Stock Code:8114

Posiflex Technology, Inc. and Subsidiaries

Consolidated Financial Statements

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

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Representation Letter

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

Company name: Posiflex Technology, Inc.
Chairman: Chieh-Wen Cheng
Date: March 7, 2024

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Independent Auditors' Report

To the Board of Directors
Posiflex Technology, Inc.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

Impairment of Goodwill

For the impairment assessment of Goodwill, please refer to Note 4(13) "Intangible assets", Note 4(14) " Impairment of non-financial assets", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(13) "Description of Significant Accounts－Goodwill" to the consolidated financial statements.

Description of key audit matters:

Due to the complexity of the impairment assessment process in goodwill and the involvement of significant management judgment regarding assumptions used, we considered this to be a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting items with material amount to obtain the report of impairment assessment from external specialists; assessing the appropriateness of the valuation model used, impairment indications, and the assumption of future financial information to assess whether the goodwill impairment by the management was based on the accounting policies.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Chen, Pei-Chi.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc. and Subsidiaries

Consolidated 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(1))	$ 3,097,569	21	2,303,346	15
1110	Financial assets at fair value through profit or loss－current (note 6(2))	1,165	-	-	-
1136	Financial assets at amortized cost－current (notes 6(2) and 8)	90,000	1	1,012,070	6
1150	Notes receivable (note 6(2))	1,782	-	10,626	-
1170	Accounts receivable, net (note 6(2))	1,266,221	8	1,583,858	10
1180	Accounts receivable－related parties (notes 6(2) and 7)	32,695	-	120,839	1
1210	Other receivables－related parties (note 7)	1,214	-	2,217	-
1310	Inventories (note 6(3))	2,489,181	17	3,280,348	21
1476	Other financial assets－current (notes 6(6) and 8)	31,107	-	16,280	-
1479	Other current assets (note 8)	124,132	1	104,720	1
	Total current assets	7,135,066	48	8,434,304	54
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	131,042	1	137,232	1
1535	Financial assets at amortized cost－non-current (notes 6(2) and 8)	462,353	3	-	-
1550	Investments accounted for using equity method (note 6(4))	244,119	2	259,483	2
1600	Property, plant and equipment (notes 6(9) and 8)	3,306,517	22	3,365,007	21
1755	Right-of-use assets (note 6(10))	270,094	2	243,589	1
1760	Investment property (note 6(11))	47,894	-	48,077	-
1805	Goodwill (note 6(13))	1,835,781	12	1,840,856	12
1821	Intangible assets (note 6(14))	824,622	6	906,859	6
1840	Deferred tax assets (note (22))	526,352	4	482,030	3
1975	Net defined benefit asset－non-current (note 6(21))	39,522	-	37,909	-
1980	Other financial assets－non-current (notes 6(6) and 8)	23,488	-	27,295	-
1990	Other non-current assets (note 6(8))	16,883	-	15,458	-
	Total non-current assets	7,728,667	52	7,363,795	46
	Total assets	$ 14,863,733	100	15,798,099	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(15) and 8)	$ 959,809	7	1,206,677	8
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	-	-	203	-
2130	Contract liabilities－current (note 6(26))	315,329	2	327,160	2
2150	Notes payable	6,275	-	15,297	-
2170	Accounts payable	741,323	5	698,859	5
2180	Payables to related parties (note 7)	11,375	-	46,710	-
2200	Other payables (note 6(16))	702,966	5	750,090	5
2230	Current tax liabilities	254,538	2	296,528	2
2250	Provisions－current (note 6(17))	83,361	1	117,893	1
2280	Lease liabilities－current (note 6(18))	68,471	-	56,831	-
2320	Current portion of long-term liabilities (notes 6(19) and 8)	27,584	-	6,275	-
2399	Other current liabilities	36,781	-	31,724	-
	Total current liabilities	3,207,812	22	3,554,247	23
	Non-current liabilities:				
2527	Contract liabilities－non-current (note 6(26))	80,961	1	129,697	1
2540	Long-term borrowings (notes 6(19) and 8)	64,508	-	582,288	4
2570	Deferred tax liabilities (note 6(22))	45,336	-	46,629	-
2580	Lease liabilities－non-current (note 6(18))	378,451	3	365,220	2
2635	Preference share liabilities－non-current (note 6(20))	4,595,089	31	4,595,089	29
2640	Net defined benefit liability－non-current (note 6(21))	26,552	-	13,672	-
2645	Guarantee deposits received (notes 7 and 9)	135,162	1	147,972	1
	Total non-current liabilities	5,326,059	36	5,880,567	37
	Total liabilities	8,533,871	58	9,434,814	60
	Equity (notes 6(23) and (24)):				
	Equity attributable to parent company shareholders:				
3110	Ordinary share	755,958	5	754,828	5
3140	Advance receipts for share capital	-	-	320	-
3200	Capital surplus	777,122	5	953,103	6
3300	Retained earnings	2,258,244	15	2,212,008	14
3400	Other equity	(174,861)	(1)	(164,267)	(1)
	Total equity attributable to parent company shareholders	3,616,463	24	3,755,992	24
36XX	Non-controlling interests	2,713,399	18	2,607,293	16
	Total equity	6,329,862	42	6,363,285	40
	Total liabilities and equity	$ 14,863,733	100	15,798,099	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc. and Subsidiaries

Consolidated 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)

		For the years ended December 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(26) and 7)	$ 9,865,732	100	11,972,874	100
5000	**Operating costs** (notes 6(3), (21), (24), (27), 7 and 12)	6,105,619	62	7,781,466	65
5900	**Gross profit**	3,760,113	38	4,191,408	35
5910	Unrealized gain (loss) from sales	3	-	14	-
5900	**Realized gross profit**	3,760,116	38	4,191,422	35
6000	**Operating expenses** (notes 6(2), (21), (24), (27), 7 and 12):				
6100	Selling expenses	1,062,927	11	1,125,348	9
6200	Administrative expenses	987,957	10	941,022	7
6300	Research and development expenses	613,804	6	547,148	5
6450	Expected credit loss (gain)	(40,942)	-	64,169	1
	Total operating expenses	2,623,746	27	2,677,687	22
6900	**Net operating income**	1,136,370	11	1,513,735	13
7000	**Non-operating income and expenses** (notes 6(28) and 7):				
7100	Interest income	55,304	1	20,745	-
7010	Other income	25,462	-	30,780	-
7020	Other gains and losses	(585)	-	153,240	1
7050	Finance costs	(194,889)	(2)	(211,482)	(2)
7060	Share of profit (loss) of associates accounted for using equity method (note 6(4))	(4,030)	-	4,981	-
	Total non-operating income and expenses	(118,738)	(1)	(1,736)	(1)
7900	**Income before income tax**	1,017,632	10	1,511,999	12
7950	**Income tax expenses** (note 6(22))	287,479	3	425,660	4
8200	**Net income**	730,153	7	1,086,339	8
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(936)	-	12,349	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	406	-	25,909	-
8320	Shares of other comprehensive income of associates accounted for using equity method	(9,041)	-	(2,725)	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(22))	(187)	-	2,470	-
	Total items that will not be reclassified subsequently to profit or loss	(9,384)	-	33,063	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(1,243)	-	438,056	5
8370	Shares of other comprehensive income of associates accounted for using equity method	(168)	-	6,322	-
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(22))	(892)	-	87,961	1
	Total items that may be reclassified subsequently to profit or loss	(519)	-	356,417	4
8300	**Other comprehensive income (loss), net**	(9,903)	-	389,480	4
8500	**Total comprehensive income**	**$ 720,250**	**7**	**1,475,819**	**12**
	Profit attributable to:				
	Owners of parent	$ 419,558	4	846,232	6
	Non-controlling interests	310,595	3	240,107	2
		$ 730,153	**7**	**1,086,339**	**8**
	Comprehensive income attributable to:				
	Owners of parent	$ 408,690	4	1,163,822	10
	Non-controlling interests	311,560	3	311,997	2
		$ 720,250	**7**	**1,475,819**	**12**
	Earnings per share (New Taiwan Dollars) (note 6(25))				
9750	Basic earnings per share	**$**	**5.55**		**11.25**
9850	Diluted earnings per share	**$**	**5.34**		**9.31**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owner of parent												
				Retained earnings				Other equity					
	Ordinary share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2022	$ 749,218	-	857,762	753,152	369,460	573,097	1,695,709	(398,104)	(75,593)	(473,697)	2,828,992	1,640,539	4,469,531
Net income for the period	-	-	-	-	-	846,232	846,232	-	-	-	846,232	240,107	1,086,339
Other comprehensive income for the period	-	-	-	-	-	8,160	8,160	284,527	24,903	309,430	317,590	71,890	389,480
Total comprehensive income for the period	-	-	-	-	-	854,392	854,392	284,527	24,903	309,430	1,163,822	311,997	1,475,819
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	46,636	-	(46,636)	-	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	104,237	(104,237)	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	(338,093)	(338,093)	-	-	-	(338,093)	-	(338,093)
Changes in equity of associates accounted for using equity method	-	-	515	-	-	-	-	-	-	-	515	582	1,097
Share-based payment transactions	-	-	6,932	-	-	-	-	-	-	-	6,932	1,518	8,450
Exercise of employee stock options	5,610	320	48,272	-	-	-	-	-	-	-	54,202	-	54,202
Partial disposal of interests in subsidiaries	-	-	39,622	-	-	-	-	-	-	-	39,622	785,378	825,000
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(132,721)	(132,721)
Balance as of December 31, 2022	754,828	320	953,103	799,788	473,697	938,523	2,212,008	(113,577)	(50,690)	(164,267)	3,755,992	2,607,293	6,363,285
Net income for the period	-	-	-	-	-	419,558	419,558	-	-	-	419,558	310,595	730,153
Other comprehensive income for the period	-	-	-	-	-	(274)	(274)	(1,484)	(9,110)	(10,594)	(10,868)	965	(9,903)
Total comprehensive income for the period	-	-	-	-	-	419,284	419,284	(1,484)	(9,110)	(10,594)	408,690	311,560	720,250
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	85,439	-	(85,439)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(309,429)	309,429	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	(373,048)	(373,048)	-	-	-	(373,048)	-	(373,048)
Cash distribution from capital surplus	-	-	(188,585)	-	-	-	-	-	-	-	(188,585)	-	(188,585)
Difference between consideration and carrying amount of subsidiaries shareholdingacquired or disposed	-	-	(97)	-	-	-	-	-	-	-	(97)	(1)	(98)
Share-based payment transactions	-	-	6,252	-	-	-	-	-	-	-	6,252	1,268	7,520
Exercise of employee stock options	1,130	(320)	6,449	-	-	-	-	-	-	-	7,259	-	7,259
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(206,721)	(206,721)
Balance as of December 31, 2023	**$ 755,958**	**-**	**777,122**	**885,227**	**164,268**	**1,208,749**	**2,258,244**	**(115,061)**	**(59,800)**	**(174,861)**	**3,616,463**	**2,713,399**	**6,329,862**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	For the years ended December 31, 2022
Cash flows from operating activities:		
Income before income tax	$ 1,017,632	1,511,999
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	232,276	221,436
Amortization expenses	109,182	185,344
Expected credit loss (gain)	(40,942)	64,169
Net loss on financial assets at fair value through profit or loss	1,253	7,334
Interest expense	194,889	211,482
Interest income	(55,304)	(20,745)
Dividend income	(16)	(1,946)
Compensation cost arising from share-based payment transactions	7,520	8,450
Shares of loss (gain) of associates accounted for using equity method	4,030	(4,981)
Losses (gains) on disposal of property, plant and equipment	692	(39)
Provisions for inventory devaluation and obsolescence loss and inventory scrap loss	137,115	145,093
Adjustment for other non-cash-related losses (profit), net	(9)	(332)
Total adjustments to reconcile profit (loss)	590,686	815,265
Changes in operating assets and liabilities:		
Notes receivable	8,845	14,250
Accounts receivable (including related parties)	445,005	(38,721)
Inventories	655,132	(268,499)
Other operating assets	(24,211)	37,983
Contract liabilities	(61,123)	(180,086)
Notes payable	(9,023)	(12,786)
Accounts payable (including related parties)	7,570	(481,045)
Other payables	(56,875)	160,005
Net defined benefit assets/liabilities	10,595	(2,566)
Other operating liabilities	(28,404)	165,640
Total changes in operating assets and liabilities	947,511	(605,825)
Total adjustments	1,538,197	209,440
Cash flows generated from operations	2,555,829	1,721,439
Interest received	44,359	16,133
Interest paid (including preference share)	(195,661)	(211,898)
Income taxes paid	(371,113)	(363,451)
Net cash flows from operating activities	2,033,414	1,162,223

