Stock Code:3556

EGALAX_EMPIA TECHNOLOGY INC.

Parent Company Only Financial Statements

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

Address: 11F, No. 302, Rueiguang Rd., Neihu District, Taipei City, Taiwan
Telephone: (02)8751-5191

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安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of eGalax_eMPIA Technology Inc.:

Opinion

We have audited the financial statements of eGalax_eMPIA Technology Inc.("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(l) "Revenue recognition" to the parent company only financial statements for accounting policy related to recognition of revenue.

   Description of key audit matter:

   Sales revenue is a main indicator that shows whether eGalax_eMPIA Technology Inc. have achieved their operating, financial objectives and investors'expectations. Therefore, revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures in relation to the above key audit matter included:

- Understanding the design and implementation of the Company's internal controls on revenue recognition and assessing whether the revenue recognition was performed in accordance with the Company' s accounting policy.

- Testing the controls of sales and collection cycle relating to financial reporting.

- Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant changes or irregular transactions exist.

- Performing sales cut-off of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether revenue has been recognized in the proper period.

2. Inventory valuation

Please refer to note 4(g) "Inventories" to the parent company only financial statements for accounting policy related to valuation of inventories.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, the market changes rapidly, it might result that inventories don't meet the needs of the market. The carrying value of inventories might have a risk to exceed its net realized value. Therefore, inventory valuation has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures in relation to the above key audit matter included:

- Viewing inventory aging reports to analyze inventory aging changes for each period.

- Assessing whether valuation policy for inventory loss or obsolescence and inventory valuation were performed in accordance with the Company's policy.

- Assessing the adequacy of the Company's disclosure for inventories.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Hsu, Ming-Fang.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Originally Issued in Chinese)

EGALAX_EMPIA TECHNOLOGY INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a)(q))	$ 313,455	24	355,657	21
1110	Current financial assets at fair value through profit or loss (Note 6(b)(q))	26,923	2	176,443	11
1150	Notes receivable, net (Note 6(d)(o)(q))	1,410	-	2,392	-
1170	Accounts receivable, net (Note 6(d)(o)(q))	106,727	8	90,770	5
1180	Accounts receivable-related parties, net (Note 6(d)(o)(q) and 7)	30,233	2	30,536	2
1200	Other receivables (Note 6(e)(q))	466	-	1,150	-
130X	Inventories (Note 6(f))	623,247	46	704,476	43
1410	Prepayments	3,311	-	11,092	1
1470	Other current assets (Note 8)	1,208	-	1,200	-
	Total current assets	1,106,980	82	1,373,716	83
	Non-current assets:				
1535	Non-current financial assets at amortized cost (Note 6(c)(q))	-	-	100,000	6
1551	Investments accounted for using equity method (Note 6(g))	125,040	9	130,122	8
1600	Property, plant and equipment (Note 6(h))	4,283	-	2,536	-
1755	Right-of-use assets (Note 6(i))	40,830	3	9,638	1
1840	Deferred tax assets (Note 6(l))	52,036	4	5,303	-
1920	Refundable deposits (Note 9)	10,878	1	15,354	1
1990	Other non-current assets, others	10,813	1	8,917	1
	Total non-current assets	243,880	18	271,870	17
	Total assets	$ 1,350,860	100	1,645,586	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Current contract liabilities (Note 6(o))	$ 3,066	-	2,473	-
2170	Accounts payable (Note 6(q))	110,447	8	126,639	8
2219	Other payables-others (Note 6(q))	76,885	6	155,747	9
2230	Current tax liabilities	19,212	1	12,801	1
2251	Current provisions for employee benefits (Note 6(k))	7,562	1	7,131	-
2280	Current lease liabilities (Note 6(j)(q))	8,284	1	9,127	1
2399	Other current liabilities, others	1,020	-	980	-
	Total Current liabilities	226,476	17	314,898	19
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note 6(l))	-	-	104	-
2580	Non-current lease liabilities (Note 6(j)(q))	32,741	3	647	-
2640	Net defined benefit liability, non-current (Note 6(k))	5,405	-	6,084	1
2650	Credit balance of investments accounted for using equity method (Note 6(g))	1,162	-	1,194	-
	Total non-current liabilities	39,308	3	8,029	1
	Total liabilities	265,784	20	322,927	20
	Equity (Note 6(m)):				
3110	Ordinary share	637,029	47	637,029	39
	Capital surplus:				
3235	Capital Surplus, changes in ownership interests in subsidiaries	5,214	-	5,214	-
3270	Capital surplus, net assets from merger	14,114	1	14,114	1
3280	Capital surplus, others	514	-	514	-
		19,842	1	19,842	1
	Retained earnings:				
3310	Legal reserve	362,446	27	329,545	20
3320	Special reserve	419	-	1,847	-
3350	Unappropriated retained earnings	65,727	5	334,815	20
		428,592	32	666,207	40
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	(387)	-	(419)	-
	Total equity	1,085,076	80	1,322,659	80
	Total liabilities and equity	$ 1,350,860	100	1,645,586	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

