the period is as follows (Unit: 1000 shares):

| | FY2023 | FY2022 |
|---|---|---|
| December 31 (same as January 1) | $ 101,280 | $ 101,280 |

B. Private placement is as follows:

(a) The changes in the number of private placement shares of the company are as follows:

| | FY2023 | | FY2022 | |
|---|---|---|---|---|
| | 1000 shares | Amount | 1000 shares | Amount |
| December 31 (same as January 1) | | | | |
| -belonging to May 2015 | 15,600 | $ 184,600 | 15,600 | $ 184,600 |
| -belonging to Sept. 2015 | 28,200 | 305,500 | 28,200 | 305,500 |
| | 43,800 | $ 490,100 | 43,800 | $ 490,000 |

(b) The rights and obligations of the above private ordinary shares are the same as those of any other issued ordinary shares, except that they are subject to restrictions on circulation and transfer under the Securities and Exchange Act and cannot be applied for listing and trading until three years have passed on the delivery date and a supplementary public offering has been made.

(17) Capital reserve

According to the provisions set forth in the Company Act, the capital reserve of which the income derived from the issuance of new shares at a premium and the income from endowments received by the company, in addition to covering losses, where the Company incurs no loss, issue to its original shareholders in proportion to the number of shares being held by each of them or by cash. In addition, in accordance with the relevant regulations of the Securities and Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. If the company still has insufficient surplus reserves to make up for capital losses, it may not use capital reserves to make up for it.

(18) Retained earnings

A. According to the provisions set forth in this Company's Articles of Incorporation, if this Company has earnings in its annual final accounts, it shall pay taxes and make up losses according to law, and the next 10% is the legal reserve, but this is not the case when the legal reserve has reached the paid-in capital. In addition, after the special reserve is listed or reversed according to the relevant laws and regulations, and the retained earnings-unappropriated at the beginning of the same period is the accumulated distributable earnings of shareholders, the Board will draw up a plan for the distribution of earnings. When issuing new shares, it should be submitted to the shareholders meeting for resolution before distribution. If the aforementioned special reserve is the net deduction of other equity and net increase in the fair value of investment real estate accumulated by this company in the previous period, the same amount of special reserve shall be withdrawn from the retained earnings-unappropriated in the previous period, if there is any deficiency at that time, the net profit of the current period plus the amount other than the net profit after tax of the current period included in the retained earnings-unappropriated amount of the current period shall be provided.

If this Company distributes dividends and bonuses or all or part of the legal reserve and capital reserve in the form of cash distribution, the Board is authorized to do so with the presence of more than two-thirds of the directors present and the consent of more than half of the directors present, and report to the shareholders' meeting.

The dividend policy of this Company is to calculate the distributable earnings according to the preceding paragraph, then reserve the required funds according to the operation plan of this Company, and distribute the rest as dividends to shareholders, and the proportion of cash dividends should not be less than 30%.

B. The Legal reserve shall not be used except to cover the loss of the company and to issue new shares or cash in proportion to the original shares of the shareholders. However, in the case of issuing new shares or cash, the amount of such reserves shall be limited to 25% of the paid-in capital.

C. Earnings Distribution:

(a) On June 14, 2023 and May 26, 2022, the Company resolved at the shareholders' meeting to distribute the 2022 and 2021 earnings as follows:

| | FY2022 | FY2021 |
|---|---|---|
| | Amount | Amount |
| Legal reserve | $ 1,155 | $ 765 |
| Special reserve | 10,397 | 39,845 |

(b) On March 13, 2024, the Board of Directors of the Company proposed the following distribution of the 2023 earnings. The aforementioned resolution for the earnings distribution for the year 2023, as of March 14, 2024, has not yet been approved by

(19) Operating revenue

| | FY2023 | FY2022 |
|---|---|---|
| Revenue from customer contracts | $ 701,308 | $ 604,066 |

A. Breakdown of revenue from customer contracts

The Group's revenue is derived from the provision of modalities and labor that are progressively transferred over time and at a point in time, and can be broken down into the following key product lines:

| FY2023 | Printing department | | | | Advertising department | Mask department | |
|---|---|---|---|---|---|---|---|
| | Advertising literature | periodicals | Textbooks | Other printed materials, etc. | Professional Advertising | Masks | Total |
| Department revenue | | | | | | | |
| Revenue from contracts with external customers | $132,092 | $215,380 | $42,402 | $191,820 | $118,833 | $781 | $701,308 |
| Timing of revenue recognition | $132,092 | $215,380 | $42,402 | $191,820 | $6,120 | $781 | $588,595 |
| Revenue recognized at a point in time | - | - | - | - | 112,713 | - | 112,713 |
| | $132,092 | $215,380 | $42,402 | $191,820 | $118,833 | $781 | $701,308 |

| FY2022 | Printing department | | | | Advertising department | Mask department | |
|---|---|---|---|---|---|---|---|
| | Advertising literature | periodicals | Textbooks | Other printed materials, etc. | Professional Advertising | Masks | Total |
| Department revenue | | | | | | | |
| Revenue from contracts with external customers | $155,676 | $255,498 | $46,205 | $138,754 | $34,386 | $3,547 | $604,066 |
| Timing of revenue recognition | $155,676 | $255,498 | $46,205 | $138,754 | $4,822 | $3,547 | $574,502 |
| Revenue recognized at a point in time | - | - | - | - | 29,564 | - | 29,564 |
| | $155,676 | $255,498 | $46,205 | $138,754 | $34,386 | $3,547 | $604,066 |

B. Contract assets and contract liabilities

(a) The Group recognizes contract assets and contract liabilities related to customer contract revenue as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 | Jan. 1, 2022 |
|---|---|---|---|
| Contractual liabilities - amounts received in advance from customers | $3,606 | $4,141 | $2,752 |

(b) Contract liabilities at the beginning of the period Recognized revenue in the current period

| | FY2023 | FY2022 |
|---|---|---|
| Beginning balance of contract liabilities | | |
| Receive money from customers in advance | $ 2,923 | $ 1,495 |

(20) <u>Interest revenue</u>

| | FY2023 | FY2022 |
|---|---|---|
| Bank deposit interest | $ 9,312 | $ 2,292 |
| Other interest revenue | 28 | 15 |
| | $ 9,340 | $ 2,307 |

(21) <u>Other revenues</u>

| | FY2023 | FY2022 |
|---|---|---|
| Rental revenue | $ 521 | $ 238 |
| government grants income | - | 120 |
| Other subsidy income | - | 11,770 |
| Other Income - Other | 8,705 | 2,316 |
| | $ 9,226 | $ 14,444 |

The Group applied the Ministry of Economic Affairs' "Operating Guidelines for Electricity and Utilities Grants" and received government grants of $0 and $120 in 2023 and 2022 respectively.