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2023	2022
Cash flows from investing activities:		
Decrease (increase) in financial assets at amortized cost	459,551	(882,670)
Proceeds from disposal of financial instruments at fair value through profit or loss	(2,621)	(7,131)
Proceeds from disposal of subsidiaries	-	825,000
Acquisition of property, plant and equipment	(96,800)	(87,740)
Proceeds from disposal of property, plant and equipment	19	8,561
Acquisition of intangible assets	(23,851)	(16,850)
Decrease in other financial assets	2,425	1,658
Increase in other non-current assets	(16,012)	(14,004)
Dividends received	12,208	9,266
Net cash flows from (used in) investing activities	334,919	(163,910)
Cash flows from financing activities:		
Increase in short-term borrowings	1,807,680	1,930,758
Decrease in short-term borrowings	(2,053,402)	(1,188,148)
Proceeds from long-term borrowings	-	825,000
Repayments of long-term borrowings	(489,747)	(1,882,752)
(Decrease) increase in guarantee deposits received	(14,907)	1,781
Repayment of the principal portion of lease liabilities	(68,477)	(63,961)
Cash dividends paid	(561,633)	(338,093)
Payments of non-controlling cash dividends	(206,721)	(132,721)
Exercise of employee share options	7,259	54,202
Net cash flows used in financing activities	(1,579,948)	(793,934)
Effect of exchange rate changes on cash and cash equivalents	5,838	164,500
Net increase in cash and cash equivalents	794,223	368,879
Cash and cash equivalents at beginning of period	2,303,346	1,934,467
Cash and cash equivalents at end of period	$ **3,097,569**	**2,303,346**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

**(Expressed in Thousands of New Taiwan Dollars,
except for per share information and unless otherwise specified)**

1. Company History

Posiflex Technology, Inc. (the "Company") was founded in New Taipei City, Republic of China (R.O.C.), on August 11, 1984. The registered address of the Company's office is 4-8F., No. 23, Datong St., Tucheng Dist., New Taipei City 236, Taiwan, R.O.C. The Company's ordinary shares were publicly listed on Taipei Exchange and Taiwan Stock Exchange Corporation on July 20, 2005 and November 26, 2012, respectively.

The Company and its subsidiaries (together referred to as the "Group") are engaged mainly in the manufacture and sale of industrial computers and peripheral equipment.

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2024.

3. New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

(Continued)

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

The Group's adoption of the new amendments, effective for annual period beginning on January 1, 2024, are expected to have the following impacts:

(i) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now require that a right to defer settlement must exist at the reporting date and have substance.

The amendments clarify the classification of liabilities is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement or will choose to settle early. An entity will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to an entity complying with covenants specified in a loan arrangement. The amendments specify only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e., future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, entities will now need to disclose additional information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how an entity classifies a liability that can be settled in its own shares – e.g. convertible debt. When a liability includes a counterparty conversion option that involves a transfer of the entity's own equity instruments, the conversion option is recognized as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The amendments have now clarified that when an entity classifies the host liability as current or non-current, it can ignore only those conversion options that are recognized as equity.

The Group may need to change the liquidity classification of loans and preference share liabilities and is evaluating the impact of its initial adoption of the amendments on its consolidated financial position.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

4. Summary of material accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarized as follows. The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

The consolidated 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) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “TIFRSs”).

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and

(b) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(17).

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Group’s functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	Note
The Company	Portwell Inc. (PORTWELL)	Manufacture and sale of industrial computers and peripheral equipment and information software services	55 %	55 %	
The Company	Posiflex Business Machines, Inc. (PBM)	Foreign trade	100 %	100 %	
The Company	Posiflex GmbH (PG)	Foreign trade	100 %	100 %	
The Company	Posiflex International Co., Ltd. (PIC)	Foreign trade	100 %	100 %	
The Company	Posiflex Business Machines Sdn. Bhd. (PBMM)	Foreign trade	83.46 %	83.46 %	
The Company	Posiflex Technologies South Cone (PTSC)	Foreign trade	100 %	100 %	
The Company	Posiflex Technology (India) Pvt Ltd. (PTIL)	Foreign trade	51 %	51 %	
The Company	Posiflex Technology Pte. Ltd. (PTPL)	Foreign trade	100 %	100 %	
The Company	Posiflex Technology Japan (PJ)	Foreign trade	100 %	100 %	

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	Note
The Company	KOMING Technology Inc. (KOMING)	Foreign trade and software services	100 %	100 %	
The Company	BonusPay Technology Inc. (BonusPay)	Software services	- %	96 %	Note 1
The Company	ONK Cloud Computing Technology Inc. (ONK Cloud)	Software services	99.90 %	99.90 %	Note 2
The Company	Ultra Systems Inc. (ULTRA)	Software services	- %	51 %	Note 3
The Company	Penetek Technology Inc. (PENETEK)	Manufacture and sale of industrial computers and peripheral equipment	61.52 %	61.52 %	
The Company	KIOSK Integrated (KIOSKTW)	Software services	100 %	100 %	Notes 4
PIC	Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	100 %	100 %	
PTIL	Mustek Automation Pvt Ltd. (Mustek)	Foreign trade	100 %	100 %	
PTIL	Quinta Systems Pvt Ltd. (QUINTA)	Foreign trade	70 %	70 %	
ONK Cloud	ONK Clouding International Ltd. (ONK International)	Investing	100 %	100 %	
ONK International	ONK Clouding Shanghai (ONK Shanghai)	Software services	100 %	100 %	
PBM	KIS Acquisition Corp. (KIA)	Investing	82 %	82 %	
KIA	KIOSK Information Systems, Inc. (KIOSK)	Development, manufacture and sale of self-service equipment and software	100 %	100 %	
PORTWELL	American Portwell Technology, Inc. (APT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	
PORTWELL	Portwell Japan, Inc. (PJI)	Manufacture and sale of industrial computers and peripheral equipment	99 %	99 %	
PORTWELL	Portwell Development Co., Ltd. (DEVELOPMENT)	Investing	100 %	100 %	
PORTWELL	European Portwell Technology B.V. (EPT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	
PORTWELL	Portwell India Technology Private Limited (PIT)	Manufacture and sale of industrial computers and peripheral equipment	51 %	51 %	

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	Note
PORTWELL	Portwell Korea, Inc. (PKI)	Manufacture and sale of industrial computers and peripheral equipment and information software services	100 %	100 %	
PORTWELL	GANLOT, Inc. (GANLOT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	
PORTWELL	Holdwel Co., Ltd. (HOLDWEL)	Investing	83.33 %	83.33 %	
APT	KIS Acquisition Corp. (KIA)	Investing	18 %	18 %	
HOLDWEL	MEDWEL, Inc. (MEDWEL)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	
DEVELOPMENT	Portwell Holding Ltd. (HOLDING)	Investing	100 %	100 %	
EPT	Portwell (UK) Ltd. (PUK)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	
EPT	KIOSK Embedded Systems GmbH (KES)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	
EPT	Kiosk Embedded Systems Srl(KESI)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	Note 5
HOLDING	Welink Technology Co., Ltd. (WELINK)	Foreign trade and software services	100 %	100 %	Note 6

Note 1: The liquidation process had been completed in July 2023.

Note 2: In June 2022, ONK Cloud reduced its capital to offset its accumulated losses; and on the same day, increased its capital, which were fully subscribed by the Group.

Note 3: In March, 2023 ULTRA increase its capital by cash, which were fully subscribed by the Group. Furthermore, ULTRA applied to the court for liquidation in December 2023, the liquidation process has yet to be completed.

Note 4: Founded in November 2022.

Note 5: Founded in October 2022.

Note 6: In December,2023 WELINK increase its capital by cash, which were fully subscribed by the group.

C. List of subsidiaries which are not included in the consolidated financial statements: None.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated 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. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising from retranslation are recognized in profit or loss except for the differences in equity instruments at FVOCI, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group 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.

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

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or 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.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

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

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and FVOCI.

The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) 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 fair value through profit or loss (FVTPL):

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

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

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

(b) Financial assets at FVOCI

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

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) Fair value through profit or loss (FVTPL)

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

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

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 24-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 accounts receivable 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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due and the debtor is unlikely to pay its credit obligations to the Group in full.

The Group 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 ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

24-month ECLs are the portion of ECLs that result from default events that are possible within the 24 months after the reporting date (or a shorter period if the expected life of the instrument is less than 24 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group 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. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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

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

(Continued)

(e) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instruments

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

(c) Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible preference shares that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) 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.

(f) Derecognition of financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to 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.

C. Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. 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.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment in associates

Associates are those entities over which the Group has a significant influence and the authority to participate in the financial and operating policy decisions of the investees but not to the extent of controlling or joint controlling over those policies.

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

The consolidated financial statements include the Group’ s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate. When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group’s ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’ s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group’ s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(10) Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for use in the normal operating activities. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

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

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(11) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost 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.

B. Subsequent expenditure

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

C. 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 for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 3 to 50 years

(b) Machinery and equipment: 2 to 18 years

(c) Other equipment: 1 to 15 years

(d) Buildings constitute mainly of buildings, with useful life of 20 to 50 years; mechanical and electrical engineering, as well as fire protection engineering – 5 to 50 years; and decoration engineering – 3 to 15 years.

(Continued)

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

(12) Leases

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

A. As a lessee

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

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

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

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

(a) fixed payments (including in-substance fixed payments);

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

(c) amounts expected to be payable under a residual value guarantee; and

(d) 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 re-measured when:

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

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or

(e) there is any lease modification

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

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

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

The Group has elected not to recognize the right-of-use assets and lease liabilities for its official vehicles, which qualify as short-term leases, as well as its printers, which qualify as low-value asset leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications:

(a) the rent concessions occurring as a direct consequence of the covid-19 pandemic;

(b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

(d) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

B. As a lessor

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

(Continued)

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(13) Intangible assets

A. Recognition and measurement

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

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

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

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

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Other expenditure is recognized in profit or loss as incurred.

C. Amortization

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

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

(i) Customer relationships: 7 to 8 years

(ii) Acquired specific technology: 4 to 8 years

(iii) Computer software: 1 to 10 years

(iv) Other intangible assets: 3 to 10 years

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

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(14) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or 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. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

(15) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for warranties and advertising are recognized when the underlying products are sold. The provisions are based on historical data.

(16) Recognition of revenue

Revenue from contracts with customers

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

A. Sale of goods

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

The Group' s obligation to provide a refund for faulty product under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(17).

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

B. Rendering of services

The Group provides warranty and management services, including warranty services, remote monitoring and long-term maintenance service contracts. The customers simultaneously receive and consume the benefits provided by the Group's performance in the contract period, and therefore, the Group gradually fulfills the obligations and recognizes revenue over time. The Group additionally provides the general maintenance services, wherein the revenue is recognized in the accounting period in which the services are rendered.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

(Continued)

C. Financing components

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

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

The Group'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.

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense 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 Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

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

(Continued)

(18) Share-based payment transactions

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

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

(19) Income tax

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 shall be 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 for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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 may be offset against each other if the following criteria are met:

A. The entity has the legal right to settle tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

(a) levied by the same taxing authority; or

(b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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

(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on 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 dilutive potential ordinary shares, such as convertible preference share liabilities, employee stock options and employee remuneration through the issuance of shares.