EGALAX_EMPIA TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022	
		Amount	**%**	**Amount**	**%**
4110	**Operating revenue**	$ 1,082,183	100	1,294,552	101
4170	Less: Sales returns	759	-	13,842	1
4190	Sales discounts and allowances	697	-	349	-
	Operating revenue, net (Note 6(o) and 7)	1,080,727	100	1,280,361	100
5110	**Operating costs (Note 6(f)(k)(p) and 12)**	760,056	70	578,484	45
	Gross profit from operations	320,671	30	701,877	55
	Operating expenses (Note 6(h)(i)(j)(k)(p) and 12):				
6100	Selling expenses	40,053	4	47,612	4
6200	Administrative expenses	37,680	3	50,689	4
6300	Research and development expenses	182,313	17	223,811	17
6450	Expected credit (gain) loss (Note 6(d))	(442)	-	442	-
	Total operating expenses	259,604	24	322,554	25
6900	**Net operating income**	61,067	6	379,323	30
	Non-operating income and expenses:				
7100	Interest income	5,854	-	3,729	-
7010	Other income	1,907	-	2,255	-
7020	Other gains and losses, net	6,590	-	(4,774)	-
7030	Gains arising from derecognition of financial assets measured at amortized cost	59	-	-	-
7050	Finance costs(Note 6(j))	(504)	-	(122)	-
7070	Share of loss (profit) of subsidiaries accounted for using equity method	(5,082)	-	774	-
	Total non-operating income and expenses	8,824	-	1,862	-
7900	**Profit before tax**	69,891	6	381,185	30
7950	**Less: Income tax expenses (Note 6(l))**	8,353	-	55,053	4
	Profit	61,538	6	326,132	26
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit plans (Note 6(k))	250	-	2,880	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified to profit or loss	250	-	2,880	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements (Note 6(m))	32	-	1,428	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that will be reclassified to profit or loss	32	-	1,428	-
8300	**Other comprehensive income (net of tax)**	282	-	4,308	-
8500	**Total comprehensive income**	$ 61,820	6	330,440	26
	Earnings per share (Note 6(n))				
9750	**Basic earnings per share (NT Dollar)**	$ 0.97		5.12	
9850	**Diluted earnings per share (NT Dollar)**	$ 0.96		5.04	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

EGALAX_EMPIA TECHNOLOGY INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2022	$ 612,528	19,842	292,364	1,639	373,957	(1,847)	1,298,483
Profit	-	-	-	-	326,132	-	326,132
Other comprehensive income	-	-	-	-	2,880	1,428	4,308
Total comprehensive income	-	-	-	-	329,012	1,428	330,440
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	37,181	-	(37,181)	-	-
Special reserve	-	-	-	208	(208)	-	-
Cash dividends on ordinary shares	-	-	-	-	(306,264)	-	(306,264)
Stock dividends on ordinary shares	24,501	-	-	-	(24,501)	-	-
Balance at December 31, 2022	637,029	19,842	329,545	1,847	334,815	(419)	1,322,659
Profit	-	-	-	-	61,538	-	61,538
Other comprehensive income	-	-	-	-	250	32	282
Total comprehensive income	-	-	-	-	61,788	32	61,820
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	32,901	-	(32,901)	-	-
Cash dividends on ordinary shares	-	-	-	-	(299,403)	-	(299,403)
Reversal of special reserve	-	-	-	(1,428)	1,428	-	-
Balance at December 31, 2023	**$ 637,029**	**19,842**	**362,446**	**419**	**65,727**	**(387)**	**1,085,076**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

EGALAX_EMPIA TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before tax	$ 69,891	381,185
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	17,225	17,611
Amortization expense	12,795	15,610
Expected credit (gain) loss	(442)	442
Net (gain) loss on financial assets at fair value through profit or loss	(3,206)	7,641
Interest expense	504	122
Net gain arising from derecognition of financial assets measured at amortized cost	(59)	-
Interest income	(5,854)	(3,729)
Dividend income	(904)	(421)
Share of loss (profit) of subsidiaries accounted for using equity method	5,082	(774)
Total adjustments to reconcile profit (loss)	25,141	36,502
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	152,726	33,688
Notes receivable	982	(1,149)
Accounts receivable	(15,515)	57,286
Accounts receivable-related parties	303	44,893
Other receivables	(51)	(15)
Inventories	81,229	(316,313)
Prepayments	7,781	(9,158)
Other current assets	(8)	(11)
Current contract liabilities	593	(1,200)
Accounts payable	(16,192)	(12,305)
Other payable-other	(77,816)	(24,141)
Current provisions for employee benefits	431	(420)
Other current liabilities, others	40	67
Net defined benefit liabilities, non-current	(429)	(463)
Total changes in operating assets and liabilities	134,074	(229,241)
Total adjustments	159,215	(192,739)
Cash inflow generated from operations	229,106	188,446
Interest received	6,589	3,147
Dividends received	904	421
Interest paid	(504)	(122)
Income taxes paid	(48,779)	(80,082)
Net cash flows from operating activities	187,316	111,810
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(100,000)
Proceeds from disposal of financial assets at amortized cost	100,059	-
Proceeds from repayments of financial assets at amortized cost	-	50,000
Acquisition of property, plant and equipment	(3,487)	(1,172)
Refundable deposits	4,476	5,411
Other non-current assets	(15,737)	(14,942)
Net cash flows from (used in) investing activities	85,311	(60,703)
Cash flows used in financing activities:		
Payment of lease liabilities	(15,426)	(15,591)
Cash dividends paid	(299,403)	(306,264)
Net cash flows used in financing activities	(314,829)	(321,855)
Net decrease in cash and cash equivalents	(42,202)	(270,748)
Cash and cash equivalents at beginning of period	355,657	626,405
Cash and cash equivalents at end of period	**$ 313,455**	**355,657**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

EGALAX_EMPIA TECHNOLOGY INC.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

eGalax_eMPIA Technology Inc. (the “Company”) was established on September 12, 2002. The major business activities are designing, processing and manufacturing of electronic products such as IC (integrated circuits), wholesale and retail of electronic components and commenced major business activities that generated significant revenue since 2003.

In line with the government’ s incentive policy about business merger, to reduce management costs and promote reasonable operation, eGalax_eMPIA Technology Inc. was resolved by the Board of Directors and shareholders’ meetings on October 30, 2006 and November 15, 2006 respectively to merge with eGalax Inc.. The consolidation base date was November 30, 2006. In April 2007, the Company was listed on the emerging stock board of Taipei Exchange, and was approved to trade in December 2007. In the same year, the Company’s application to be listed on the main board of Taipei Exchange was approved and starting to be listed on since April 15, 2008.