(22) Other profit and loss

| | FY2023 | FY2022 |
|---|---|---|
| Disposal of real estate, plant, and equipment | $ 195 | $ 227 |
| Lease modification loss | - | ( 133,757 ) |
| foreign currency exchange gain (loss) | 5,507 | 12,783 |
| Financial assets (loss) interest measured at fair value through profit and loss | 24,013 | ( 10,040 ) |
| Fair value adjustment loss -investing property | ( 160,521 ) | - |
| Miscellaneous expenditure | ( 125 ) | ( 33 ) |
| | ($ 130,931 ) | ($ 130,820 ) |

(23) Financial cost

| | FY2023 | FY2022 |
|---|---|---|
| Interest expense | | |
| Bank loan interest | $ 414 | $ 894 |
| Interest expense of lease liabilities | 20,975 | 9,916 |
| | $ 21,389 | 10,810 |

(24) Additional information on the nature of the fee

| | FY2023 | | |
|---|---|---|---|
| Nature | Those belonging to operating costs | Those belonging to operating expenses | Total |
| Payroll expense | $ 34,593 | $ 46,550 | $ 81,143 |
| Labor insurance premium | 3,853 | 3,027 | 6,880 |
| Pension expense | 1,873 | 1,493 | 3,366 |
| Other employment expenses | 2,575 | 2,190 | 4,765 |
| Depreciation expense | 11,446 | 940 | 12,386 |
| Right-of-use assets depreciation expense | 103,104 | 6,003 | 109,107 |
| Amortization expense | - | 72 | 72 |

| | FY2022 | | |
|---|---|---|---|
| Nature | Those belonging to operating costs | Those belonging to operating expenses | Total |
| Payroll expense | $ 38,099 | $ 42,066 | $ 80,165 |
| Labor insurance premium | 4,158 | 3,071 | 7,229 |
| Pension expense | 2,157 | 1,441 | 3,598 |
| Other employment expenses | 3,133 | 1,767 | 4,900 |
| Depreciation expense | 15,790 | 1,236 | 17,026 |
| Right-of-use assets depreciation expense | 1,757 | 6,015 | 7,772 |
| Amortization expense | - | 205 | 205 |

A. As of December 31, 2023 and 2022, the employees of this group are 112 and 132 persons respectively.

B. In accordance with the provisions set forth in the Group's Articles of Incorporation, after deducting the accumulated losses according to the current year's profit status, this Group shall allocate no less than 3% of the employee's remuneration and no more than 3% of the director's remuneration if there is any remaining balance.

C. The Group did not estimate staff remuneration and directors' remuneration for 2023 as no profit was made; 2022 staff remuneration and directors' remuneration were estimated at $196 and $0 respectively, which are included in the salary expense account.

D. The Board of Directors' resolution on the remuneration of employees and directors and supervisors for 2022 is consistent with the amounts recognized in the 2022 financial statements. Information on the remuneration of employees and directors and supervisors approved by the Board of Directors and resolved by the shareholders' meeting of the Company is available on the Market Observation Post System.

(25) Income tax

A. The amount of income tax was as follows:

| | FY2023 | FY2022 |
|---|---|---|
| Current income tax expense: | | |
| Current period | $ 878 | $ - |
| Adjustment for prior periods | - | 211 |
| Total amount of current period | $ 878 | 211 |
| Income tax expense | $ 878 | $ 211 |

B. The relationship between income tax expenses and accounting profit

| | FY2023 | FY2022 |
|---|---|---|
| Net profit before tax calculated according to the statutory tax rate income tax | ($ 28,026 ) | $ 21,703 |
| Expenses that should be excluded according to the tax law | - | 23,123 |
| Income exempted from tax according to the tax law | ( 13,741 ) | ( 31,590 ) |
| Temporary differences are not recognized as deferred income tax assets | 16,956 | 1,361 |
| Tax loss unrecognized deferred income tax assets | 28,379 | 36,031 |
| Change in realizability assessment of deferred income tax assets | ( 3,568 ) | ( 7,222 ) |
| Undistributed earnings plus levy | 878 | - |
| Low performance in previous years | - | 211 |
| Income tax fee | $ 878 | 211 |

C. The effective periods of the Group's unused tax losses and the related amounts of unrecognised deferred income tax assets are as follows:

(a) The Group and domestic subsidiaries :

December 31, 2023

| year of occurrence | Amount approved/reported | Amount not yet deducted | Amount of unrecognized deferred income tax assets | Last year to be deducted |
|---|---|---|---|---|
| 2016 | $ 448,619 | $ 418,473 | $ 418,473 | 2026 |
| 2018 | 29,455 | 29,455 | 29,455 | 2028 |
| 2019 | 218,217 | 216,872 | 216,872 | 2029 |
| 2020 | 88,587 | 88,475 | 88,475 | 2030 |
| 2021 | 170,609 | 170,609 | 170,609 | 2031 |
| 2022 | 176,426 | 176,426 | 176,426 | 2032 |
| 2023 | 141,896 | 141,896 | 141,896 | 2033 |

December 31, 2022

| year of occurrence | Amount approved/reported | Amount not yet deducted | Amount of unrecognized deferred income tax assets | Last year to be deducted |
|---|---|---|---|---|
| 2016 | $ 448,619 | $ 436,033 | $ 436,033 | 2026 |
| 2018 | 29,455 | 29,455 | 29,455 | 2028 |
| 2019 | 218,217 | 218,217 | 218,217 | 2029 |
| 2020 | 88,587 | 88,857 | 88,857 | 2030 |
| 2021 | 170,609 | 170,609 | 170,609 | 2031 |
| 2022 | 180,123 | 180,123 | 180,123 | 2032 |

D. Deductible temporary differences not recognized as deferred income tax assets

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Deductible temporary differences | $ 152,201 | $ 64,262 |

E. The income tax of the Company and its subsidiaries - Omni Int'l, Choice Development Co., Ltd have been approved by the tax authorities until 2021.