(21) Operating segment information

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

5. Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations 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 estimations.

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

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

Judgment of whether the Group has substantive control over its investees

The Group holds 18.86% of the outstanding voting shares of both of its associates. Although the remaining shares of associates are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of associates' directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group does not have substantive control over its associates.

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

Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify the CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Refer to note 6(13) for further description of the impairment of goodwill.

The Group's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(29) of the financial instruments.

6. Description of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 1,362	1,212
Cash in bank and checking deposits	2,480,154	2,048,588
Time deposits	539,053	253,546
Repurchase agreements	77,000	-
	$ 3,097,569	**2,303,346**

Please refer to note 6(29) for the disclosure of currency risk of the financial assets and liabilities.

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(2) Financial assets and liabilities

A. Financial assets at fair value through other comprehensive income－non-current:

	December 31, 2023	December 31, 2022
Domestic listed companies	$ 388	328
Domestic emerging market shares	77,365	77,993
Domestic unlisted shares	25,845	24,871
Foreign unlisted shares	27,444	34,040
	$ 131,042	137,232

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For the years ended December 31, 2023 and 2022, the dividends of $16 thousand and $1,946 thousand related to equity investments at fair value through other comprehensive income were recognized, respectively.

B. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current:		
Cash in bank (restricted)	$ 15,000	15,000
Time deposits (restricted)	75,000	535,650
Time deposits (more than three months)	-	461,420
	$ 90,000	1,012,070
Non-current:		
Time deposits (restricted)	$ 462,353	-

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

For credit risk, please refer to note 6(29).

The financial assets above had been pledged as collateral for bank borrowings; please refer to note 8.

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C. Notes receivable and accounts receivable (including related parties):

	December 31, 2023	December 31, 2022
Notes receivable	$ 1,782	10,626
Accounts receivable	1,326,042	1,690,617
Accounts receivable－related parties	32,695	120,839
	1,360,519	1,822,082
Less: loss allowance	(59,821)	(106,759)
	$ **1,300,698**	**1,715,323**

Please refer to notes 6(7) and 7 for more details on other receivable excluding from the receivables above.

The Group applies the simplified approach to provide for its loss allowance used for expected credit loss (ECL), which permits the use of lifetime expected loss provision for its receivables. To measure the ECL, receivables (including related parties) have been grouped based on the shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,013,449	0.66%	6,656
1 to 60 days past due	278,730	3.74%	10,415
61 to 180 days past due	34,284	26.94%	9,236
More than 181 days past due	22,906	97.63%	22,364
	$ **1,349,369**		**48,671**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,409,081	0.34%	4,790
1 to 60 days past due	263,417	2.58%	6,809
61 to 180 days past due	44,056	12.56%	5,535
More than 181 days past due	45,997	65.43%	30,094
	$ **1,762,551**		**47,228**

Note: As of December 31, 2023 and 2022, the outstanding balance of the Group's receivables amounted to $11,150 thousand and $59,531 thousand, respectively, all of which have been recognized as credit losses.

The movement in the allowance for doubtful accounts with respect to receivables was as follows:

	For the years ended December 31, 2023	2022
Beginning balance	$ 106,759	55,996
Impairment loss recognized (reversed)	(40,942)	64,169
Amounts written off	(6,198)	(16,245)
Effect of exchange rate changes	202	2,839
Ending balance	**$ 59,821**	**106,759**

D. Financial assets and liabilities at fair value through profit or loss:

Derivatives:

The Group holds derivative financial instruments to hedge the foreign exchange rate risk the Group is exposed to, arising from its operating activities. The following derivatives instruments, without the application of hedge accounting, were classified as financial assets and liabilities mandatorily measured at fair value through profit or loss:

	December 31, 2023		
	Amount (thousand)	**Currency**	**Maturity Dates**
Forward exchange	USD 3,000	USD to NTD	2024.1.5~2024.3.1

	December 31, 2022		
	Amount (thousand)	**Currency**	**Maturity Dates**
Forward exchange	USD 1,500	USD to NTD	2023.1.13~2023.2.23

On December 31, 2023, the forward exchange contract amounted to $1,165 thousand, classified as Financial assets at fair value through profit or loss－current. On December 31, 2022, the forward exchange contract amounted to $203 thousand, classified as Financial liabilities at fair value through profit or loss－current.

(3) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 1,173,322	1,377,200
Work-in-process and semi-finished products	271,676	321,138
Finished goods	1,044,183	1,582,010
	$ 2,489,181	**3,280,348**

The details of operating costs were as follows:

	For the years ended December 31,	
	2023	**2022**
Cost of goods sold	5,968,504	7,636,373
Inventory devaluation and obsolescence loss and inventory scrap loss	137,115	145,093
	$ **6,105,619**	**7,781,466**

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

(4) Investments accounted for using equity method

The components of investment accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	**December 31, 2022**
Associates	$ **244,119**	**259,483**

A. Associates

Aggregate information of associates accounted for using equity method that are not individually material to the Group was included in the consolidated financial statements as follows:

	For the years ended December 31,	
	2023	**2022**
Attributable to the Group:		
Net (loss) income	(4,030)	4,981
Other comprehensive income	891	8,420
Total comprehensive income (loss)	**(3,139)**	**13,401**

B. Collateral

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

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(5) Changes in Company's ownership interest in a subsidiary

In June 2022 , the Group disposed 15% of its ordinary shares in PORTWELL to ASUS at the price of $825,000 thousand. The following summarizes the effect of changes in equity of the parent, due to changes resulting from the disposed of the equity, in the ownership interest of its subsidiaries:

	2022
Carrying amount of subsidiaries disposed	$ 785,378
Consideration transferred from the non-controlling interest	825,000
Capital surplus – difference between consideration and carrying amount of the acquisition and disposal of the subsidiary	**$ 39,622**

In March 2023, ULTRA, a subsidiary of the Group, increase its capital by cash, which were fully subscribed by the Group, resulting in a reduction of the Group's capital surplus amounting to $97 thousand.

In June 2022, ONK Cloud, a subsidiary of the Group, reduced its capital to write off its accumulated losses; and on the same day, increased its capital, which was fully subscribed by the Group, resulting in a reduction of the Group's capital surplus amounting to $97 thousand.

(6) Other financial assets

	December 31, 2023	December 31, 2022
Current		
Lease receivables (note 6(9))	$ 1,573	1,568
Other receivables	26,674	11,895
Other	2,860	2,817
	$ 31,107	**16,280**
Non-current:		
Lease receivables (note 6(9))	$ 1,498	3,071
Guarantee deposits paid	21,990	22,408
Other	-	1,816
	$ 23,488	**27,295**

The guarantee deposits served as the lease guarantee; please refer to note 8.

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(7) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation plaxe	Precentage of noncontrolling interests December 31, 2023	Precentage of noncontrolling interests December 31, 2022
Portwell Inc.	Taiwan	45 %	45 %

The following information of the aforementioned subsidiary has been prepared in accordance with the IFRSs endorsed by the FSC. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group and its subsidiary as at the acquisition date. Intra group transactions were not eliminated in this information:

PORTWELL's summarized financial information:

	December 31, 2023	December 31, 2022
Current assets	$ 1,679,815	2,220,905
Non-current assets	4,909,459	4,680,604
Current liabilities	(1,303,958)	(1,899,299)
Non-current liabilities	(391,697)	(390,456)
Net assets	**$ 4,893,619**	**4,611,754**
Non-controlling interests	**$ 2,202,129**	**2,075,289**

	2023	2022
Operating revenue	**$ 2,936,552**	**3,132,828**
Net income	$ 718,365	710,943
Other comprehensive income	3,080	211,618
Total Comprehensive income	**$ 721,445**	**922,561**
Profit, attributable to non controlling interests	**$ 302,198**	**260,790**
Comprehensive income, attributable to non controlling interests	**$ 303,583**	**334,195**
Net cash flows from operating activities	$ 1,147,768	220,076
Net cash flows used in investing activities	(58,752)	(77,412)
Net cash flows (used in) from financing activities	(1,069,838)	191,251
Net increase in cash and cash equivalents	**$ 19,178**	**333,915**

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(8) Other current assets and other non-current assets

Details of other current and non-current assets were as follows:

	December 31, 2023	December 31, 2022
Current:		
Current tax assets	$ 10,164	14,632
Prepayments	74,256	47,730
Other prepayments	17,745	23,207
Overpaid business tax and refunds receivable	16,505	10,129
Other	5,462	9,022
	$ 124,132	**104,720**
Non-current:		
Prepayments for deposits of equipment	$ 16,069	14,643
Other	814	815
	$ 16,883	**15,458**

(9) Property, plant and equipment

A. The carrying value of the property, plant and equipment of the Group's were as follows:

	Land	Buildings and structures	Machinery equipment	Other equipment	Total
Cost:					
Balance as of January 1, 2023	$ 626,371	3,578,058	574,804	636,866	5,416,099
Additions	-	-	22,421	81,780	104,201
Disposals and obsolescence	-	-	(2,858)	(11,887)	(14,745)
Reclassification	-	-	4,890	7,483	12,373
Effect of changes in exchange rate	(7,796)	(2,924)	(54)	(282)	(11,056)
Balance as of December 31, 2023	**$ 618,575**	**3,575,134**	**599,203**	**713,960**	**5,506,872**
Balance as of January 1, 2022	$ 619,535	3,558,405	521,188	588,388	5,287,516
Additions	-	43	61,115	37,495	98,653
Disposals and obsolescence	-	-	(24,569)	(4,908)	(29,477)
Reclassification	-	388	6,384	726	7,498
Effect of changes in exchange rate	6,836	19,222	10,686	15,165	51,909
Balance as of December 31, 2022	**$ 626,371**	**3,578,058**	**574,804**	**636,866**	**5,416,099**
Accumulated depreciation:					
Balance as of January 1, 2023	$ -	1,128,575	408,111	514,406	2,051,092
Depreciation for the period	-	94,822	33,848	36,537	165,207
Disposals and obsolescence	-	-	(2,858)	(11,176)	(14,034)
Effect of changes in exchange rate	-	(1,442)	(116)	(352)	(1,910)
Balance as of December 31, 2023	**$ -**	**1,221,955**	**438,985**	**539,415**	**2,200,355**
Balance as of January 1, 2022	$ -	1,023,946	382,685	474,289	1,880,920
Depreciation for the period	-	96,718	32,906	32,341	161,965
Disposals and obsolescence	-	-	(16,105)	(4,850)	(20,955)
Effect of changes in exchange rate	-	7,911	8,625	12,626	29,162
Balance as of December 31, 2022	**$ -**	**1,128,575**	**408,111**	**514,406**	**2,051,092**

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	Land	Buildings and structures	Machinery equipment	Other equipment	Total
Carrying value:					
Balance as of December 31, 2023	$ 618,575	2,353,179	160,218	174,545	3,306,517
Balance as of January 1, 2022	$ 619,535	2,534,459	138,503	114,099	3,406,596
Balance as of December 31, 2022	$ 626,371	2,449,483	166,693	122,460	3,365,007

B. Lease receivables

The Group leases out its machinery and equipment with an average lease period of 5 years.

The above machinery and equipment were pledged as collateral by the lessees.

As of December 31, 2023 and 2022, the balance of lease receivables please refer to note 6(6).

For credit risk information, please refer to note 6(29).