A resolution was approved during the Board of Directors meeting and the shareholders’ meeting held on April 16 and June 6, 2012, respectively, to enhance competitiveness and business performance, the Company carried out a restructuring of the organization and spin-off its specialized divisions. The Company Spun off the relevant business and related long-term equity investment (including assets, liabilities and operations) of its video/audio control chip department to the newly established company, eMPIA Technology.Inc. (hereinafter referred to as “ eMPIA”) and acquire the shares issued by eMPIA. The effective date of the demerger was August 1, 2012. The Company exchanged 10,000 thousand ordinary shares with a par value of $10 per share at $12.50 per share, which is the book value of the net operating assets of video/audio control chip department.

The Company has obtained the approval letter from Taipei Exchange for confirming the demerger was in compliance with Article 15- 20 of the Taipei Exchange Rules Governing Securities Trading on the TPEx, and the Company would continue to be listed after the demerger.

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

These partner company only financial statements were authorized for issue by the Board of Directors on February 27, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

(Continued)

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

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

(b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

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

(a) Statement of compliance

The parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language financial statements. the Chinese version shall prevail.

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(m).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

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

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) 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.

(e) Cash and cash equivalents

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

Time deposits with maturities within a year or less which are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes and are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value should be recognized as cash equivalents.

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
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(f) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
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3) Business model assessment

The Company holds a portfolio of listed equity securities for the purposes of trading.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, refundable deposits and other financial assets) and contract assets.

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

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ' investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after 90 days.

5) Derecognition of financial assets

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

(Continued)

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(Continued)

(iii) Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

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

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

(h) Investment in subsidiary

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Office equipment	3 years
2)	Machinery and equipment	2~3 years
3)	Transportation equipment	5 years
4)	Leasehold improvements	2~4 years

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

(j) Leases

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

(i) As a lessee

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

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

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

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

— fixed payments; including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

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

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

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

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

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

(l) Revenue recognition

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

(i) Sale of goods

The Company Designs and sells IC (integrated circuits) to customer. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Financing components

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

(m) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(n) Income taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(o) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The Company's dilutive potential ordinary shares comprise employee compensation.

(p) Segment information

The Company has already disclosed the segment information in the consolidated financial statements; therefore the Company will not disclose the segment information again in the separate financial statements.

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

The preparation of the parent company only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
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Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) The loss allowance of trade receivable

The Company has estimated the loss allowance for trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(d) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. For the estimation of the valuation of inventories, please refer to note 6(f)

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, check deposits and demand deposits	$ 34,652	36,030
Repurchase agreement	30,000	24,000
Time deposits	248,803	295,627
Cash and cash equivalents in the statement of cash flows	**$ 313,455**	**355,657**

Please refer to note 6(q) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Financial assets designated at fair value through profit or loss:		
Fund beneficiary certificates	$ -	158,823
Stocks listed on domestic markets	26,923	17,620
	$ 26,923	**176,443**

Please refer to note 6(q) for the disclosures of credit risk, currency risk, and interest rate risk.

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(c) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Non-current:		
Ordinary corporate bonds	**$ -**	**100,000**

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 1,410	2,392
Accounts receivable	106,727	91,212
Accounts receivable-related parties	30,233	30,536
Less: loss allowance	-	(442)
	$ 138,370	**123,698**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL analysis of notes receivable and accounts receivable of the Company was as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 130,392	0%	-
Past due within 60 days	7,978	0%	-
	$ 138,370		**-**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 120,297	0%	-
Past due within 60 days	3,401	0%	-
Past due over 91 days	442	100%	442
	$ 124,140		**442**

(Continued)

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The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2023	**2022**
Balance at January 1	$ 442	-
Impairment losses recognized	-	442
Impairment losses reversed	(442)	-
Balance at December 31	**$ -**	**442**

As of December 31, 2023 and 2022, the notes and accounts receivable of the Company were not pledged as collateral.

For further credit risk information, please refer to note 6(q).

(e) Other receivables

	December 31, 2023	**December 31, 2022**
Other receivables (including non-accrual loan)	$ 466	1,150
Less: loss allowance	-	-
	$ 466	**1,150**

The movements in the loss allowance for other receivables were as follows:

	For the years ended December 31,	
	2023	**2022**
Balance at December 31 (e.g. Balance at January 1)	**$ -**	**-**

For further credit risk information, please refer to note 6(q).

(f) Inventories

	December 31, 2023	**December 31, 2022**
Finished goods	$ 34,271	42,877
Work in progress	29,103	23,598
Raw materials	559,873	638,001
	$ 623,247	**704,476**

For the years ended December 31, 2023 and 2022, the cost of inventories recognized as the cost of goods sold and expenses amounted to $527,346 and $576,690, respectively. In 2023, the write-down of inventories amounted to $232,710. In 2022, the factors led to the net realizable value of inventories lower than the cost has been gone, the reversal of write-downs amounted to $7,565.

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None of the inventories held by the Company was pledged collateral as of December 31, 2023 and 2022.

(g) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Investments in subsidiaries accounted for using equity method	$ 125,040	130,122
Credit balance of Investments in subsidiaries accounted for using equity method	(1,162)	(1,194)
	$ 123,878	**128,928**

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	Office equipment	Machinery and Equipment	Transportation equipment	Leasehold improvements	Total
Cost:					
Balance at January 1, 2023	$ 1,821	7,104	-	-	8,925
Additions	242	520	2,457	268	3,487
Balance at December 31, 2023	**$ 2,063**	**7,624**	**2,457**	**268**	**12,412**
Balance at January 1, 2022	$ 8,917	7,617	-	132	16,666
Additions	-	1,172	-	-	1,172
Disposal	(7,096)	(1,685)	-	(132)	(8,913)
Balance at December 31, 2022	**$ 1,821**	**7,104**	**-**	**-**	**8,925**
Depreciation:					
Balance at January 1, 2023	$ 979	5,410	-	-	6,389
Depreciation for the year	479	916	307	38	1,740
Balance at December 31, 2023	**$ 1,458**	**6,326**	**307**	**38**	**8,129**
Balance at January 1, 2022	$ 6,932	6,110	-	117	13,159
Depreciation for the year	1,143	985	-	15	2,143
Disposal	(7,096)	(1,685)	-	(132)	(8,913)
Balance at December 31, 2022	**$ 979**	**5,410**	**-**	**-**	**6,389**

(Continued)

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	Office equipment	Machinery and Equipment	Transportation equipment	Leasehold improvements	Total
Carrying amounts:					
Balance at December 31, 2023	$ 605	1,298	2,150	230	4,283
Balance at December 31, 2022	$ 842	1,694	-	-	2,536
Balance at January1, 2022	$ 1,985	1,507	-	15	3,507

As of December 31, 2023 and 2022, the property, plant and equipment of the Company were not pledged as collateral.