(26) <u>(Loss) earnings per share</u>

| | FY2023 | | |
|---|---|---|---|
| | After-tax amount | Weighted average shares outstanding (1000 shares) | loss per share |
| <u>Basic and diluted loss per share</u> | | | |
| Net loss for the period attributable to the parent company | ($ 105,606 ) | 101,280 | ($ 1.04 ) |

| | FY2022 | | |
|---|---|---|---|
| | After-tax amount | Weighted average shares outstanding (1000 shares) | loss per share |
| basic & diluted earnings per share | | | |
| Net loss for the period attributable to the parent company | ($ 82,835 ) | 101,280 | ($ 0.82 ) |

(27) Changes in liabilities arising from financing activities

| | Short-term debt | Long-term borrowings | lease liabilities | Total liabilities from financing activities |
|---|---|---|---|---|
| January 1, 2023 | $ 30,000 | $ 8,720 | $ 254,791 | $ 293,511 |
| Changes in financing cash flow | ( 30,000 ) | - | ( 90,543 ) | ( 120,543 ) |
| Interest expense | - | - | 20,975 | 20,975 |
| Termination of lease | - | - | 894,026 | 894,026 |
| Rent concession | - | - | ( 38,491 ) | ( 38,491 ) |
| December 31, 2023 | $ - | $ 8,720 | $ 1,040,758 | $ 1,049,478 |

| | Short-term debt | Long-term borrowings | lease liabilities | Total liabilities from financing activities |
|---|---|---|---|---|
| January 1, 2022 | $ 60,000 | $ - | $ 664,706 | $ 724,706 |
| Changes in financing cash flow | ( 30,000 ) | 8,720 | ( 8,894 ) | ( 30,174 ) |
| Interest expense | - | - | 9,916 | 9,916 |
| Termination of lease | - | - | ( 254,937 ) | ( 254,937 ) |
| Rent concession | - | - | ( 156,000 ) | ( 156,000 ) |
| December 31, 2022 | $ 30,000 | $ 8,720 | $ 254,7912 | $ 293,511 |

7. Related-party transactions

(1) Names and relationship with related parties

| Name of related party | Relationship with the Group |
|---|---|
| TransGlobe Life Insurance Inc. | Other related-party |
| Grand Champ Int’l Co., Ltd. | Other related-party (became a non-related-party from July 12, 2023) |
| Chen, Hui-Yu | Chairman of the company |
| Chang, Shih-Kui | Vice Chairman of the company |

(2) Significant transactions with related parties

A. Operating revenue

| | FY2023 | FY2022 |
|---|---|---|
| Commodities sale: | | |
| Other related-party | $ 2,847 | $ 3,253 |

There is no material difference in the transaction price and payment terms of sales from those of non-related parties.

B. Business Promotion Service Fee (Accounted Operating Expenses)

| | FY2023 | FY2022 |
|---|---|---|
| Other related-party | $ - | $ 2,349 |

The company's subsidiary—Omni Int'l entrust other related parties to be responsible for business promotion services, and the relevant fees are determined by considering comprehensive factors such as labor costs and business promotion.

C. Circumstances in which a related party provides an endorsement guarantee

The company's long-term short-term debt for December 31, 2023 and 2022 are $138,720, which are guaranteed by the main management.

(3) Key management personnel remuneration

| | FY2023 | FY2022 |
|---|---|---|
| Short-term employee benefits | $ 13,415 | $ 12,297 |
| Post-employment benefits | 194 | 108 |
| Termination benefits | - | 868 |
| Total amount | $ 13,609 | $ 13,273 |

(4) Disposal of financial assets

| | | | | FY2023 | |
|---|---|---|---|---|---|
| | Item | shares | Object | price | Gain/loss |
| Supervisory of The company's subsidiary | Financial Assets Measured at Fair Value through Other Comprehensive Income – non-current | 173,497 | e-Formula | $ 2,500 | ($ 362 ) |

There is no “disposal of financial assets” in 2022.

There is no material difference in the price of disposal of financial assets and payment terms of sales from those of non-related parties.

8. Mortgaged (pledged) assets

The Group's asset guarantee details are as follows:

| Capital items | Carrying Amount Dec. 31, 2023 | Carrying Amount Dec. 31, 2022 | Guarantee purposes |
|---|---|---|---|
| inventory | $ | $ | |
| Land to be built | 24,111 | 21,800 | Long-term borrowings |
| Finance measured at amortized cost Assets-non-current | | | |
| Time deposit | 26,000 | 26,000 | Material purchase deposit and advertising deposit |
| Net real estate, plant, and equipment | 231,742 | 233,886 | Short-term debt and amount |
| Other non-current assets | | | |
| Refundable deposits | 4,331 | 3,859 | Lease office deposit, advertising deposit and superficies performance bond, etc. |
| Restricted asset-demand deposit | 23,767 | 44,876 | Deposit seized by Taipei District Court |
| Restricted asset-time deposit | 57,184 | 30,000 | Deposit seized by Taipei District Court |
| Restricted asset-accounts receivable | 13,053 | 2,142 | Receivables provisional attachment by Taipei District Court |
| Restricted asset-other receivables | - | 25,000 | Receivables provisional attachment by Taipei District Court |
| | $ 380,188 | $ 387,563 | |

For the above pledged time deposits, please refer to Note 6(3) for the interest rate range and period.

9. Material contingent liabilities and unrecognized contractual commitments

(1) Contingencies

A. In 2020, a specific customer filed with the Taipei District Court and claimed to hold promissory notes issued by Omni Int'l totaling $245,445, and applied for compulsory execution against Omni Int'l, so the accounts receivable and Other receivables perform provisional attachment within the scope of $100,000 and related expenses. However, Omni Int'l has no record of issuing a promissory note, and Omni Int'l still holds a promissory note of the same denomination jointly issued by the counterparty and guaranteed by outsiders Li O-Hsuan and Xie O-Yeh (detailed in Note 6 (4) 6) Therefore, Omni Int’l also appointed a lawyer to initiate a lawsuit on the authenticity of the promissory note, and held relevant persons accountable. At present, the Taipei District Court has made a civil judgment of the first instance that the promissory note held by a specific customer is not forged, but Omni Int’l has already filed an appeal.

In addition to the promissory notes mentioned above, the prosecution found that Li O-Hsuan and Xie O-Yeh have other promissory notes issued in the name of Omni Int'l in the amount of $380,058, and that Omni Int'l has no record of issuing such notes. The Group has voluntarily appointed a lawyer to file a lawsuit to confirm the non-existence of the promissory note claims and related criminal complaints. The damages caused to the Group will also be claimed in accordance with the law in the subsequent court proceedings. As of March 13, 2024, Omni Int’l’s lawsuits against specific customers (2 cases) and Xie O-Yeh to confirm the non-existence of promissory note in the amount of $130,650, the above cases have been judged or ruled that Omni Int’l won the cases finally by the third-instance court and been on record.