C. As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings, please refer to note 8.

(10) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. The carrying amounts of the right-of-use assets of the Group were as below:

	Land	Buildings	Transportation equipment	Machinery equipment	Total
Cost:					
Balance as of January 1, 2023	$ 88,347	316,039	23,140	-	427,526
Additions	-	92,137	2,624	-	94,761
Decreases	-	(50,664)	(5,748)	-	(56,412)
Effect of changes in exchange rate	-	(819)	252	-	(567)
Balance as of December 31, 2023	$ 88,347	356,693	20,268	-	465,308
Balance as of January 1, 2022	$ 412,286	285,982	29,800	9,215	737,283
Additions	-	5,321	12,530	-	17,851
Decreases	-	(3,143)	(20,259)	(9,215)	(32,617)
Others	(323,939)	-	-	-	(323,939)
Effect of changes in exchange rate	-	27,879	1,069	-	28,948
Balance as of December 31, 2022	$ 88,347	316,039	23,140	-	427,526
Accumulated depreciation:					
Balance as of January 1, 2023	$ 1,178	173,430	9,329	-	183,937
Depreciation for the period	3,534	56,918	6,434	-	66,886
Decreases	-	(50,389)	(5,092)	-	(55,481)
Effect of changes in exchange rate	-	(198)	70	-	(128)
Balance as of December 31, 2023	$ 4,712	179,761	10,741	-	195,214

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		Land	Buildings	Transportation equipment	Machinery equipment	Total
Balance as of January 1, 2022	$	-	113,208	21,743	987	135,938
Depreciation for the period		1,178	50,535	7,247	329	59,289
Decreases		-	(3,102)	(20,202)	(1,316)	(24,620)
Effect of changes in exchange rate		-	12,789	541	-	13,330
Balance as of December 31, 2022	$	**1,178**	**173,430**	**9,329**	**-**	**183,937**
Carrying value:						
Balance as of December 31, 2023	$	**83,635**	**176,932**	**9,527**	**-**	**270,094**
Balance as of January 1, 2022	$	**412,286**	**172,774**	**8,057**	**8,228**	**601,345**
Balance as of December 31, 2022	$	**87,169**	**142,609**	**13,811**	**-**	**243,589**

According to the Group’s lease agreement of the state-owned land, the Group has an option to purchase the state-owned land. The Group decided not to purchase the land after the assessment in the third quarter of 2022, which is a change in the payments rather than the scope of the lease within IFRS16, please refer to note 6(18).

(11) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are owned by the Company. The leases of investment properties contained an initial non-cancellable lease term of 2 to 4 years.

For all investment property leases, the rental income is fixed under the contracts.

The cost and depreciation of the investment property of the Group were as follows:

		Land	Buildings	Total
Cost:				
Balance as of December 31, 2023 (as well as January 1, 2023)	$	**40,719**	**11,277**	**51,996**
Balance as of December 31, 2022 (as well as January 1, 2022)	$	**40,719**	**11,277**	**51,996**
Accumulated depreciation:				
Balance as of January 1, 2023	$	-	3,919	3,919
Depreciation for the period		-	183	183
Balance as of December 31, 2023	$	**-**	**4,102**	**4,102**
Balance as of January 1, 2022	$	-	3,737	3,737
Depreciation for the period		-	182	182
Balance as of December 31, 2022	$	**-**	**3,919**	**3,919**
Carrying value:				
Balance as of December 31, 2023	$	**40,719**	**7,175**	**47,894**
Balance as of December 31, 2022	$	**40,719**	**7,358**	**48,077**
Fair value:				
Balance as of December 31, 2023				$ **51,090**
Balance as of December 31, 2022				$ **50,069**

(Continued)

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued.

As of December 31, 2023 and 2022, the Group did not provide any investment property as collaterals for its loans.

(12) Operating lease

The Group leases out part of its buildings and investment property. The Group has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analyses of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

		December 31, 2023	December 31, 2022
Less than one year	$	1,159	701
Two to five years		1,655	175
Total undiscounted lease payments	**$**	**2,814**	**876**

For the years ended December 31, 2023 and 2022, the rental income from investment properties amounted to $1,049 thousand and $1,022 thousand, respectively.

(13) Goodwill

		2023	2022
Balance at the beginning of the period	$	1,840,856	1,672,350
Effect of changes in exchange rate and others		(5,075)	168,506
Balance at the end of the period	**$**	**1,835,781**	**1,840,856**

The amounts of goodwill arising from the acquisition of KIA, and its subsidiary KIOSK, (together referred to as the "KIA Group") were $1,685,054 thousand and $1,685,328 thousand as of December 31, 2023 and 2022, respectively. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the acquirer' s cash generating units that are expected to benefit from the synergies of the combination; therefore, goodwill is tested for impairment by comparing the recoverable amount of KIA Group with their carrying amounts to determine whether an impairment loss should be recognized.

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The recoverable amounts of KIA Group had been determined using the value in use calculation, which uses pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The key assumptions used in the value in use calculation are as follows:

	December 31, 2023	December 31, 2022
Discount rate		
KIA Group	12.50%	12.90%

The recoverable amounts of KIA Group exceeded their carrying amount; hence, no impairment loss was recognized for the years endedDecember 31, 2023 and 2022.

(14) Intangible assets

	Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Cost:						
Balance as of January 1, 2023	$ 626,484	371,039	733,177	192,062	18,152	1,940,914
Additions	-	-	-	23,851	-	23,851
Decreases	-	-	-	(249)	-	(249)
Reclassification	-	-	-	2,214	-	2,214
Effect of changes in exchange rate	(102)	(32)	(101)	(138)	(2)	(375)
Balance as of December 31, 2023	**$ 626,382**	**371,007**	**733,076**	**217,740**	**18,150**	**1,966,355**
Balance as of January 1, 2022	$ 564,672	351,495	672,274	171,825	16,607	1,776,873
Additions	-	-	-	16,850	-	16,850
Effect of changes in exchange rate	61,812	19,544	60,903	3,387	1,545	147,191
Balance as of December 31, 2022	**$ 626,484**	**371,039**	**733,177**	**192,062**	**18,152**	**1,940,914**
Accumulated amortization:						
Balance as of January 1, 2023	$ 543,874	311,752	-	160,350	18,079	1,034,055
Amortization for the period	50,284	45,020	-	13,819	59	109,182
Decreases	-	-	-	(249)	-	(249)
Effect of changes in exchange rate	(815)	(350)	-	(90)	-	(1,255)
Balance as of December 31, 2023	**$ 593,343**	**356,422**	**-**	**173,830**	**18,138**	**1,141,733**
Balance as of January 1, 2022	$ 376,448	247,258	-	145,091	16,437	785,234
Amortization for the period	122,494	50,062	-	12,691	97	185,344
Effect of changes in exchange rate	44,932	14,432	-	2,568	1,545	63,477
Balance as of December 31, 2022	**$ 543,874**	**311,752**	**-**	**160,350**	**18,079**	**1,034,055**
Carrying value:						
Balance as of December 31, 2023	**$ 33,039**	**14,585**	**733,076**	**43,910**	**12**	**824,622**
Balance as of January 1, 2022	**$ 188,224**	**104,237**	**672,274**	**26,734**	**170**	**991,639**
Balance as of December 31, 2022	**$ 82,610**	**59,287**	**733,177**	**31,712**	**73**	**906,859**

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(15) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 173,029	930,000
Secured bank loans	786,780	276,677
	$ 959,809	**1,206,677**
Range of interest rates	**1.68%~9.5%**	**1.75%~9%**

Please refer to note 6(29) for the disclosure of liquidity risk.

For the collateral for short-term borrowings, please refer to note 8.

(16) Other payables

The details of other payables of the Group were as follows:

	December 31, 2023	December 31, 2022
Payables for salaries and bonus	$ 360,348	371,151
Accrued dividends on preference shares	153,935	153,935
Compensation payables to directors and employees	15,296	52,155
Payables for equipment	13,929	6,584
Others	159,458	166,265
	$ 702,966	**750,090**

(17) Provisions

	Advertising	Warranties	Total
Balance as of January 1, 2023	$ 93,962	23,931	117,893
Provisions made (reversed) during the year	(14,242)	20,579	6,337
Provisions used during the year	(25,269)	(15,600)	(40,869)
Balance as of December 31, 2023	**$ 54,451**	**28,910**	**83,361**
Balance as of January 1, 2022	$ 60,458	12,888	73,346
Provisions made during the year	49,517	27,019	76,536
Provisions used during the year	(16,814)	(8,498)	(25,312)
Others	801	(7,478)	(6,677)
Balance as of December 31, 2022	**$ 93,962**	**23,931**	**117,893**

Provisions for advertising and warranties, which are calculated based on historical experience, management's judgement and other known reasons, are recognized as expenses and costs when the underlying products are sold.

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(18) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 68,471	56,831
Non-current	$ 378,451	365,220

The lease liabilities mentioned above contain the lease liabilities of the state-owned land leased by the subsidiary, PORTWELL, as follows:

	December 31, 2023	December 31, 2022
Current	$ 6,626	6,544
Non-current	232,245	238,871
	$ 238,871	245,415

For the maturity analysis, please refer to note 6(29).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interests on lease liabilities	13,743	22,849
Expenses relating to short-term leases	1,296	1,763
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2,474	1,217
Covid-19 related rent concessions (recognized as other gains and losses)	-	1,909

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Total cash outflow for leases	$ 85,990	87,881

A. Real estate leases

The Group leases land (the state-owned land) and buildings for its plants and office spaces. The leases of land typically run for a period of 20 years, and the plants and office spaces for 1 to 10 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.

Also, some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors, in which the lessee is not reasonably certain to use an optional extended lease term. Payments associated with the optional period are not included within lease liabilities.

The lease payment of the land contract depends on the current land price set by the local district. According to the lease agreement entered into by the Group regarding the state-owned land, the Group has an option to purchase the state-owned land in accordance with the relevant provisions of the lease. The Group decided not to purchase the land after assessment in the third quarter of 2022, so the lease liability was revalued by reasonable lease years considering the remaining lease period.

The market economy was severely affected by the Covid-19, the National Property Administration gave the lessees a 20% reduction in their rents of non-public use property under its management. Within the period from January 2020 to December 2022, resulting in Group' rentals to be reduced by 20% for the year endedDecember 31, 2022.

B. Other leases

The Group leases transportation equipment, with lease terms of 2 to 7 years. The Group does not have the options to purchase the assets at the end of the contract term. In addition, the Group is prohibited from sub-leasing or transferring the entire or portion of the assets without the lessor's consent.

Furthermore, the Group has elected not to recognize the right-of-use assets and lease liabilities for its printers, which qualify as short-term leases and low-value asset leases.

(19) Long-term borrowings

The details, conditions and terms of the long-term borrowings of the Group were as follows:

	December 31, 2023			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Government rescue loans	JPY	-	February 2024	$ 21,720
Secured bank loans				
Bank loans	JPY	1.5%	December 2035	70,372
				92,092
Less: Current portion				(27,584)
Total				**$ 64,508**

	December 31, 2022				
	Currency	Range of interest rates	Maturity dates		Amounts
Unsecured bank loans					
Government rescue loans	JPY	-	February 2024	$	23,240
Secured bank loans					
Bank loans	NTD	1.5%	May 2027		483,750
Bank loans	JPY	1.5%	December 2035		81,573
					588,563
Less: Current portion					(6,275)
Total				$	**582,288**

For the collateral for bank loans, please refer to note 8.

(20) Preference share liabilities

The details of the preference share liabilities of the Group were as follows:

		December 31, 2023	December 31, 2022
A preference stock	$	**4,595,089**	**4,595,089**

A resolution was passed during the extraordinary general meeting of the shareholders held on September 1, 2017 for the issuance of 31,153 thousand Series A preferred shares under private placement. The subscriber, Embedded City Taiwan Limited, had completed the share payment of $4,595,089 thousand at the price of $147.5 per share on October 16, 2017, which was the record date of capital increase. According to the preference share subscription agreement, the preference shares were respectively recognized as preference share liabilities and capital surplus conversion rights in the amounts of $4,559,898 thousand and $35,191 thousand. The effective interest rate on initial recognition was 3.56%. The interest expense, based on the effective interest for the years ended December 31, 2023 and 2022, earch amounted $153,935 thousand.