(i) Right-of-use assets

The cost and depreciation of leased buildings and transportation equipment of the Company were as follows:

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	$ 69,462	262	69,724
Additions	46,677	-	46,677
Decrease	-	(262)	(262)
Balance at December 31, 2023	$ 116,139	-	116,139
Balance at January 1, 2022	$ 69,462	262	69,724
Balance at December 31, 2022	$ 69,462	262	69,724
Accumulated depreciation:			
Balance at January 1, 2023	$ 59,911	175	60,086
Depreciation	15,398	87	15,485
Decrease	-	(262)	(262)
Balance at December 31, 2023	$ 75,309	-	75,309
Balance at January 1, 2022	$ 44,574	44	44,618
Depreciation	15,337	131	15,468
Balance at December 31, 2022	$ 59,911	175	60,086
Carrying amounts:			
Balance at December 31, 2023	$ 40,830	-	40,830
Balance at December 31, 2022	$ 9,551	87	9,638
Balance at January 1, 2022	$ 24,888	218	25,106

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

(j) Lease liabilities

The Company's carrying values of the lease liabilities were as follows：

	December 31, 2023	December 31, 2022
Current	$ 8,284	9,127
Non-current	$ 32,741	647

For the maturity analysis, please refer to note 6(q).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 429	122
Expenses relating to short-term leases	$ 75	75
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 216	140

The amounts recognized in the statement of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	$ 16,146	15,928

(i) Real estate leases

The Company leases buildings for its office space, the lease of office space typically run for a period of 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases transportation equipment, with lease terms of 2 years.

The Company leases office equipment, the lease of office equipment typically run for a period from 1 to 3 years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

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Notes to the Parent Company Only Financial Statements

(k) Employee benefits

(i) Defined benefit plans

The reconciliation of defined benefit obligation at present value and plant asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ (17,277)	(17,255)
Fair value of plan assets	11,872	11,171
deficit	(5,405)	(6,084)
Net defined benefit liabilities	**$ (5,405)**	**(6,084)**

The Company's employee benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Employee paid leave liabilities	**$ 7,562**	**7,131**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $11,826 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

For the years ended December 31, 2023 and 2022, the movement in present value of the defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 17,255	19,300
Current service costs and interest costs	258	96
Remeasurement loss (gain)		
—Actuarial gain arising from demographic assumptions	(252)	(1,954)
—Actuarial loss (gain) arising from changes in experience adjustments	16	(187)
Defined benefit obligations at December 31	**$ 17,277**	**17,255**

3) Movements of defined benefit plan assets

For the years ended December 31, 2023 and 2022, the movements in the present value of the defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 11,171	9,873
Interest income	171	50
Remeasurements loss (gain)		
—Return on plan assets (excluding interest income)	14	739
Contributions paid by employer	516	509
Fair value of plan assets at December 31	**$ 11,872**	**11,171**

4) Expenses recognized in profit or loss

For the years ended December 31, 2023 and 2022 the expenses recognized in profit or loss for the Company were as follows:

	2023	2022
Net interest of net liabilities for defined benefit obligations (recognized under administrative expenses)	**$ 87**	**46**

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Notes to the Parent Company Only Financial Statements

5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company's re-measurement of the net defined benefit liability; recognized in other comprehensive income, was as follows:

		2023	2022
Accumulated amount at January 1	$	(12,697)	(15,577)
Recognized during the period		250	2,880
Accumulated amount at December 31	**$**	**(12,447)**	**(12,697)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.250 %	1.500 %
Future salary increase rate	3.50 %	3.75 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $515.

The weighted-average lifetime of the defined benefits plans is 9.7 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligation	
	Increased	**Decreased**
December 31, 2023		
Discount rate (changes 0.25%)	16,865	17,703
Future salary increase rate (changes 0.25%)	17,686	16,879
December 31, 2022		
Discount rate (changes of 0.25%)	16,809	17,717
Future salary increase rate (changes of 0.25%)	17,699	16,824

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6.00% of each employee' s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of Labor Insurance amounted to $8,326 and $8,211 for the years ended December 31, 2023 and 2022, respectively.

(l) Income taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Current tax expense		
Current period	$ 48,491	53,357
Adjustment for prior periods	6,699	-
Deferred tax (income) expense	(46,837)	1,696
	$ 8,353	**55,053**

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Profit before tax	**$ 69,891**	**381,185**
Income tax using the Company's domestic tax rate	$ 13,978	76,237
Domestic investment loss (income) using equity method	1,016	(155)
Investment tax credit	(11,624)	(23,060)
Prior year income tax underestimation	6,699	-
Undistributed earnings additional tax	-	183
Others	(1,716)	1,848
Total	**$ 8,353**	**55,053**

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Notes to the Parent Company Only Financial Statements

(ii) Deferred tax assets and liabilities

		Allowance for inventory valuation losses	Others	Total
Deferred tax assets：				
January 1, 2023	$	4,362	941	5,303
Recognized in profit or loss		46,542	191	46,733
December 31, 2023	**$**	**50,904**	**1,132**	**52,036**
January 1, 2022	$	5,875	1,025	6,900
Recognized in profit or loss		(1,513)	(84)	(1,597)
December 31, 2022	**$**	**4,362**	**941**	**5,303**

		Unrealized exchange gain
Deferred tax liabilities：		
January 1, 2023	$	104
Recognized in profit or loss		(104)
December 31, 2023	**$**	**-**
January 1, 2022	$	5
Recognized in profit or loss		99
December 31, 2022	**$**	**104**

(iii) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(m) Capital and other equity

As of December 31, 2023 and 2022 the total value of authorized capital of the Company was amounted to $1,000,000 with a par value of $10 per share, of which included the amount of $50,000 reserved for exercising of employee share options, and the issued capital amounted each consisted of $637,029. All proceeds from the shares issued have been collected.