B. Omni International filed a lawsuit of $122,722 against Li O-Chin to confirm the non-existence of the promissory note claim. Although the first-instance court ruled that Omni International won the case, but the defendant Li O-Chin appealed, and the judgment was changed, Omni International lost the lawsuit, by second-instance court in July 2023. but Omni International was dissatisfied with the judgment and therefore appealed in accordance with the law. In November 2023, it still be ruled that Omni International lost the case by the third-instance court. Omni International should have paid Li O-Chin $122,722 and interest calculated at an annual interest rate of 6% from May 18, 2020 to the settlement date (approximately $26,641 as of December 28, 2023). However, Omni International was not satisfied with the previous judgment, and in January 2024, it still applied to the second-instance court for a retrial for relief. It is currently being heard by the court. As of December 31, 2023, Omni International recognized litigation losses totaling 160,521 in terms of judgments and related expenses, of which the original restricted assets-demand and time deposits totaling $71,302 were subject to enforcement. Li O-Chin's collection is recorded, and the remaining amount of $89,219 is recognized as other payables - legal fees payable.

C. Omni International filed a $3,963 lawsuit against Li O-xuan to confirm the non-existence of the promissory note claim. Although the court of first-instance ruled that Omni International won the case, but the defendant Li O-xuan has appealed, and it is reviewing by the court of second-instance currently.

D. In addition, Lee O-Hsuan filed a claim for damages against the Company and Omni Int'l for the failure of Omni Int'l to retain a director to its designee. The Company and Omni Int'l have appointed attorneys to defend the Company's and Omni Int'l's interests in a lawsuit filed by a certain customer against Omni Int'l for the non-existence of a promissory note with a face value of $122,722, of which $104,932 was denied.

E. As of December 31, 2023, Omni Int’l’s accounts receivable and demand deposit and time deposit seized by Taipei District Court due to the aforementioned case amounted to $13,053, $23,767 and $57,184 respectively.

(2) Commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

(1) The company proposed the 2023 earnings distribution on March 13, 2024 Board of Directors, please refer to note 6(18)3.

12. Other

(1) Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital and to provide returns to shareholders. To maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. The Group monitors its capital by using a debt-to-capital ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as reported in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" plus net debt as reported in the consolidated balance sheet.

The Group's strategy for 2023 remains the same as for 2022, with a commitment to a zero debt-to-capital ratio. As on December 31, 2023 and 2022, the Group's debt-to-capital ratio is as follows:

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Total borrowings | $ 8,720 | $ 38,720 |
| Less: cash and cash equivalents | ( 297,622 ) | ( 150,796 ) |
| Net debt | ( 288,902 ) | ( 112,076 ) |
| Total equity | 846,299 | 925,336 |
| Total capital | $ 557,397 | $ 813,260 |
| Debt to capital ratio | - | - |

(2) Financial instrument

A. Kind of financial instrument

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Financial assets | $ | $ |
| Financial asset at fair value through profit or loss | | |
| Restricted financial asset or financial liability at fair value through profit or loss | 43,130 | 72,240 |
| Financial assets at fair value through other comprehensive income | | |
| Select a designated equity instrument for investment | $ 192,292 | 166,997 |
| Financial Assets measured at amortized cost | | |
| Cash and cash equivalents | $ 297,622 | 150,796 |
| Financial Assets measured at amortized cost - Current | 37,816 | 159,524 |
| Notes receivable | 16,234 | 21,381 |
| Accounts receivable | 127,230 | 107,732 |
| Financial Assets measured at amortized cost – Non-current | 26,000 | 26,000 |
| Other non-current assets | 98,335 | 105,877 |
| | $ 603,237 | $ 571,310 |

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Financial liabilities | | |
| Financial Assets measured at amortized cost | | |
| Short-term debt | $ - | $ 30,000 |
| Notes payable | 818 | 1,500 |
| Accounts payable | 65,339 | 58,580 |
| Other payable | 189,613 | 102,363 |
| Long-term borrowings | 8,720 | 8,720 |
| deposits received | 22,711 | 22,630 |
| | $ 287,201 | $ 223,793 |
| Lease liabilities -current | $ 168,701 | $ 160,311 |
| Lease liabilities -non-current | 872,057 | 94,480 |
| | $ 1,040,758 | $ 254,791 |

B. Risk Management Policy

(b) The Group's day-to-day operations are subject to several financial risks, including market risk (including exchange rate risk and price risk), credit risk and liquidity risk.

(c) Risk management is performed by the Group's Finance Department in accordance with policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, evaluating and mitigating financial risks by working closely with the Group's operating units. The Group's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. The Group's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of the financial plan, the Group must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

C. Nature and extent of significant financial risks

(c) Market risk

<u>Exchange rate risk</u>

i. The Group operates internationally and is exposed to foreign exchange rate risk, primarily in U.S. dollars, Hong Kong dollars and Australian dollars. The related exchange rate risk arises from future business transactions and are recognized assets and liabilities.

ii. The management of the Group has formulated a policy requiring each company in the group to manage the exchange rate risk relative to its functional currency.

iii. The Group's business involves certain non-functional currencies, so it is affected by exchange rate fluctuations. The foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

| | December 31, 2023 | | |
|---|---|---|---|
| | foreign currency (thousand) | Rate | Book amount |
| **(Foreign currency: Functional Currency)** | | | |
| Financial Assets | | | |
| Monetary item | | | |
| USD:NTD | $ 2,998 | 30.71 | $ 92,043 |
| NZD:NTD | 169 | 19.48 | 3,229 |
| AUD:NTD | 329 | 20.98 | 6,893 |

| | December 31, 2022 | | |
|---|---|---|---|
| | foreign currency (thousand) | Rate | Book amount |
| **(Foreign currency: Functional Currency)** | | | |
| Financial Assets | | | |
| Monetary item | | | |
| USD:NTD | $ 5,291 | 30.71 | $ 162,506 |
| NZD:NTD | 211 | 19.44 | 4,106 |
| AUD:NTD | 535 | 20.83 | 11,147 |

iv. For the Group’s monetary items, due to the significant impact of exchange rate fluctuations, the aggregated amounts of all exchange profit and loss (including realized and unrealized) recognized in 2023 and 2022 are $5,507 and $12,783 respectively.