The important issuance terms of Series A preferred shares were as follows:

A. The annual interest rate of Series A preferred shares is 3.35%, which is calculated based on the issue price and the period within the days from the issue date until the redemption date. Dividends for the Series A preferred shares shall be declared once a year in cash. Once the annual audited financial statements have been acknowledged and the dividend distribution have been approved in the annual general meeting, the Board of Directors shall set the record date for the distribution of preferred dividends of such financial year. Dividends for the year shall be calculated pursuant to actual outstanding days of the given years. Except for the statutory reasons, the Group is obligated to declare dividends. If the amount of dividend distribution to common shareholders exceeds the amount of the preferred dividends in any given year, the preferred shareholder shall be entitled to participate in the dividend distribution until the amount of preferred dividend equals the amount of common dividend. If the Group proposes to distribute stock dividends or other assets to its common shareholders, the Group shall consequently distribute the equivalent stock dividends or other assets to the preferred shareholders.

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B. In the event that there are no earnings or insufficient profits to be distributed as preferred dividends, the Group shall still distribute portions of the preferred dividends to the extent permitted by law. The undistributed preferred dividends or shortfalls in preferred dividends shall be accumulated and paid in priority without interest in subsequent years when there are earnings.

C. Except for the foregoing preferred dividends, the preferred shareholders are not entitled to participate in the distribution of dividends for common shareholders from capital reserves.

D. On the day after three months of issuance, the preferred shareholders may apply for the conversion of part or all of the preferred shares held from preferred shares to common shares, at the conversion ratio of 1 to 1. The preferred shareholders who converted their preferred shares into common shares shall not participate in the preferred dividend distribution in the year of the conversion but may participate in the dividend distribution from earnings or capital reserves. After the preferred shares are converted into common shares, except for the restrictions by law, their rights and obligations are the same as those with the common shares. The preferred shareholders who converted their preferred shares into common shares shall have their rights to claim for the preferred dividend distribution unpaid before the year of the conversion.

E. If the Company issues new shares in the future, whose issuance terms are superior to the Series A preferred shares, the terms of the Series A preferred shares shall be adjusted consistently with the new shares.

F. The preferred shareholders have the same voting right as the common shareholders, such as the right to elect the directors and supervisors, and the rights to participate in the elections of the directors and supervisors.

G. Preferred shareholders may send the Company a written notice three months in advance to request the Company to redeem, in cash, part or all of the unconverted preferred shares when:

   (a) It is on the day after four years of the issuance of preferred shares; or

   (b) The Company is in material breach of the preference shares subscription agreement.

   Subject to satisfaction of the conditions in the preference shares subscription agreement, the preferred shareholders may request the Company to redeem, in cash, part or all of the unconverted preference shares without a 3-month prior written notice. When the Company redeems the foregoing shares in cash, the price is calculated based on the issue price, plus the cumulative unpaid dividends. The dividends, which should be paid in the redemption year, is calculated based on actual outstanding days until the redemption date.

H. Any surplus assets of the Company available for distribution to Series A Preferred shareholders shall be prioritized. Such distribution shall be capped at the respective issue price, plus the cumulative unpaid dividends. (The issue price may be adjusted due to stock split, capital adjustments, etc.) Except for the aforementioned distribution, the preferred shareholders shall not participate in the liquidation distribution to common shareholders.

According to the declaration from the preference shareholder, Embedded City, received by the Company on August 2023, the Company should not breach the preference share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares, held in part or in whole, by cash before July 2025.

According to the declaration from the preference shareholder, Embedded City, received by the Company on August 18, 2022, the Company should not breach the preference share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares, held in part or in whole, by cash before July 16, 2024.

The Company received a declaration from the preference shareholder, Embedded City, on May 9, 2023, wherein Embedded City should receive the preference dividends for 2023 according to the preference share subscription agreement and participate in dividend distribution declared in 2024 on ordinary shares such that Embedded City agrees on the dividend distribution for 2024 that belongs to net income in 2023, if the total amount of the preference shares (including the preference dividends and further participation in dividend distributions) reaches the adjusted net profit multiplied by the ownership proportion of preference shares of 70%, the excess of the Embedded City agrees not to continue to participate in the distribution..

The Company received a declaration from the preference shareholder, Embedded City, on May 9, 2022, wherein Embedded City should receive the preference dividends for the year 2022. However, if the dividend allotted for the ordinary shares exceeds the total amount of the preference dividends, Embedded City will not to participate in the distribution of the excess portion of the dividend.

(21) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Group were as follows:

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	$	94,338	98,058
Fair value of plan assets		(107,308)	(122,295)
Net defined benefit liabilities (assets)	**$**	**(12,970)**	**(24,237)**
The Company	**$**	**(39,522)**	**(37,909)**
PORTWELL	**$**	**26,552**	**13,672**

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

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(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $107,308 as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Group for the years endedDecember 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Defined benefit obligation as of January 1	$ 98,058	101,774
Beginning of the period adjustment	-	2,248
Current service costs and interest	1,684	940
Prior period cost	12,868	-
Remeasurements of the net defined benefit liabilities		
—Actuarial loss (gain) arising from demographic assumptions	(1)	148
—Actuarial loss (gain) arising from experience adjustments	934	3,333
—Actuarial loss (gain) arising from changes in financial assumptions	727	(9,071)
Benefits paid from plan assets	(19,932)	(1,314)
Defined benefit obligation as of December 31	**$ 94,338**	**98,058**

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(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group for the years endedDecember 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets as of January 1	$ (122,295)	(111,096)
Interest income	(1,725)	(749)
Remeasurements of the net defined benefit liabilities		
－Return on plan assets (excluding current interest)	(723)	(9,007)
Contributions made	(1,960)	(2,031)
Benefits paid from plan assets	19,395	588
Fair value of plan assets as of December 31	**$ (107,308)**	**(122,295)**

(d) Expenses recognized in profit or loss

The Group’s expenses recognized in profit or losses for the years endedDecember 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	**2022**
Current service costs	$ 1,684	940
Prior period cost	12,868	-
Net interest on the net defined benefit liabilities (assets)	(1,725)	(749)
	$ 12,827	**191**

(e) Actuarial assumptions

The following are the Group’s significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2023	**December 31, 2022**
Discount rate	1.250%~1.625%	1.25%~1.750%
Future salary increase rate	2.000%~3.000%	2.000%~3.000%

The Group expects to make a contribution of $2,025 thousand to its defined benefit plans in the following year, beginning December 31, 2023.

The weighted-average duration of the defined benefit obligation is 10 to 12.30 years.

(f) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2023 and 2022, the impact on the defined benefit obligation would be as follows:

		Impact on the defined benefit obligation	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2023			
Discount rate	$	(2,406)	2,498
Future salary increase rate		2,426	(2,353)
December 31, 2022			
Discount rate	$	(2,399)	2,484
Future salary increase rate		2,413	(2,347)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain 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 approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Group should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations. The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were $73,932 thousand and $63,731 thousand for the years enededDecember 31, 2023 and 2022, respectively.

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(22) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Current income tax expense		
Current period	297,729	457,830
Surtax on unappropriated retained earnings	31,978	2,729
Investment tax credit	(360)	(359)
Adjustment for prior period	1,966	(4,234)
Deferred income tax expense		
Origination and reversal of temporary differences	(43,834)	(30,306)
	$ 287,479	425,660

The amount of income tax expense (income) recognized in other comprehensive income were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	$ (187)	2,470
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (892)	87,961

The reconciliation of income tax expenses and income before income tax was as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Income before income tax	$ 1,017,632	1,511,999
Income tax at the Company's domestic tax rate	$ 203,526	302,400
Non-deductible expenses and others	60,461	130,233
Change in unrecognized deductible temporary differences	(10,092)	(4,475)
Investment tax credits	(360)	(359)
Surtax on unappropriated retained earnings	31,978	2,729
(Over) under-provision in prior periods	1,966	(4,868)
Total	$ 287,479	425,660

(Continued)

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Unrecognized deferred tax liabilities	$ 31,677	41,769

According to the tax laws of each Group entity, the tax losses of the Group (including domestic and foreign subsidiaries) are allowed to be used to offset against the taxable income in subsequent years. The net losses, as assessed by the tax authorities, of the domestic subsidiaries of the Group are allowed to be used to offset against the taxable income over a period of ten years for local tax reporting purposes. The net losses of the American subsidiaries of the Group are allowed to be used to offset against 80% of the taxable income for the year in subsequent years with no maturity date. As of December 31, 2023 and 2022, the amount of the carryforward of unused tax losses, which had not been recognized by the American subsidiaries, was $84,761 thousand and $77,929 thousand, respectively. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

In addition, as of December 31, 2023, the information of the domestic subsidiaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2014	$ 3,834	2024
2017	19,784	2027
2018	15,770	2028
2020	3,939	2030
2021	5,113	2031
2022	1,082	2032
	$ 49,522	

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(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2022	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2022	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2023
Equity method recognized the loss of foreign subsidiaries	$ 133,756	(15,978)	-	-	149,734	(32,793)	-	-	182,527
Unrealized gross profit on sale of goods	20,466	(9,920)	-	635	29,751	5,015	-	(921)	25,657
Provisions for warranties and advertising	14,765	(8,608)	-	(182)	23,555	6,881	-	-	16,674
Unrealized Inventory devaluation loss	26,935	(4,551)	-	(1,508)	32,994	(4,322)	-	23	37,293
Contract liabilities	37,734	4,683	-	(3,988)	37,039	13,439	-	(188)	23,788
Unrealized interest expenses on financial leases	26,987	26,987	-	-	-	-	-	-	-
Loss carryforwards	127,660	(12,213)	-	(14,174)	154,047	(43,363)	-	652	196,758
Defined benefit plans	4,606	-	955	-	3,651	(1,620)	(264)	-	5,535
Foreign currency translation differences for foreign operations	60,555	-	60,555	-	-	-	-	-	-
Intangible assets and others	54,306	6,396	-	(3,349)	51,259	13,363	-	(224)	38,120
	$ **507,770**	**(13,204)**	**61,510**	**(22,566)**	**482,030**	**(43,400)**	**(264)**	**(658)**	**526,352**

Deferred tax liabilities:

	January 1, 2022	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2022	Recognized in income statement	Recognized in other comprehensive income	Exchange differences on translation of foreign financial statements	December 31, 2023
Equity method recognized the gain of foreign subsidiaries	$ (19,662)	(19,662)	-	-	-	-	-	-	-
Defined benefit plans	(12,104)	368	1,515	-	(13,987)	(554)	77	-	(13,510)
Foreign currency translation differences for foreign operations	-	-	27,406	-	(27,406)	-	892	-	(26,514)
Others	(2,802)	2,192	-	242	(5,236)	120	-	(44)	(5,312)
	$ **(34,568)**	**(17,102)**	**28,921**	**242**	**(46,629)**	**(434)**	**(815)**	**(44)**	**(45,336)**

(Continued)

C. The Company's tax returns have been examined by the tax authorities through 2021.

D. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the year ended December 31, 2023, were authorized for issue, there is no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. On December 31, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

(23) Capital and other equity

A. Share Capital

As of December 31, 2023 and 2022, the number of authorized ordinary shares were $2,000,000 thousand, with a par value of $10 per share; of which, were issued in the amount of $755,958 thousand and $754,828 thousand, respectively.

The Company received the amount of $7,259 thousand as subscription to the 81 thousand capital stocks executed by its employees for the year ended December 31, 2023, the related registration procedure of all the capital stock have been completed, of which the amounts of $810 thousand and $6,449 thousand were recognized as share capital and increase in capital surplus.

The Company received the amount of $54,202 thousand as subscription to the $593 thousand capital stocks executed by its employees for the year ended December 31, 2022, of which the amounts of $5,610 thousand, $320 thousand, and $48,272 thousand were recognized as share capital, advance receipts for share capital, and increase in capital surplus, respectively. As of December 31, 2022, the related registration procedures of the 561 thousand capital stocks have been completed while the remaining 32 thousand capital stocks are being processed.