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Reconciliation of shares outstanding for 2023 and 2022 was as follows:

(in thousand shares)

	Ordinary share	
	2023	**2022**
Balance on January 1	63,703	61,253
Capital increase through undistributed earnings	-	2,450
Balance on December 31	**63,703**	**63,703**

(i) Ordinary shares

A resolution was passed during the shareholders' meeting held on June 8, 2022, the Company increased its capital by issuing 2,450 thousand shares, with a par value of $10 per share by unappropriated retained earnings amounted to $24,501. The base date of capital increase was August 3, 2022, and the relevant statutory registration procedures have since been completed.

(ii) Capital surplus

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the Company's article of incorporation, if there is a surplus considering all accounts by the end of a fiscal year, the surplus shall be allocated in the following order:

1) Estimating and reserving the taxes to be paid.

2) Offset accumulated deficits from previous years (including the adjusted unappropriated retained earnings).

3) 10% is to appropriated as legal reserve, unless legal reserve has reached total paid-in capital. (legal reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period)

4) Allocate a portion to special capital reserve, as required by relevant laws and regulations.

5) Any remaining profit together with any undistributed retained earnings, after deduction of item (1) to (4) shall be allocated to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval, wherein the distribution dividend and bonus may paid by issuing new shares.

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

The Company is now in growth, the Company' s dividend policy is to pay dividends from surplus considering factors such as the Company' s future investment environment, cash requirements, and capital budget requirements, while taking into account shareholders' interest. The Board of Directors shall draw up an earnings distribution plan within the 10% to 100% range of accumulated distributable earnings and shall report it to the shareholders' meeting. The earnings distribution may be distributed by way of cash dividend or stock dividend. The distribution ratio for cash dividend should not be less than 30% of the total dividend distribution.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be allocated as special reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earning distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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Notes to the Parent Company Only Financial Statements

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 and 2021 had been approved during the board meeting on February 23, 2023 and March 7, 2022, and the amounts of shares dividends on the appropriations of earnings for 2021 had been approved in the shareholders' meeting on June 8, 2022. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31, 2022		For the years ended December 31, 2021	
	Amount per share (in dollars)	Total Amount	Amount per share (in dollars)	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	$ 4.70	299,403	5.00	306,264
Shares	-	-	0.40	24,501
Total		$ 299,403		330,765

The amount of cash dividends on the appropriations of earnings for 2023, had been approved during the board meeting on February 27, 2024. The amount of dividend distribution to shareholders was as follows:

	For the years ended December 31, 2023	
	Amount per share (in dollars)	Total Amount
Dividends distributed to ordinary shareholders:		
Cash	$ 0.90	57,333

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Notes to the Parent Company Only Financial Statements

(iv) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements
Balance at January 1, 2023	$	(419)
Exchange differences on subsidiaries accounted for using equity method		32
Balance at December 31, 2023	**$**	**(387)**
Balance at January 1, 2022	$	(1,847)
Exchange differences on subsidiaries accounted for using equity method		1,428
Balance at December 31, 2022	**$**	**(419)**

(n) Earnings per share

Basic earnings per share and diluted earnings per share were calculated as follows:

	For the years ended December 31,	
	2023	**2022**
Basic earnings per share (in dollars)		
Profit attributable to ordinary shareholders of the Company	**$ 61,538**	**326,132**
Weighted average number of outstanding ordinary shares (in thousands of shares)	63,703	63,703
	$ 0.97	**5.12**
Diluted earnings per share (in dollars)		
Profit attributed to ordinary shareholder of the Company (after adjusting the effect of dilutive potential ordinary shares)	**$ 61,538**	**326,132**
Weighted average number of outstanding ordinary shares	63,703	63,703
Effect of employee share bonus	265	1,019
Weighted average number of outstanding ordinary shares (diluted)(in thousands of shares)	63,968	64,722
	$ 0.96	**5.04**

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Notes to the Parent Company Only Financial Statements

(o) Revenue from contracts with customers

(i) Details of revenue

		2023	2022
Primary geographical markets:			
China	$	203,037	246,108
Taiwan		664,303	799,628
Others		213,387	234,625
	$	**1,080,727**	**1,280,361**

(ii) Contract balances

		December 31, 2023	December 31, 2022	January 1, 2022
Note receivables	$	1,410	2,392	1,243
Accounts receivables		106,727	91,212	148,498
Accounts receivables-related parties		30,233	30,536	75,429
Less: loss allowances		-	(442)	-
Total	$	**138,370**	**123,698**	**225,170**
Contract liabilities	$	**3,066**	**2,473**	**3,673**

For details on notes and accounts receivables and allowance for impairment, please refer to note 6(d).

(p) Remuneration for employees and directors

In accordance with the articles of incorporation the Company should contribute no less than 9% of the profit as employee remuneration and not more than 2% as directors' remuneration when there is profit for the year. (income before tax, excluding remuneration to employees and directors) However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the preceding two paragraphs distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The directors'remuneration should be distributed in cash.