v. The Group's foreign currency market risk analysis due to major exchange rate fluctuations is as follows:

| | FY2023 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Range of change | Affect profit and loss income | Affect other comprehensive income |
| **(foreign currency : Functional Currency)** | | | |
| Financial Assets | | | |
| Monetary item | | | |
| USD:NTD | 1% | $ 920 | |
| NZD:NTD | 1% | 32 | |
| AUD:NTD | 1% | 69 | |

| | FY2022 | | |
|---|---|---|---|
| | Sensitivity analysis | | |
| | Range of change | Affect profit and loss income | Affect other comprehensive income |
| **(foreign currency : Functional Currency)** | | | |
| Financial Assets | | | |
| Monetary item | | | |
| USD:NTD | 1% | $ 1,625 | $ - |
| NZD:NTD | 1% | 41 | - |
| AUD:NTD | 1% | 111 | - |

Price risk

i. The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets held at fair value through other comprehensive income. To manage the price risk of its investments in equity instruments, the Group diversifies its investment portfolio. The diversification is carried out according to the limits set by the Group.

ii. The Group invests primarily in equity instruments and closed-end funds issued by domestic and foreign companies, the prices of which are subject to uncertainty regarding the future value of the underlying investments. If the price of these equity instruments were to increase or decrease by 1%, all other factors being equal, net income after tax for 2023 and 2022 would increase or decrease by $431 and $722, respectively, due to the gain or loss on equity instruments measured at fair value through profit or loss; for other comprehensive income, the gain or loss on equity investments classified as fair value through other comprehensive income would increase or decrease by $1,923 and $1,670, respectively.

(b) Credit Risk

i. The Group's credit risk is the risk of financial loss resulting from the failure of customers or counterparties to financial instruments to meet their contractual obligations, primarily due to the failure of counterparties to settle accounts receivable paid in accordance with collection terms.

ii. The Group establishes credit risk management from the perspective of the group. For banks and financial institutions, only those with an independent credit rating of at least "A" can be accepted as transaction objects. In accordance with the internal credit policy, each operating entity within the Group and each new customer is required to manage and analyze credit risk before establishing payment and delivery terms and conditions. According to the internally specified credit policy, each operating entity within the group and each new customer must conduct management and credit risk analysis before setting payment and proposing the terms and conditions of delivery. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience and other factors. The limits of individual risks are formulated by the Board of Directors based on internal or external ratings, and the use of credit limits is regularly monitored.

iii. The Group adopts IFRS 9 to provide the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since the original recognition:

When the contract payment is more than 30 days overdue according to the agreed payment terms, it is considered that the credit risk of the financial asset has increased significantly since the original recognition.

iv. For customers with overdue accounts, the Group will list them as key assessment customers if they have any doubts about being uncollectable after assessment, and measure their credit risk at the same time, and carry out related operating procedures to list bad debts for those who have doubts about default.

v. The Group groups customers' accounts receivable according to the characteristics of customer types and uses a simplified method to estimate expected credit losses based on the provision matrix.

vi. The loss rates are based on historical and current information for specific periods that the Group adjusted for forward-looking assumptions to estimate the allowance loss of accounts receivable (including related persons), the preparation matrix for December 31, 2023 and 2022 is as follows:

(i) General Customer Accounts:

December 31, 2023

| | age range | | | | |
|---|---|---|---|---|---|
| Group 1 | within 90 days | 91-120 days | 121-180 days | more than 181 days | Total amount |
| Expected loss rate | 0%~0.03% | 0%~0.03% | 0%~0.03% | 0%~100% | |
| Total book value | $ 104,744 | $ 10,101 | $ - | $ - | $ 114,845 |
| Allowance loss | $ - | $ 2 | $ - | $ - | $ 2 |
| Group 2 | within 90 days | 91-120 days | 121-180 days | more than 181 days | Total amount |
| Expected loss rate | 0%~0.03% | 0.52%~1.74% | 2.34%~7.74% | 100% | |
| Total book value | $ 18,906 | $ 6,533 | $ - | $ - | $ 25,439 |
| Allowance loss | $ - | $ - | $ - | $ - | $ - |

December 31, 2022

| | age range | | | | |
|---|---|---|---|---|---|
| Group 1 | within 90 days | 91-120 days | 121-180 days | more than 181 days | Total amount |
| Expected loss rate | 0%~0.03% | 0%~0.03% | 0%~0.03% | 0%~0.03% | |
| Total book value | $ 93,809 | $ 5,179 | $ 707 | $ - | $ 99,695 |
| Allowance loss | $ - | $ - | $ 2 | $ - | $ 2 |
| Group 2 | within 90 days | 91-120 days | 121-180 days | more than 181 days | Total amount |
| Expected loss rate | 0%~0.03% | 0.52%~1.74% | 2.34%~7.74% | 100% | |
| Total book value | $ 8,039 | $ - | $ - | $ 2,142 | $ 10,181 |
| Allowance loss | $ - | $ - | $ - | $ - | $ - |

Note: Restricted assets-account receivable $13,053 and $2,142 on December 31, 2023 and 2022 were under provisional attachment by Taipei District Court, so no expected credit loss was provided, please refer to note 9(1).

(ii) Individual assessment account:

| December 31, 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | age range | | | | | | | | |
| | within 90 days | | 91-120 days | | 121-180 days | | more than 181 days | | Total amount |
| Expected loss rate | 0%~0.03% | | 0%~0.03% | | 0%~0.03% | | 0%~100% | | |
| Total book value | $ | - | $ | - | $ | - | $ | 242,990 | $ 242,990 |
| Allowance loss | $ | - | $ | - | $ | - | $ | 242,990 | $ 242,990 |

| December 31, 2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | age range | | | | | | | | |
| Group 1 | within 90 days | | 91-120 days | | 121-180 days | | more than 181 days | | Total amount |
| Expected loss rate | 100% | | 100% | | 100% | | 100% | | |
| Total book value | $ | - | $ | - | $ | - | $ | 242,874 | $ 242,874 |
| Allowance loss | $ | - | $ | - | $ | - | $ | 242,874 | $ 242,874 |

vii. The Group adopts the simplified method of accounts receivable allowance loss change table as follows:

| | FY2023 | FY2022 |
|---|---|---|
| January 1 | $ 353,876 | $ 242,593 |
| Provision for impairment loss | 227 | 283 |
| December 31 | $ 242,990 | $ 242,876 |

Note: It is disclosed based on the original account numbers of the consolidated entities of the Group.

viii. The notes receivable on December 31, 2023 and 2022 are not overdue, and the allowance loss is $0.