The Company issued 31,153 thousand Series A preference shares, with a par value of $10 per share, on October 16, 2017. According to the preference shares subscription agreement and relevant accounting policies, the issued preference shares were recognized as preference share liabilities. The Company had modified the authorized capital at the amount of 1,060,749 thousand in accordance with the regulations of the Ministry of Economic Affairs of the R.O.C.

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B. Capital surplus

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value	$ 396,660	463,039
Paid-in capital in excess of the par value derived from corporate bond conversion	186,826	186,826
Share options－bonds payable	87,533	87,533
Employee share options	36,190	32,626
Conversion right－preference share	35,191	35,191
Difference between consideration and carrying amount of subsidiaries acquired or disposed	9,966	123,132
Changes in equity of investments accounted for using equity method	23,843	23,843
Others	913	913
	$ 777,122	**953,103**

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 the premium on the issuance of capital stock, treasury shares, the difference between the consideration and the carrying amount of subsidiaries acquired or disposed, as well as the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increase by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

However, the capital surplus from the invalided share options of bonds payable which had been redeemed by the Company can only be used to offset any accumulated losses; the capital surplus from employee share options, share options, and conversion rights, cannot be used for any purpose.

The following are the appropriation of Capital surplus in 2022, which were proposed during the shareholders' meeting held on June 9, 2023:

	2022	
	Amount per share (NTD)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	**$ 2.06**	**155,563**
Dividends distributed to preference shareholders:		
Cash	**$ 1.06**	**33,022**

C. Retained earnings

According to the Company' s Articles of Incorporation, if the Company incurs a year-end earnings, it shall first be used to offset against miscellaneous taxes and any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to, or greater than, the total paid in capital. Thenceforth, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Thenceforward, the remaining profit, together with any undistributed retained earnings, shall be distributed firstly to preference shareholders according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval, and then any remaining profit shall be distributed to ordinary shareholders.

The dividends policy of the Company is in line with its current and future operations development plans. Before the distribution of dividends, the Company shall first take into consideration the investment environment, capital requirements, the best capital expenditure budget, the competitive situation at both the domestic and international levels, and the interests of stockholders. Except that the distribution of preference share dividends is in accordance with the issuance conditions, the dividends should be more than 60% of the remaining profit after making up for all accumulated losses, as well as appropriation for legal reserve and special reserve. If the Company has no material investing plans, with the optimal capital budget satisfied and the dilution of earnings per share taken into account, the cash dividend should not be less than 25% of the total dividends. However, the ratio of cash dividends may be adjusted according to the overall economic situation, financial, business and operating factors.

(a) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

(b) Special reserve

According to the regulations of the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal 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 earnings 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.

(c) Earnings distribution

The following are the appropriation of earnings in 2023 and 2022 which were proposed during the board's meeting held on March 7, 2024 and approved during the shareholders' meeting held on June 9, 2023, respectively:

	2023		2022	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ **4.70**	**355,300**	**4.94**	**373,048**

The preference share dividends of A shares for 2023 and 2022, each amounting to $153,935 thousand, were calculated based on an annual interest rate of 3.35%.

The appropriation of retained earnings for 2022 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2023 will be presented for resolution in annual shareholders' meeting. The related information will be available on the Market Observation Post System on the website after the meeting.

D. Other equity

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**
Balance at January 1, 2023	$ (113,577)	(50,690)
Exchange differences on foreign operations	(1,316)	-
Exchange differences on associates accounted for using equity method	(168)	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	406
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(9,516)
Balance at December 31, 2023	$ **(115,061)**	**(59,800)**

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		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	$	(398,104)	(75,593)
Exchange differences on foreign operations		278,205	-
Exchange differences on associates accounted for using equity method		6,322	-
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	25,909
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	(1,006)
Balance at December 31, 2022	**$**	**(113,577)**	**(50,690)**

(24) Share-based payment

A. Information about the Company's equity-settled share-based payment transactions for the years ended December 31, 2023 and 2022, are as follows:

	Employee share options		
	Issued in 2022	**Issued in 2019**	**Issued in 2017**
Grant date	March 1, 2022	April 1, 2019	June 13, 2017
Granted units	970	1,200	742
Contractual life	7 years	7 years	6 years
Recipients	Employees	Employees	Employees
Vesting condition	Note 1	Note 1	Note 1
Price per share (NTD)	101.5	107	171
Adjusted exercise price (NTD)	97.99	90.26	159.1(Note 2)

Note 1: Employees are entitled to receive stocks in the second, third, fourth, and fifth year (from the grant date) of their service. The number of shares, which the employee will receive, is calculated based on the ratio of the number of given share awards respectively.

Note 2: The employee's stock options plan issued in 2017 has expired on June 12, 2023.

(Continued)

B. Details of the employee stock options are as follows:

(in thousands)	2023 Weighted average exercise price	2023 Number of options	2022 Weighted average exercise price	2022 Number of options
Outstanding at January 1	$ 97.97	1,497	97.25	1,220
Granted during the year (number)	-	-	97.99	970
Exercised during the year (number)	89.62	(81)	90.26	(593)
Expired during the year (number)	131.29	(120)	97.99	(100)
Outstanding at December 31	89.67	**1,296**	97.97	**1,497**
Exercisable at December 31	85.06	**476**	97.95	**627**

The details of the share options of the Group were as follows:

	December 31, 2023	December 31, 2022
Range of exercise price	85.06~92.35	90.26~159.1
Weighted average of remaining contractual period	2.25~5.17	0.45~6.17

The Group used Binomial Option Pricing Model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	Issued in 2022	Issued in 2020	Issued in 2017
Share price at grant date	101.5	107	171
Exercise price	101.5	107	171
Expected volatility	25.69%	28.36%	27.91%
Excepted life (years)	7 years	7 years	6 years
Risk-free interest rate	0.6534%	0.7000%	0.7828 %

The amount of compensation costs, which were recognized as salaries expense, generated from share-based payment in 2023 and 2022 were $7,520 thousand and $8,450 thousand, respectively.

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(25) Earnings per share

	For the years ended December 31,		
		2023	2022
Basic earnings per share:			
Net income attributable to ordinary shareholders of the Company	$	**419,558**	**846,232**
Weighted-average number of ordinary shares (in thousands)		**75,557**	**75,254**
Basic earnings per share	$	**5.55**	**11.25**
Diluted earnings per share:			
Net income attributable to ordinary shareholders of the Company (basic)	$	419,558	846,232
Interest expense on preference shares		153,935	153,935
Net income attributable to ordinary shareholders of the Company (diluted)	$	**573,493**	**1,000,167**
Weighted-average number of ordinary shares (in thousands) (basic)		75,557	75,254
Employee remuneration		159	423
Employee share options		459	550
Convertible preference shares		31,153	31,153
Weighted-average number of ordinary shares (in thousands) (diluted)		**107,328**	**107,380**
Diluted earnings per share	$	**5.34**	**9.31**

(26) Revenue from contracts with customers

A. Disaggregation of revenue

	For the year ended December 31, 2023				
		Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$	2,467,786	5,197,633	1,886,501	9,551,920
Revenue from warranty and managed services		7,165	306,647	-	313,812
	$	**2,474,951**	**5,504,280**	**1,886,501**	**9,865,732**

	For the year ended December 31, 2022				
		Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$	3,114,061	5,837,183	2,701,173	11,652,417
Revenue from warranty and managed services		6,221	314,236	-	320,457
	$	**3,120,282**	**6,151,419**	**2,701,173**	**11,972,874**

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B. Contract balances

	December 31, 2023	December 31, 2022	December 31, 2022
Contract liabilities－current			
Sale of goods	$ 190,235	178,370	332,463
Warranty and managed services	125,094	148,790	170,525
	315,329	327,160	502,988
Contract liabilities－non-current			
Warranty and managed services	80,961	129,697	133,955
	$ 396,290	**456,857**	**636,943**

For details on notes and accounts receivable, and loss allowance, please refer to note 6(2).

The amounts of revenue recognized for the years endedDecember 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $255,181 thousand and $375,648 thousand, respectively.

(27) Remuneration to employees and directors

According to the Articles of Association, once the Company has annual profit, it should appropriate 2%~10% of the profit to its employees, and no more than 4% to its directors as remuneration.

The remunerations to employees amounted to $10,197 thousand and $41,724 thousand, as well as the remunerations to directors amounted to $5,099 thousand and $10,431 thousand for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to $41,724 thousand and $17,466 thousand, and the remunerations to directors amounted to $10,431 thousand and $5,822 thousand, respectively, which were both paid in cash. There were no differences between the estimated amounts and the actual amounts of remuneration. The information is available on the Market Observation Post System website.

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(28) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 55,152	19,734
Interest income on lease receivable	122	188
Other interest income	30	823
	$ 55,304	**20,745**

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	$ 25,446	28,834
Dividend income	16	1,946
	$ 25,462	**30,780**

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	$ (692)	39
Foreign exchange gains (losses), net	(10,306)	141,741
Net loss on financial assets and liabilities at FVTPL	(1,253)	(7,334)
Other	11,666	18,794
	$ (585)	**153,240**

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expenses on preference share liabilities	$ 153,935	153,935
Interest expenses on bank loans	27,211	34,698
Interest expenses on lease liabilities	13,743	22,849
	$ 194,889	**211,482**

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(29) Financial Instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Group mainly transacts with entities with good credit ratings, domestic and foreign. Aside from granting credit facilities to customers according to procedures for granting credits, the Group also continues to obtain understanding of the credit status of its customers. As of December 31, 2023 and 2022, the Group's accounts receivable were not concentrated.

(c) Receivables and debt securities

For credit risk exposure on receivables, please refer to note 6(2). No loss allowances were recognized under other financial assets at amortized cost, including other receivables and other financial assets.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 24 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements, except for notes and accounts payable (including related parties) and other payables:

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 959,809	981,998	981,998	-	-
Lease liabilities (including current portion)	446,922	501,538	77,111	194,742	229,685
Long-term borrowings (including current portion)	92,092	98,386	28,595	26,611	43,180
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	135,162	135,162	-	132,242	2,920
	$ 6,229,074	**6,312,173**	**1,087,704**	**4,948,684**	**275,785**

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	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,206,677	1,228,239	1,228,239	-	-
Lease liabilities (including current portion)	422,051	483,794	67,214	172,479	244,101
Long-term borrowings (including current portion)	588,563	625,896	14,741	557,975	53,180
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	147,972	147,972	-	145,118	2,854
	$ 6,960,352	7,080,990	1,310,194	5,470,661	300,135

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to currency risk

The Group's financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 50,096	30.705	1,538,201
CNY	10,111	4.327	43,749
Investments accounted for using equity method			
USD	1,631	30.705	50,094
Financial liabilities			
Monetary items			
USD	19,651	30.705	603,370
CNY	1,148	4.327	4,967

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	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 63,839	30.71	1,960,483
CNY	14,475	4.408	63,804
Investments accounted for using equity method			
USD	1,592	30.71	48,901
Financial liabilities			
Monetary items			
USD	22,544	30.71	692,334
CNY	696	4.408	3,066

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, short-term borrowings, notes and accounts payable (including related parties), and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) of 5% of the NTD against the USD and CNY, as of December 31, 2023 and 2022, would have increased (decreased) the comprehensive income $38,945 thousand and $53,155 thousand for the years ended December 31, 2023 and 2022, respectively.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign (losses) gains on monetary items amounted to $(10,306) thousand, and $141,741 thousand for the three and year ended December 31, 2023 and 2022, respectively.

D. Interest rate risk

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 1%, the Group's net income would have increased or decreased by $8,415 thousand and $14,362 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant.