The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

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EGALAX_EMPIA TECHNOLOGY INC.
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For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $9,051 and $49,365, and directors' remuneration amounting to $1,512 and $8,249, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(q) Financial instruments

(i) Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 26,923	176,443
Financial assets measured at amortized cost (loans and receivables):		
Cash and cash equivalents	313,455	355,657
Financial assets at amortized cost	-	100,000
Notes and accounts receivable and other receivables	138,836	124,848
Subtotal	452,291	580,505
Total	**$ 479,214**	**756,948**

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Accounts payable	$ 187,332	282,386
Lease liabilities	41,025	9,774
Total	**$ 228,357**	**292,160**

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(ii) Credit risk

1) The maximum exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, the Company's accounts receivable were exposed to significant concentration of credit risk. To reduce credit risk, the Company evaluates customers' the financial positions periodically and requires its customers to provide collateral of promissory notes, if necessary.

As of December 31, 2023 and 2022, the Company' s carrying amount of accounts receivables were amounted to $30,233 and $30,536, respectively.

(iii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	Carrying value	Cash flows	within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Accounts payable	$ 110,447	110,447	110,447	-	-	-	-
Other payable-other	76,885	76,885	76,885	-	-	-	-
Lease liabilities	41,025	42,167	4,666	4,018	16,072	17,411	-
	$ 228,357	**229,499**	**191,998**	**4,018**	**16,072**	**17,411**	**-**
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	$ 126,639	126,639	126,639	-	-	-	-
Other payable-other	155,747	155,747	155,747	-	-	-	-
Lease liabilities	9,774	9,806	5,252	3,907	647	-	-
	$ 292,160	**292,192**	**287,638**	**3,907**	**647**	**-**	**-**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

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Notes to the Parent Company Only Financial Statements

(iv) Currency risk

1) Exposure to foreign currency risk

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 4,630	30.705	142,169	5,115	30.710	157,079
Financial liabilities						
Monetary items						
USD	2,695	30.705	82,756	2,676	30.710	82,169

2) Sensitivity analysis

The Company’ s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD would have increased (decreased) the net profit before tax by $594 and $749, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange (loss) gain (including realized and unrealized portions) amounted to (1,087) and 4,890, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and nonderivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Company’s net income would have increased / decreased by $320 and $245 for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant.

(Continued)

(vi) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	Carrying amounts	Level 1	Level 2	Level 3	Total
December 31, 2023					
Financial assets at fair value through profit or loss:					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 26,923	26,923	-	-	26,923

	Carrying amounts	Level 1	Level 2	Level 3	Total
December 31, 2022					
Financial assets at fair value through profit or loss:					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 176,443	176,443	-	-	176,443
Financial assets at amortized cost	100,000	-	-	-	-
	$ 276,443	176,443	-	-	176,443

(r) Financial risk management

(i) Overview

The Company has exposure to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks.

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(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company has established appropriate policies, procedures and internal controls in accordance with the relevant requirements.

The Company’ s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both monthly and ad hoc reviews of risk management controls and procedures, the results of which are submit to the Audit Committee and present the reports during the Board meeting.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s accounts receivables.

1) Accounts and other receivables

As of December 31, 2023 and 2022, the Company’s accounts receivable were exposed to significant concentration of credit risk. To reduce credit risk, the Company evaluates customers' the financial positions periodically and requires its customers to provide collateral of promissory notes, if necessary.

As of December 31, 2023 and 2022, the customers stated above accounted for 21.85% and 24.60%, respectively, of accounts receivable.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer. These limits are reviewed periodically.

2) Investments

The Company limits its exposure to credit risk by investing only in items with liquidity and with high credit ratings. Management actively monitors credit ratings and given that the Company has invested only in securities with high credit ratings.

(Continued)

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Notes to the Parent Company Only Financial Statements

(iv) Liquidity risk

There is no liquidity risk of being unable to raise capital for fulfilling contract obligations since the Company has sufficient capital and working capital to fulfill all the contract obligations.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Company, the NTD. The currencies used in these transactions are the NTD, USD and CNY.

The Company will assess the exchange gains or losses in due course for the purpose of monitoring.

(s) Capital management

The primary objective of the Company's capital management is to safeguard the strong credit rating capacity and healthy capital Ratios in order to continue to support its business and maximize shareholders' value. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares.

The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 265,784	322,927
Less: Cash and cash equivalents	(313,455)	(355,657)
Net debt	**$ (47,671)**	**(32,730)**
Total equity	**$ 1,085,076**	**1,322,659**
Debt-to-equity ratio	**- %**	**- %**

(Continued)

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Notes to the Parent Company Only Financial Statements

(t) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow were acquisition of right-of-use assets and lease liabilities by leasing. Please refer to Notes 6(i) and (j).

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
HOLY STONE ENTERPRISE CO., LTD. (hereinafter to be referred as HOLY STONE)	Same president as the Company
eMPIA Technology. Inc.	A Subsidiary
MOS CO., Ltd.	A Subsidiary
Tiger Glory Limited	A Subsidiary
HAV Co., Ltd.	A Subsidiary
Empia Technology, Inc.	A Subsidiary
Aveo Technology Corp.	A Subsidiary

(b) Significant transactions with related parties

(i) Sale of goods to related parties

The amounts of significant sales and uncollected receivables by the Company to related parties were as follows:

	Sales		Receivable from related parties	
	2023	2022	December 31, 2023	December 31, 2022
Other related parties－HOLY STONE	$ 246,553	309,128	30,233	30,536

The selling prices and credit terms for related parties were not significantly different from third-party customers.