(c) Liquidity risk

i. The cash flow forecast is performed by each operating entity within the group and is summarized by the Group’s Finance Department. The Group Finance Department monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments at any time. These forecasts take into account the Group's debt financing plans, compliance with internal balance sheet financial ratio targets, and external regulatory requirements such as foreign exchange controls.

ii. The Group’s unused loan amount on December 31, 2023 and 2022 are $480,000 and $450,000 respectively.

iii. The following table is the grouping of the Group's non-derivative financial liabilities according to the relevant maturity date, which is analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contract cash flow amount disclosed in the table below is the undiscounted amount.

Non-derivative financial liabilities

| December 31, 2023 | | Within 1 year | | Within 1~2 years | | over 2 years |
|---|---|---|---|---|---|---|
| Notes and account payable | $ | 66,157 | $ | - | $ | - |
| Other payable | | 189,613 | | - | | - |
| lease liabilities | | 201,454 | | 163,963 | | 806,000 |
| Long-term borrowings | | 226 | | 46 | | 8,720 |
| deposits received | | - | | - | | 22,711 |
| | $ | 457,450 | | 164,009 | | 837,431 |

Non-derivative financial liabilities

| December 31, 2022 | | Within 1 year | | Within 1~2 years | | over 2 years |
|---|---|---|---|---|---|---|
| Short-term debt | $ | 30,000 | $ | - | $ | - |
| Notes and account payable | | 60,080 | | - | | - |
| Other payable | | 102,363 | | - | | - |
| lease liabilities | | 165,127 | | 87,361 | | 7,963 |
| deposits received | | 211 | | 211 | | 8,755 |
| | $ | - | | - | | 22,630 |
| | $ | 357,781 | | 87,572 | | 39,348 |

(3) Fair value information

A. The various levels of valuation technique used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available to the Company at the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investments in publicly traded stocks are included in this category.

Level 2: Observable inputs directly or indirectly to assets or liabilities, other than those included in Level 1 quoted prices.

Level 3: Unobservable inputs to assets or liabilities. Equity in the non-active market invested by the Group, including instrument investment and investment real estate.

B. Financial instruments that are not measured by fair value include cash and cash equivalents, notes receivable, accounts receivable, short-term debt, notes payable, accounts payable and other payables. The carrying amount is a reasonable approximation of fair value.

C. The financial and non-financial instruments measured by fair value are classified by the Group according to the nature, characteristics and risks of assets and liabilities and the basic classification of fair value levels. The relevant information is as follows:

| December 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| <u>Repetitive fair value</u> | | | | |
| Financial asset at fair value through profit or loss | | | | |
| Domestic and foreign listed (OTC) stocks | $ 43,130 | $ - | $ - | $ 43,130 |
| Financial assets at fair value through other comprehensive income | | | | |
| Domestic and foreign listed (OTC) stocks | $ 187,590 | $ - | $ - | $ 187,5901 |
| Domestic and foreign non-listed (OTC) stocks | - | - | 4,702 | 4,702 |
| Total amount | $ 187,590 | $ - | $ 4,702 | $ 192,292 |

| December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| <u>Repetitive fair value</u> | | | | |
| Financial asset at fair value through profit or loss | | | | |
| Domestic and foreign listed (OTC) stocks | $ 72,240 | $ - | $ - | $ 72,240 |
| Financial assets at fair value through other comprehensive income | | | | |
| Domestic and foreign listed (OTC) stocks | $ 148,531 | $ - | $ - | $ 148,531 |
| Domestic and foreign non-listed (OTC) stocks | - | - | 18,466 | 18,466 |
| Total amount | $ 148,531 | $ - | $ 18,466 | $ 166,997 |

D. The methods and assumptions used by the Group to measure fair value are explained below:

(a) The Group adopts the quoted market price as the input value of the fair value (i.e. Level 1), which is classified according to the characteristics of the instrument as follows:

| | Listed (OTC) company stocks |
|---|---|
| Quoted market price | Closing price |

(b) Except for the above-mentioned financial instruments with an active market, the rest of the fair value measurement is based on the net asset value method and the valuation technique of the analogous listing and OTC company method. The price of the same or similar transaction in the market is used as the observable input value, and the calculation is made its fair value.

(c) The fair value valuation technique of the investment real estate measured by the fair value of the Group is based on the provisions of the financial reporting standards for securities issuers, and is calculated by the self-assessment method using the income method. The relevant parameter assumptions and input value information are as follows:

i. Cash flow: Based on the local rent or the rental price of similar comparative targets in the market, and excluding those that are too high or too low, if there is an end-of-period value, the present value of the end-of-period value may be added.

ii. Analysis period: If the revenue has a specific period, the remaining period is estimated..

iii. Discount rate: The discount rate is estimated using the Risk Premium Method, which is based on a certain interest rate, plus the individual characteristics of investment properties. The so-called certain interest rate as the base shall not be lower thantwo-year regular savings small deposits mobile interest rate plus 0.75% annoucned by Chunghwa Post Co., Ltd.

E. No transfer between Level 1 and Level 2 in 2023 and 2022.

F. The Group's fair value valuation process for financial instruments classified as Level 3 is performed by the Group's Finance Department, which conducts independent fair value verification of the financial instruments, using independent sources of information to closely approximate market conditions, confirm that the sources of information are independent, reliable, consistent with other sources and representative of executable prices. It also updates the input values and information required by the valuation model and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

G. The quantitative information and sensitivity analysis of the changes in the Significant unobservable inputs of the evaluation model used for Level 3 fair value measures are as follows:

| December 31, 2023 | Fair value | Valuation technique | Significant unobservable inputs | Relationship between input value and fair value |
|---|---|---|---|---|
| Domestic and foreign non-listed (OTC) stocks | $ 4,702 | Net asset value method | N/A | N/A |

| December 31, 2022 | Fair value | Valuation technique | Significant unobservable inputs | Relationship between input value and fair value |
|---|---|---|---|---|
| Domestic and foreign non-listed (OTC) stocks | $ 18,466 | Net asset value method | N/A | N/A |

13. Other disclosures

(1) Information on significant transactions

A. Lending funds to others: please refer to appendix 1.

B. Providing endorsements or guarantees for others: please refer to appendix 2.

C. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): none

D. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: none

E. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: none

F. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: none

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: none

H. Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more: none

I. Trading in derivative instruments: none

J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: none

(2) Information on investees:

The information on investees (excluding investees in Mainland China): please refer to appendix 3.