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E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets at FVOCI is measured on a recurring basis. The Group's carrying amount and the fair value of financial assets (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities), were as follows:

	December 31, 2023				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 388	388	-	-	388
Domestic emerging market shares	77,365	-	22,043	55,322	77,365
Domestic unlisted stocks	25,845	-	-	25,845	25,845
Foreign unlisted stocks	27,444	-	-	27,444	27,444
	$ 131,042	**388**	**22,043**	**108,611**	**131,042**

	December 31, 2022				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 328	328	-	-	328
Domestic emerging market shares	77,993	-	36,035	41,958	77,993
Domestic unlisted stocks	24,871	-	-	24,871	24,871
Foreign unlisted stocks	34,040	-	-	34,040	34,040
	$ 137,232	**328**	**36,035**	**100,869**	**137,232**

(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial liabilities measured at amortized cost will be based on the latest quoted price and agreed upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

(c) Valuation techniques for financial instruments that are measured at fair value

A. Non-derivative

The Group held its domestic emerging market shares, which are measured at fair value, according to standard provisions and conditions, with the fair value being measured using the quoted prices in an active market.

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Except for the above financial instruments with an active market, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

B. Derivative

The fair value is measured using the public quotation. When a public quotation cannot be obtained, the fair value will be based on third-party pricing information. Forward foreign exchange contracts are usually valued based on the current forward exchange rate.

(d) Transfer between level 1 and level 2: None.

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－ equity investments without an active market
Balance as of January 1, 2023	$ 100,869
Total gains and losses	
Recognized in other comprehensive income	7,742
Balance as of December 31, 2023	**$ 108,611**
Balance as of January 1, 2022	$ 110,268
Total gains and losses	
Recognized in other comprehensive income	5,666
Transfers to Level 2	(15,065)
Balance as of December 31, 2022	**$ 100,869**

The gains (losses) from financial assets at FVOCI resulted from the recognition of the total gains and losses mentioned above.

(f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure their fair value include financial assets at FVOCI – equity investments.

The Group classified its equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI－equity investments without an active market	Market approach	• Price-to-book ratios as of December 31, 2023 and 2022 were 2.43 and 2.25, respectively. • Liquidity discount as of December 31, 2023 and 2022 were 14.04% and 16.03%, respectively.	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.
Financial assets at FVOCI－equity investments without an active market	Asset approach	• Net asset value. • Liquidity discount as of December 31, 2023 and 2022 were 30% .	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(30) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

(a) credit risk

(b) liquidity risk

(c) market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables generated from operation.

(a) Receivables

To maintain the quality of receivables, the Group has established credit policies to manage its credit risks. When assessing the credit risk of each customer, the Group considers each customer's ability of payment through their financial position, aging analysis of receivables, historical transaction records, etc. In addition, the Group may request specific customers to reduce their credit risks by paying guarantee, payment in advance, and credit insurances.

(b) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(c) Guarantees

For the related information of guarantees, please refer to note 13.

D. Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

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

(a) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group' s entities. The currencies used in these transactions are the USD.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group' s exposures to risk from changes in interest rates arise primarily from the Group's bank loans with floating interest rates. The financing decision of the Group is determined by the chairman authorized by the Board of Directors.

(31) Capital management

The Group's objective for managing capital is to ensure there is sufficient financial resources and necessary operating plans to maintain the working capital, capital expenditures, debt repayment and dividend payment in the subsequent 12 months.

The Group' s management regularly reviews its capital structure (including loans and equity) and considers each capital cost and relevant risks. In order to balance the overall capital structure, the Group may adjust the dividend payment to its shareholders, issue new shares, redeem outstanding shares, raise a loan or repay loans according to the management's suggestion.

There were no changes in the Group' s approach to capital management during the year ended December 31, 2023.

The Group's debt-to-adjusted-capital ratio at the reporting date was as follows:

		December 31, 2023	**December 31, 2022**
Total liabilities	$	8,533,871	9,434,814
Less: cash and cash equivalents		(3,097,569)	(2,303,346)
Net debt	**$**	**5,436,302**	**7,131,468**
Total equity	**$**	**6,329,862**	**6,363,285**
Debt-to-adjusted-capital ratio		**85.88%**	**112.07%**

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(32) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	December 31, 2023
Short-term borrowings	$ 1,206,677	(245,722)	(1,146)	-	959,809
Lease liabilities (including current portion)	422,051	(68,477)	(476)	93,824	446,922
Guarantee deposits received	147,972	(14,907)	2,097	-	135,162
Long-term borrowings (including current portion)	588,563	(489,747)	-	(6,724)	92,092
	$ 2,365,263	(818,853)	475	87,100	1,633,985

	January 1, 2021	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	December 31, 2022
Short-term borrowings	$ 459,448	742,610	4,619	-	1,206,677
Lease liabilities (including current portion)	771,276	(63,961)	18,833	(304,097)	422,051
Guarantee deposits received	1,847	146,118	7	-	147,972
Long-term borrowings (including current portion)	1,639,486	(1,057,752)	6,829	-	588,563
	$ 2,872,057	(232,985)	30,288	(304,097)	2,365,263

7. Related-party Transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related parties	Relationship with the Group
MiTwell, Inc. (MiTwell)	Associate
LPK Limited (LPK)	Associate
POME Technology Inc. (POME)	Subsidiary of associate
WELINK SOLUTIONS Inc. (WELINK)	Subsidiary of associate
Weliot Solutions, Inc. (WELIOT)	Substantive related party
Esquarre Capital Taiwan Branch (Esquarre)	Substantive related party

(Continued)

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(2) Significant related-party transactions

A. Operating revenue

	For the years ended December 31, 2023	2022
Associate	$ 62,274	241,096
Subsidiary of associate	55,954	260,228
	$ 118,228	501,324

The selling prices for sales to related parties were determined by the products' fair market value, and the collection terms were mainly 30-90 days, which were similar to those offered to third party customers.

The Group's receivables due from related parties as a result of transactions mentioned above were as follows:

	December 31, 2023	December 31, 2022
Associate	$ 27,087	4,530
Subsidiary of associate	5,608	116,309
	$ 32,695	120,839

B. Purchases

	For the years ended December 31, 2023	2022
Associate	$ 89,019	586,045
Subsidiary of associate	100,696	108,319
	$ 189,715	694,364

The terms and pricing of purchase transactions with related parties were not significantly different from those with third party vendors.

The Group's payables to related parties as a result of transactions mentioned above were as follows:

	December 31, 2023	December 31, 2022
Associate	$ 809	42,089
Subsidiary of associate	10,203	3,937
	$ 11,012	46,026

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C. Other transactions

(a) The amounts paid by the Group to its related parties for administrative and other expenses were as follows:

	For the years ended December 31,	
	2023	**2022**
Substantive related party	$ 6,000	6,000
Associate	2,050	3,454
Subsidiary of associate	890	848
	$ 8,940	**10,302**

The Group’s payables as a result of transactions mentioned above were as follow:

	December 31, 2023	December 31, 2022
Associate	$ -	329
Subsidiary of associate	363	355
	$ 363	**684**

(b) The Group signed lease contracts with its related parties, with lease terms based on their mutual agreements, and the related rental revenue was as follows:

	For the years ended December 31,	
	2023	**2022**
Associate	$ 4,028	4,899
Subsidiary of associate	684	56
	$ 4,712	**4,955**

As of December 31, 2023 and 2022, the Group received the rental guaranteed deposits of $313 thousand and $275 thousand, respectively.

(c) The Group’s receivables as a result of transactions mentioned above were as follows:

	December 31, 2023	December 31, 2022
Associate	$ 695	1,621
Subsidiary of associate	519	596
	$ 1,214	**2,217**

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(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Short-term employee benefits	$ 204,277	186,615
Post-employment benefits	3,854	2,561
Share-based payment	3,058	7,975
	$ 211,189	**197,151**

The remuneration to directors and key executives was determined by the remuneration committee, which is based on the performance of individuals and market trends.

Please refer to note 6(24) for further information on share-based payment.

8. Assets pledged as security

The carrying values of the Group's pledged assets are as follows:

Assets	Purpose of Pledged	December 31, 2023	December 31, 2022
Security deposit for loans (recognized as other financial assets－current)	Collateral for short-term bank loans	$ 2,860	2,817
Security deposit for loans (recognized as other financial assets－non-current)	Collateral for bank borrowing	-	1,816
Property, plant and equipment	Collateral for bank borrowing	2,222,485	2,081,725
Cash in bank (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	15,000	15,000
Time deposits (recognized as financial assets at amortized cost)	Collateral for long-term and short-term bank loans	537,353	535,650
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	21,991	22,408
		$ 2,799,689	**2,659,416**

(Continued)

9. Significant Commitments and Contingencies

Company A, a customer of the Group, provided the guarantee deposit amounting to $132,242 thousand (USD $4,307 thousand) to ensure the delivery of its order. The deposit is not deductible to the payables and shall be fully refunded to Company A after the end of the project. The deposit received by the Group had been recognized as guarantee deposits received-non-current.

10. Significant Casualty Loss: None.

11. Significant Subsequent Events: None.

12. Other

Summaries of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By function / By item	For the years ended December 31, 2023			For the years ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	507,621	1,521,439	2,029,060	452,959	1,552,934	2,005,893
Labor and health insurance	42,849	118,904	161,753	36,104	89,054	125,158
Pension	20,925	65,834	86,759	15,116	48,806	63,922
Others	28,014	58,984	86,998	47,143	35,311	82,454
Depreciation (note)	84,995	147,098	232,093	80,782	140,472	221,254
Amortization	46,100	63,082	109,182	52,079	133,265	185,344

Note: For the years ended December 31, 2023 and 2022, the deprecation expenses of the assets leased to the third parties under operating leases amounted to $183 thousand and $182 thousand, respectively, recognized as deductions of rental revenue.

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13. Other disclosures:

(1) 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 Group:

A. Loans to other parties:None

B. Guarantees and endorsements for other parties: Please refer to Table 1.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.

D. Individual securities acquired or disposed of with accumulated amount $300 million or 20% of the capital stock: None.

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

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

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 3.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 4.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 5.

(2) Information on investees: Please refer to Table 6.

(3) Information on investment in Mainland China: Please refer to Table 7.

(i) The names of investees in Mainland China, their main businesses and products, and other information: Please refer to Table 7.

(ii) Limitation on investment in Mainland China: Please refer to Table 7.

(iii) Significant transactions:

The significant intercompany transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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(4) Major shareholders:

(In Shares)

Shareholding / Shareholder's Name	Shares	Percentage
Embedded City Taiwan limited	31,153,147	29.18 %

Note: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statement due to the use of different calculation basis.

14. Segment information:

(1) General information

The Group has three reportable segments: Domestic segment, U.S.A segment and other segment. The domestic segment is mainly engaged in research, design, manufacturing, sales and after-sales service. The U.S.A. segment is mainly engaged in manufacturing, sales and after-sales service in the U.S.A. The other segment is mainly engaged in sales and after-sales service.

(2) Information about reportable segments and their reconciliations

Segment results excluded administrative expenses, research and development expenses, non-operating income and expenses, as well as tax expenses (income). There were no differences between the consolidated financial statements for the years ended December 31, 2023 and 2022 and the financial results obtained by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company.

The Group's operating segment information and reconciliation were as follows:

	For the year ended December 31, 2023			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 2,474,951**	**5,504,280**	**1,886,501**	**9,865,732**
Reportable segment profit	**$ 1,741,303**	**787,260**	**168,626**	**2,697,189**
Total segment assets				$ 14,619,614
Investments accounted for using equity method				244,119
Total assets				**$ 14,863,733**

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	For the year ended December 31, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	$ 3,120,282	6,151,419	2,701,173	11,972,874
Reportable segment profit	$ 1,788,057	1,063,971	214,046	3,066,074
Total segment assets				$ 15,538,616
Investments accounted for using equity method				259,483
Total assets				$ 15,798,099

(3) Product and service information

For the information of product and service in 2023 and 2022, please refers to note 6(26).