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Short-term employee benefits	$ 13,685	27,628
Post-employment benefits	23	12
	$ 13,708	27,640

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Time deposits	Guarantee of Customs Duty	$ 1,208	1,190

(9) Commitments and contingencies:

In 2021, eGalax_eMPIA Technology Inc. entered into a long term package contract with its supplier. The supplier retained specific production capacity to the Company. The guarantee paid amounted to $17,500, which is recognized under "refundable deposit". As of December 31, 2023, the balance of the refundable deposit was $7,778.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2023 Cost of Sale	2023 Operating Expense	2023 Total	2022 Cost of Sale	2022 Operating Expense	2022 Total
Employee benefits						
Salary	29,456	156,573	186,029	38,954	217,889	256,843
Labor and health insurance	3,341	13,453	16,794	3,487	13,283	16,770
Pension	1,463	6,950	8,413	1,532	6,725	8,257
Remuneration of directors	-	2,520	2,520	-	9,158	9,158
Others	1,061	5,020	6,081	1,101	5,033	6,134
Depreciation	5,176	12,049	17,225	5,206	12,405	17,611
Amortization	839	11,956	12,795	3,864	11,746	15,610

For the years ended December 31

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

Further information of the number of employees and employee benefits as of December 31, 2023 and 2022 were as follows:

	2023	2022
Number of employees	172	174
Number of directors who not employees	6	5
Average employee benefit	$ 1,309	1,704
Average employee salaries and wages	$ 1,121	1,520
The adjustment rate of average employee salaries	(26.25)%	(3.18)%
Remuneration of supervisors	$ -	-

The Company's remuneration policy, which is included directors, managers and employees, is mentioned as follows:

1.In accordance with the articles of incorporation, the Company should contribute no less than 9% of the profit as employee remuneration and not more than 2% as directors' remuneration when there is profit for the year. (income before tax, excluding remuneration to employees and directors) However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

2.The remuneration of general managers and vice general managers includes salaries, bonuses and employee wages, are complied with "The organizational regulation of remuneration committee", taking into account of usual standard payments of peers, in addition to the working time spent, the responsibilities undertaken, the achievement of individual goals, performance in other positions, remuneration paid by the company to the same position in recent years, achievement of the company's short-term and long-term business objectives, financial condition of the company, etc.to evaluate the reasonableness of relationship among personal performance, operation performance and future risks. The maximum threshold of remuneration for individual manager is established based on if operation budget has been met, and implemented after being approved by the remuneration committee and has passed the resolution of board of directors.

3.The remuneration to employees of the Company includes salaries, bonuses and employee wages, of which the regularly paid salary is based on usual standard payments of peers and individual performance appraisals. To attract external talent and identify excellent talents within the Company by providing reasonable remuneration levels through incentives such as salary adjustments and promotions. The irregular bonuses and employee remuneration are provided through the results of the Company' s operations, supplemented by individual performance contributions, so that the Company's operations results are positively related to the remuneration of individual employees, creating a win-win situation. In turn, employee retention and long-term organizational growth are achieved.

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Units / Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
eGalax_eMPIA Technology Inc.	Taiwan Semiconductor Manufacturing Co., Ltd. Stock	None	Current financial assets at fair value through profit or loss	30	17,790	-	17,790	-
〃	National Aerospace Fasteners Corporation Stock	〃	〃	50	4,640	-	4,640	-
〃	Pan German Universal Motors Ltd. Stock	〃	〃	15	4,493	-	4,493	-
eMPIA Technology. Inc.	Taishin Ta-Chong Money Market Fund	〃	〃	508	7,415	-	7,415	-
〃	Taishin 1699 Money Market Fund	〃	〃	1,066	14,861	-	14,861	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
eGalax_eMPIA Technology Inc.	HOLY STONE ENTERPRISE CO., LTD.	Other related parties	Sales	246,553	22.81 %	O/A 30 days	-	There are no significant differences	30,223	21.85%	-

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
eGalax_ eMPIA Technology Inc.	eMPIA Technology. Inc.	Taiwan	IC chip development and design	125,000	125,000	10,000	64.94 %	125,040	(7,826)	(5,082)	-
eGalax_ eMPIA Technology Inc.	MOS CO., Ltd.	South Korea	Touch chip and module development	49,342	49,342	2,467	51.19 %	(1,162)	-	-	1
eMPIA Technology. Inc.	Tiger Glory Limited	Samoa	Holding and investment	32,491	32,491	1,000	100.00 %	13,187	(463)	(463)	-
eMPIA Technology. Inc.	HAV Co., Ltd.	Samoa	Holding and investment	39,530	39,530	2,710	100.00 %	8,585	225	225	-
Tiger Glory Limited	Empia Technology, Inc.	United States	IC chip development and design	58,695	58,695	1,800	100.00 %	8,823	(420)	(420)	-

Note 1: In December 2019, Mos Co., Ltd. applied for suspension of its business to the local competent authority because of consideration of production technologies, and the application was approved.

EGALAX_EMPIA TECHNOLOGY INC.
Notes to the Parent Company Only Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Aveo Technology Corp.	IC chip development and design	15,353 (USD 500,000)	(2)	- (USD 1)	-	-	- (USD 1)	-	64.94%	-	33	-

Note 1: Investments are made through one of three ways:
(1) Invest directly in Mainland China.
(2) Invest in Mainland China by remitting through a third region.
(3) Others.
Note 2: The recognition gain and loss on investment based on the financial report which was audited by the Company's auditor.
Note 3: The exchange rate for the conversion of US dollars into New Taiwan dollars is 1:30.705.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
- (USD 1)	- (USD 1)	651,045

(iii) Significant transactions: None.

(d) Major shareholders: None.

Unit: shares

Shareholding / Shareholder's Name	Shares	Percentage
UHOLY Investment Co., Ltd	6,457,948	10.14 %

(14) Segment information:

The Company discloses the segment information in the consolidated financial statements as of December 31, 2023.

EGALAX_EMPIA TECHNOLOGY INC.

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash on hand and petty cash	$ 445
Check and demand deposits:		
	NTD	30,485
	Foreign currency (USD115,577.81)	3,549
	Foreign currency (CNY39,855.56)	173
	Foreign currency (HKD90.47)	-
		34,207
Time deposits:		
	NTD (maturity dates in the period from 2024.01.03 to 2024.06.05)	198,600
	Foreign currency (USD1,635,000; maturity dates in the period from 2024.01.05 to 2024.05.13)	50,203
		248,803
Repurchase agreement:	NTD (maturity date at 2024.01.03)	30,000
Total		**$ 313,455**

Note 1： Conversion at exchange rate 30.705 NTD to 1 USD on December 31, 2023.
Conversion at exchange rate 4.327 NTD to 1 CNY on December 31, 2023.
Conversion at exchange rate 3.929 NTD to 1 HKD on December 31, 2023.