(3) Information on investments in the Mainland Area:

F. Basic information: None.

G. Significant transactions that occurred directly or indirectly through enterprises in third regions and investee companies reinvested in mainland China: None.

(4) Information on major shareholders:

14. Operating department information

(1) General information

The management of the Group has identified the reporting departments based on the reporting information used by the Board of Directors in making decisions.

The reporting department of the Group should report that the developments are distinguished by product and business structure, mainly divided into printing, advertising, mask, and development departments.

(2) Measurement of departmental information

The accounting policy of the Group Operating Department is the same as the summary description of important accounting policies described in Note 4 of the financial report. Operating segment profit and loss is measured by operating profit and loss and is used as the basis for evaluating the performance of the Operating Department. The reportable information of departments provided to the chief operating decision maker is as follows:

| | FY2023 | | | | |
|---|---|---|---|---|---|
| | Printing Dept. | Advertising Dept. | Mask Dept. | Development Dept. | Total amount |
| External revenue | $ 581,694 | $ 118,833 | $ 781 | $ - | $ 701,308 |
| Internal revenue | - | - | - | - | - |
| Segment revenue | $ 581,694 | $ 118,833 | $ 781 | $ - | $ 701,308 |
| Segment profit and loss | $ 16,057 | ($ 16,130) | ($ 469) | ($ 5,834) | ($ 6,376) |
| Segment profit and loss include: | | | | | |
| Depreciation and amortization | $ 16,439 | $ 105,126 | $ - | $ - | $ 121,565 |
| Interest expense | $ 457 | $ 20,712 | $ - | $ 220 | $ 21,389 |
| Interest revenue | $ 1,184 | $ 8,043 | $ - | $ 113 | $ 9,340 |

| | FY2022 | | | | |
|---|---|---|---|---|---|
| | Printing Dept. | Advertising Dept. | Mask Dept. | Development Dept. | Total amount |
| External revenue | $ 566,133 | $ 34,386 | $ 3,547 | $ - | $ |
| Internal revenue | - | - | - | - | |
| Segment revenue | $ 566,133 | $ 34,386 | $ 3,547 | $ - | $ 604,066 |
| Segment profit and loss | $ 12,916 | $ 8,121 | $ 150 | ($ 4,820 ) | $ 16,367 |
| Segment profit and loss include: | | | | | |
| Depreciation and amortization | $ 19,040 | $ 5,747 | $ 216 | $ - | $ 25,003 |
| Interest expense | $ 1,109 | $ 9,549 | $ - | $ 152 | $ 10,810 |
| Interest revenue | $ 507 | $ 1,789 | $ - | $ 11 | $ 2,307 |

(3) Segment revenue and adjustment of profit and loss

A. The adjustment of operating segment profit and loss and continuing operating income before tax for 2023 and 2022 to be reported is as follows:

| Revenue | FY2023 | FY2022 |
|---|---|---|
| The total department revenue should be reported | $ 701,308 | $ 604,066 |
| Sales department revenue | - | - |
| Operating revenue | $ 701,308 | $ 604,066 |

| Profit (loss) | FY2023 | FY2022 |
|---|---|---|
| Segment profit and loss | ($ 6,376 ) | $ 16,367 |
| Adjustments and write-offs | - | - |
| Non-operating income and expenses | ( 133,754 ) | ( 124,879 ) |
| continuing operating income before tax | ($ 140,130 ) | ($ 108,512 ) |

B. The Group does not provide the operating decision maker with total assets and total liabilities for operating decisions, as the statements provided to the operating decision maker for segment operating decisions do not differ from the statement of segment profit and loss and therefore no adjustment is required.

(4) Product information

The Group's main product revenue details are as follows:

| | FY2023 | FY2022 |
|---|---|---|
| Advertising | $ 132,092 | $ 155,676 |
| Project Advertising | 118,833 | 34,386 |
| Periodicals | 215,380 | 255,498 |
| Textbooks | 42,402 | 46,205 |
| Masks | 781 | 3,547 |
| Others | 191,820 | 138,754 |
| Total amount | $ 701,308 | $ 604,066 |

(5) Information about Geographical Areas

The Group's Information about Geographical Areas in 2023 and 2022 are as follows:

| | FY2023 | | FY2022 | |
|---|---|---|---|---|
| | Revenue | Non-current asset | Revenue | Non-current revenue |
| Taiwan | $ 701,308 | $ 1,237,481 | $ 604,066 | $ 503,003 |

Non-current assets mean real property, plant and equipment, right-of-use assets, investment real estate and other non-current assets - other but excluding financial instruments.

(6) Information about Major Customers

The Group's information about major customers in 2023 and 2022 are as follows:

| | FY2023 | | FY2022 | |
|---|---|---|---|---|
| | Revenue | Department | Revenue | Department |
| Company A | $ 80,366 | Printing Dept. | $ 82,454 | Printing Dept. |

Choice Development Inc. and Subsidiaries

FINANCING PROVIDED TO OTHERS

January 1 ~ December 31, 2023

Table 1

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

| No. (note1) | Lender | Borrower | Financial Statement Account (note 2) | Related Party Related (y/n) | Highest Balance for the Period (note 3) | Ending Balance (note 8) | Actual Borrowing Amoun | Range of Interest Rates | Nature of Financing (note 4) | Business Transaction Amounts (note 5) | Reasons for Short-term Financing (note 6) | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (note 7) | Aggregate Financing Limit (note 7) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | Omni Media Int'l Inc. | Hohoad International Incorporation | Other receivables | N | $ 41,000 | $ 41,000 | $ 39,857 | 2.80% | Those who need short-term financing | $ - | Turnover | $ 39,857 | - | - | $ 21,035 | $ 42,070 | |
| 2 | " | Taiwan More Media International Incorporation | Other reveivables | N | 37,000 | 37,000 | 10,227 | 2.80% | Those who need short-term financing | - | Turnover | 10,227 | - | $ - | 21,035 | 42,070 | |

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023

Note 4: The column of'Nature of loan' shall fill in 'Business transaction' or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current period.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: The total amount of funds loaned to others shall not exceed 40% of the net value of Omni Media International Incorporation (Omni Int'l); however, the total amount of funds loaned to the same borrower:
1. For companies or firms that have business dealings with Omni Int'l, the amount of funds loaned to individual objects shall not exceed the amount of business transactions between the two parties.
2. For companies or firms that need short-term financing, the amount of funds loaned to individual objects shall not exceed 20% of Omni Int'l's net worth.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Paragraph 1, Article 14 of the "Regulations Governing Loaning of Funds and Making o Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the Board of Directors of a public company has authorized the Chairmar funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companie published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even thou are repaid subsequently, for taking into consideration that they could be loaned again thereafter.