EGALAX_EMPIA TECHNOLOGY INC.

Statement of financial assets at fair value through profit and loss-current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Shares (in thousand units)	Per value (In dollars)	Acquisition cost	gains (losses) on evaluation	Total amounts	Unit price (in dollars)	Total price
Taiwan Semiconductor Manufacturing Co., Ltd. Stock	Domestic ordinary shares	30	599.47	17,984	(194)	17,790	593.00	17,790
National Aerospace Fasteners Corporation Stock	〃	50	90.12	4,506	134	4,640	92.80	4,640
Pan German Universal Motors Ltd. Stock	〃	15	326.83	4,903	(410)	4,493	299.50	4,493
Total				$ 27,393	(470)	26,923		26,923

EGALAX_EMPIA TECHNOLOGY INC.

Statement of notes and accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Notes receivable:		
Others (Note)	Non-related party	$ 1,410
Accounts receivable:		
Customer A	〃	17,398
Customer J	〃	14,253
Customer K	〃	7,615
Customer L	〃	6,380
Customer B	〃	5,924
Others (Note)	〃	55,157
		106,727
Less: loss allowance		-
		106,727
Notes and accounts receivable, net		**$ 108,137**

Note: Amounts less than 5% of the account balance are not disclosed individually.

EGALAX_EMPIA TECHNOLOGY INC.

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Market price basis
	Cost	Market price	
Finished good	$ 42,525	55,631	Net realizable value
Work in progress	29,103	-	Note
Raw materials	806,140	-	〃
Less: loss allowance	(254,521)		
Total	**$ 623,247**		

Note: Due to net realized value of finished goods higher than cost, net realizable value of work in progress and raw materials is higher than cost.

EGALAX_EMPIA TECHNOLOGY INC.

Statement of movement of investments accounted for using equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increases		Decrease		Other movements		Gains (losses)	Exchange differences on translation of foreign financial	Ending balance			Market value of Net assets	Pledge or
Name of investee	shares	Amount	shares	Amount	Shares	Amount	Shares	Amount	on investment	statements	Shares	Percentage	Amount	value	guarantee
Empia Technology, Inc.	10,000	$ 130,122	-	-	-	-	-	-	(5,082)	-	10,000	64.94 %	125,040	125,040	None
MOS Co., Ltd.	2,467	(1,194)	-	-	-	-	-	-	-	32	2,467	51.19 %	(1,162)	(1,162)	None
Add：Credit balance of investments accounted for using equity method		1,194		-		-		(32)	-	-			1,162		
Total		$ 130,122		-		-		(32)	(5,082)	32			125,040		

EGALAX_EMPIA TECHNOLOGY INC.

Statement of accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Vendor H	$ 73,787
Vendor K	8,935
Others (Note)	27,725
Total	**$ 110,447**

Note: Amounts less than 5% of the account balance are not disclosed individually.

Statement of other payable-other

Item	Amount
Salary and bonus payable	$ 41,832
Service fee payable	8,131
Remuneration payable to directors and employee remuneration	10,563
Consumable materials and testing payable	4,809
Others (Note)	11,550
Total	**$ 76,885**

Note: Amounts less than 5% of the account balance are not disclosed individually.

EGALAX_EMPIA TECHNOLOGY INC.

Statement of lease liabilities

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Lease term	Discount rate	Amount	Note
Buildings	2018.02.22~2024.02.21	0.75%	$ 648	-
Buildings	2023.02.25~2026.02.24	1.10%	40,377	-
			$ 41,025	

EGALAX_EMPIA TECHNOLOGY INC.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Number (KPCS)	Amount
Touch panel control board/touch sensor IC	5,713	$ 1,059,341
Others	316	21,386
Total		**$ 1,080,727**

Note: The sales returns and allowances of $1,456 has been deducted from the above amount .

EGALAX_EMPIA TECHNOLOGY INC.

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold from manufacturing	
Beginning balance of raw materials	$ 653,785
Add: Purchase in current period (including purchase return and allowance)	486,471
Less: Sale of raw materials	2,920
Transfer of expenses	738
Ending balance of raw materials	806,140
Raw materials used	330,458
Add: Direct labor	8,604
Processing expenses	137,631
Manufacturing overhead	42,961
Manufacturing cost	519,654
Beginning balance of work in progress	23,598
Less: Transfer of expenses	97
Ending balance of work in progress	29,103
Cost of finished goods	514,052
Add: Beginning balance of finished goods	48,904
Purchase in current period (including purchase return and allowance)	2,381
Less: Transfer of expenses	441
Ending balance of finished goods	42,525
Cost of finished goods sold	522,371
Other operating costs	2,055
Cost of raw materials sold	2,920
Write-downs of inventories	232,710
	$ 760,056

EGALAX_EMPIA TECHNOLOGY INC.

Statement of operating expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item		Selling expenses	Administrative expenses	Research and development expenses
Wages and salaries	$	23,559	22,390	103,710
Traveling expenses		4,371	-	4,002
Insurance expenses		2,121	2,312	9,842
Service expenses		464	3,584	4,691
Others (Note)		9,538	9,394	60,068
Total	**$**	**40,053**	**37,680**	**182,313**

Note: Amounts less than 5% of the account balance are not disclosed individually.

Please refer to Note 6(h) for Statement of movement of property, plant and equipment.

Please refer to Note 6(h) for Statement of movement in accumulated depreciation of property, plant and equipment.

Please refer to Note 6(i) for Statement of movement of right-of-use assets.

Please refer to Note 6(i) for Statement of movement in accumulated depreciation of right-of-use assets.