Note 9: On 13 July 2022, Omni Int'l formally appointed a lawyer to file a criminal complaint against the relevant persons to recover the outstanding amounts; on April 19, 2023, Omni Int'l held a board meeting to approve amendments "Procedures for the Funds Loaning to Others" to improve compliance and on August 10, 2022, the Company's Audit Committee and the Board of Directors presented the relevant audit report and will regularly follow up on the improvement of the implementation

Note 10: The amounts shown as "other non-current assets", which have not been paid after repeated collections, have been transferred to collections and are have been set aside as an allowance for uncollectible accounts.

Choice Development Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

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

| Holding Company Name | Type and Name of Marketable Securities (note 1) | Relationship with the Holding Company (note 2) | Financial Statement Account | December 31, 2023 Unit/Share | Carrying Amount (note 3) | Percentage of Ownership (%) | Fair Value | Remarks (note 4) |
|---|---|---|---|---|---|---|---|---|
| Choice Development Inc. | Domestic Listed (OTC) Stocks/Shihlin Development Co., Ltd. | - | Current Financial Assets at Fair Value through Profit or Los | 3,800,000 | $ 43,130 | 1.97 | $ 43,130 | |
| | | | | | $ 43,130 | | | |
| Choice Development Inc. | Domestic Listed (OTC) Stocks/Shihlin Development Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 13,206,014 | 149,888 | 5.83 | 149,888 | |
| Choice Development Inc. | Domestic Listed (OTC) Stocks/Eslite Spectrum Corporation | - | Non-current financial assets at fair value through other comprehensive income | 150,000 | 9,735 | 0.32 | 9,735 | |
| Choice Development Inc. | Foreign Listed (OTC) Stocks/Beijing Enterprises Medical and Health Industry Group Limited, common stocks | - | Non-current financial assets at fair value through other comprehensive income | 106,242,000 | 27,967 | 1.75 | 27,967 | |
| Choice Development Inc. | Unlisted (OTC) stocks /ImageDJ Corporation | - | Non-current financial assets at fair value through other comprehensive income | 29,760 | 172 | 1.19 | 172 | |
| Choice Development Inc. | Unlisted (OTC) stocks /SCI, StemCyte Taiwan Co., Ltd | - | Non-current financial assets at fair value through other comprehensive income | 5,326 | 56 | 0.01 | 56 | |
| Choice Development Inc. | Unlisted (OTC) stocks /e-Formula Technologies, INC. | - | Non-current financial assets at fair value through other comprehensive income | 451,075 | 4,474 | 2.07 | 4,474 | |
| | | | | | $ 192,292 | | | |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9, 'Financial instruments: recognition and measurement'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Choice Development Inc. and Subsidiaries

Information on investees (not including investee company of Mainland China)

Janaury 1 ~ December 31, 2023

Table 3

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

| | Investee | Location | Main Businesses and Products | December 31, 2023 | December 31, 2022 | As of December 31, 2023 Number of Shares | Percentage (%) | Carrying Amount | Net Income (Loss) of the Investee (note 2(2)) | Share of Profit (Loss) (note 2(3)) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Choice Development Inc. | Omni Media Int’l Inc. | Taiwan | Media Advertising | $ 571,854 | $ 571,854 | 53,444,341 | 81.19% | $ 85,387 | ($ 175,799) | ($ 142,726) | |
| " | Choice Property Management Inc. | | Residential & Building Development & Leasing | 30,000 | 15,000 | 3,000,000 | 60.00% | 19,596 | ( 5,822) | ( 3,494) | |
| Omni Media Int’l Inc. | Omni Int’l Devp. Co., Ltd. | " | Real Estate Development | - | 5,000 | - | - | - | - | | Note 3 |

Note1: This transaction was written off when the consolidated financial statements were prepared. Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, ‘Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net profit (loss) of the investee for the year ended December 31, 2023’ column should fill in amount of net profit (loss) of the investee for this period.

(3) The‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Omni nternational Industrial Development Co., Ltd. was dissolved with the approval of the Taipei City Government on September 2, 2022. As of April 21, 2023, the liquidation process has not been completed

Choice Development Inc. and Subsidiaries

INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2023

Table 4

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

| Names of Major Shareholders | Shares | | |
|---|---|---|---|
| | Number of Shares Held (commond) | Number of Shares Held (Preferred) | Percentage of Ownership (%) |
| Peng, Teng-Te | 19,999,800 | - | 19.74% |
| Yaoze Co., Ltd. | 8,369,000 | - | 8.26% |
| Xi Jui Investment Co., Ltd. | 6,000,000 | - | 5.92% |
| Chuan Sheng Investment Co., Ltd. | 5,740,200 | - | 5.66% |
| Hung Lin International Co., Ltd. | 5,123,000 | - | 5.05% |

Note 1. The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDC) calculates the total number of ordinary shares and preferred shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's consolidated financial statements and the actual number shares that have completed the dematerialized registration and delivery may be different due to the difference in the basis of calculation.

Note 2. In the event where the shareholders delivers its equity to trust, the information is disclosed in the form of individual trust accounts opened by the trustee. As for the shareholders declaring insider equity holdings of more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholdings include the shares held by themselves plus the shares delivered to trust while retaining the right to determine the utilization. For information on insider equity declarations, please refer to the Market Observatory Post System

# Certificate of Seal-Impression

## Member of Taiwan CPA Association

Certificate No.: 1130080

Name of Accountant: (1) Liao, Fu-Ming
(2) Lin, Yi-Fan

Office Name: PricewaterhouseCoopers (PwC) Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Road, Xinyi Dist., Taipei City
Business Registration No: 03932533

Office Tel. No.: (02)27296666
Business Registration No. of Client: 69439272

Membership Certificate No.: (1) Taipei City 4263
(2) Taipei City 3666

Purpose: for Financial Statement & Auditor’s Report of CHOICE DEVELOPMENT INC. (from January 1, 2023 to December 31, 2023)

Specimen signature –signed- Seal-impression -seal affixed-

Specimen signature –signed- Seal-impression -seal affixed-

Chairman-sealed- Checked by –sealed-

January 3, 2024
(official seal affixed)