(4) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	**2023**	**2022**
Revenue from external customers:		
Taiwan	$ 2,474,951	3,120,282
United States	5,504,280	6,151,419
Europe	1,886,501	2,701,173
	$ 9,865,732	11,972,874

Geographical information	**December 31, 2023**	**December 31, 2022**
Non-current assets:		
Taiwan	$ 3,019,264	3,064,986
United States	3,034,679	3,099,940
Other countries	247,848	254,920
	$ 6,301,791	6,419,846

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(5) Major customers

There is no revenue from separate customer exceeding 10% of the total revenue of the Group in 2023 and 2022.

(Continued)

Posiflex Technology, Inc. and Subsidiaries

Guarantees and endorsements for other parties

For the Year Ended December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of the reporting date (Note 4)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of the accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of the subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of the parent company	Endorsements/ guarantees to third parties on behalf of the companies in Mainland China	Note
		Name	Relationship with the Company (Note1)											
0	The Company	PBM	b	7,232,926	259,400	245,640	-	-	6.79 %	7,232,926	Y	N	N	
0	The Company	PTIL	b	7,232,926	14,105	13,357	13,357	-	0.37 %	7,232,926	Y	N	N	
0	The Company	KIOSK	b	7,232,926	194,550	184,230	128,961	90,000	5.09 %	7,232,926	Y	N	N	Note 5
1	APT	PORTWELL	d	5,899,106	486,375	460,575	400,000	462,353	15.62 %	5,899,106	N	N	N	Note 6

Note 1: The Company may make endorsements/guarantees for the following companies:

a. A company which has business transactions with the Company
b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: According to the Company's guarantee of the endorsement:

a. Limit for the total endorsements/ guarantees amount shall not exceed 200% of the latest financial statements of the Company's net assets. The amount of endorsements/ guarantees for any single entity shall not exceed 200% of the latest financial statements of the Company's net assets.

b. The total amount of endorsements/ guarantees of the Company and its subsidiaries shall not exceed 200% of the latest financial statements of the Company's net assets. The amount of endorsements/ guarantees of the Company and its subsidiaries for any single entity shall not exceed 200% of the latest financial statements of the Company's net assets.

c. Besides the restrictions mentioned in the two paragraphs above, the Company makes endorsements/guarantees for another entity due to their business transactions, wherein the amount of endorsements/ guarantees for the individual entity shall not exceed the total amount of transactions between the Company and the entity in recent year (the higher of the purchase or sales amount between the parties).

d. Limit for the total endorsements/ guarantees amount shall not exceed 200% of the latest financial statements of APT's net assets, and it shall not exceed 200% of the latest financial statements of the Company's net assets as well. The amount of endorsements/ guarantees for any single entity shall not exceed 200% of the latest financial statements of APT's net assets, and it shall not exceed 200% of the latest financial statements of the Company's net assets as well.

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the net assets mentioned above refer to equity attributable to the shareholders of the Company on the balance sheet.

Note 3: The ratio of endorsements/guarantees to net assets from the financial statements of the Company for the year ended December 31, 2023.

Note 4: Both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PBM each amounted to US$8,000 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PTIL each amounted to US$435 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for KIOSK each amounted to US$6,000 thousand. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1: NT$30.705 as of December 31, 2023.

Note 5: The time deposit of NT$75,000 thousand and cash in bank of NT$15,000 thousand was pledged as collateral for KIOSK's bank borrowings amounting to US$4,500 thousand.

Note 6: The time deposit of US$15,058 thousand was pledged as collateral by APT for Portwell's bank borrowings amounting NTD$400,000 thousand.

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

As of December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars/share)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Maximum Shareholding in the Interim	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
The Company	O' Pay Electronic Payment Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	932,828	22,043	1.28 %	22,043	932,828	
The Company	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	847	388	0.01 %	388	847	
PORTEWLL	AcSiP Technology Corp.	PORTWELL is director of AcSip Technology Crop.	Financial assets at fair value through other comprehensive income－non-current	5,180,000	55,322	14.14 %	55,322	5,180,000	
PORTEWLL	S-SHARP Corporation	-	Financial assets at fair value through other comprehensive income－non-current	232,000	-	16.20 %	-	232,000	
PORTEWLL	GRIDWELL, Inc.	-	Financial assets at fair value through other comprehensive income－non-current	400,000	-	15.04 %	-	400,000	
PORTEWLL	Welink Solutions, Inc.	Subsidiary of associate	Financial assets at fair value through other comprehensive income－non-current	1,935,346	25,845	9.68 %	25,845	1,935,346	
HOLDING	Beijing Caswell Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	-	27,444	18.00 %	27,444	-	

Note 1: For more information about the investment of subsidiaries, associates and joint ventures, please refer to Tables 6 and 7.

Note 2: The Company did not recognize any carrying value deriving from Hua He Tang, Yao Teng, NiceRaker, WaWaWorks, and My Ball, since they have ceased operating or their businesses have no substantial operating activities.

Posiflex Technology, Inc. and Subsidiaries

Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock

For the Year Ended December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	PTIL	Subsidiary	Sale	(176,401)	(9) %	Net 150 days from invoice date	-	-	109,581	19 %	Note
The Company	PBM	Subsidiary	Sale	(150,500)	(7) %	Net 150 days from invoice date	-	-	71,417	12 %	Note
PORTWELL	APT	Subsidiary	Sale	(1,408,443)	(51) %	Net 15 days from invoice date	-	-	30,101	10 %	Note
PORTWELL	EPT	Subsidiary	Sale	(161,636)	(6) %	Net 90 days from invoice date	-	-	35,278	12 %	Note
PORTWELL	MEDWELL	Subsidiary	Sale	(152,033)	(6) %	Net 30 days from the end of the month	-	-	22,823	8 %	Note
PORTWELL	PJI	Subsidiary	Sale	(111,147)	(4) %	Net 70 days from invoice date	-	-	7,769	3 %	Note
MEDWELL	APT	Subsidiary	Sale	(119,853)	(48) %	Net 60 days from invoice date	-	-	32,441	49 %	Note

Note : The relevant transactions and ending balance were eliminated in the consolidated financial statements.

Posiflex Technology, Inc. and Subsidiaries

Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock

For the Year Ended December 31, 2023

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance	Note
					Amount	Action taken			
The Company	PTIL	Subsidiary of the Group	109,581	1.07	65,077	Strengthen collections of receivables	51,793	-	Note 1

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.

Posiflex Technology, Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the Year Ended December 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Note 1, 4)
0	The Company	PBM	1	Sales revenue	150,500	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
0	The Company	PTIL	1	Sales revenue	176,401	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
1	PORTWELL	APT	3	Other receivables	1,408,443	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	14 %
1	PORTWELL	PJI	3	Sales revenue	111,147	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
1	PORTWELL	EPT	3	Sales revenue	161,636	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
1	PORTWELL	MEDWELL	3	Sales revenue	152,033	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
2	MEDWELL	APT	3	Sales revenue	119,853	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %

Note 1: The transactions with amount that account for more than 1% of the consolidated total revenue or total assets were disclosed.

Note 2: The information of number is as follow:
1. The number 0 represents the parent company.
2. The subsidiaries are numbered in order starting from number 1.

Note 3: The types of relationships with traders are as follows:
1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

Note 4: The ratio of the transaction amount to the consolidated total sales revenue or consolidated total assets was calculated as follows:
1. For transaction amount accounted for as asset or liability, the ratio is calculated based on the ending balance of the consolidated total assets.
2. For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount of profit or loss at the end of the financial period of the consolidated total sales revenue.

Note 5: Only the sales revenue and accounts receivable from related parties were disclosed; the relative purchase and accounts payable need not be redisclosed.

Posiflex Technology, Inc. and Subsidiaries
Information on investees
For the Year Ended December 31, 2023

Table 6 (In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
The Company	PORTWELL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment and information software services.	2,534,078	2,534,078	54,070,812	55.00 %	3,204,977	54,070,812	718,365	369,353	Subsidiary(Notes 1,2)
The Company	PBM	U.S.A.	Foreign trade	2,810,494	2,810,494	417,034,408	100.00 %	1,964,964	417,034,408	(168,962)	(168,962)	Subsidiary(Note 1)
The Company	PIC	Seychelles	Foreign trade	107,055	107,055	-	100.00 %	66,844	-	(23,181)	(23,181)	Subsidiary(Note 1)
The Company	PENETEK	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	36,910	36,910	3,691,000	61.52 %	40,075	3,691,000	(1,186)	(730)	Subsidiary(Note 1)
The Company	KOMING	Taiwan	Foreign trade and software services	15,000	15,000	1,500,000	100.00 %	10,279	1,500,000	44	44	Subsidiary(Note 1)
The Company	ULTRA	Taiwan	Software services	-	15,000	-	- %	-	1,040,002	(166)	(85)	Subsidiary(Notes 1,3)
The Company	PBMM	Malaysia	Foreign trade	7,795	7,795	801,214	83.46 %	8,494	801,214	5,709	4,782	Subsidiary(Note 1)
The Company	BonusPay	Taiwan	Software services	-	24,000	-	- %	-	2,400,000	(119)	(114)	Subsidiary(Notes 1, 4)
The Company	PTSC	Argentina	Foreign trade	15,151	15,151	-	100.00 %	(46)	-	(166)	(166)	Subsidiary(Note 1)
The Company	ONK Cloud	Taiwan	Software services	3,196	3,196	319,667	99.90 %	85	319,667	1	1	Subsidiary(Note 1)
The Company	PG	Germany	Foreign trade	67,989	67,989	-	100.00 %	28,077	-	2,597	2,597	Subsidiary(Note 1)
The Company	PTIL	India	Foreign trade	8,441	8,441	51,000	51.00 %	24,755	51,000	11,294	5,760	Subsidiary(Note 1)
The Company	PTPL	Singapore	Foreign trade	11,612	11,612	500,000	100.00 %	3,978	500,000	1,684	1,684	Subsidiary(Note 1)
The Company	PJ	Japan	Foreign trade	43,162	43,162	2,400	100.00 %	(2,619)	2,400	(5,204)	(5,204)	Subsidiary(Note 1)
The Company	LPK	Hong Kong	Foreign trade	52,403	52,403	17,500	35.00 %	50,094	17,500	3,481	1,218	Investment accounted for using the equity method
The Company	KIOSKTW	Taiwan	Software services	20,000	20,000	2,000,000	100.00 %	15,319	2,000,000	(4,542)	(4,542)	Subsidiary(Note 1)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
ONK Cloud	ONK International	Samoa	Investing	5,027	5,027	-	100.00 %	(91)	-	-	-	Subsidiary(Note 1)
PBM	KIA	U.S.A.	Investing	3,295,755	3,295,755	1,012,355	82.00 %	1,802,127	1,012,355	4,207	(69,013)	Subsidiary (Notes 1, 2)
PTIL	MUSTEK	India	Foreign trade	48	48	-	100.00 %	497	-	(89)	(89)	Subsidiary (Note 1)
PTIL	QUINTA	India	Foreign trade	931	931	69,999	70.00 %	(7,694)	69,999	(11,856)	(8,299)	Subsidiary (Note 1)
PORTWELL	APT	U.S.A.	Manufacture and sale of industrial computers and peripheral equipment	909,329	909,329	42,777,780	100.00 %	2,906,057	42,777,780	226,259	226,259	Subsidiary (Note 1)
PORTWELL	PJI	Japan	Manufacture and sale of industrial computers and peripheral equipment	31,383	31,383	1,980	99.00 %	157,772	1,980	16,768	16,600	Subsidiary (Note 1)
PORTWELL	DEVELOPMENT	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	61,173	2,800,000	(5,200)	(5,200)	Subsidiary (Note 1)
PORTWELL	EPT	Netherland	Manufacture and sale of industrial computers and peripheral equipment	208,574	208,574	45,000	100.00 %	172,286	45,000	(45,732)	(45,732)	Subsidiary (Note 1)
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	5,047	2,877,776	69	35	Subsidiary (Note 1)
PORTWELL	PKI	South Korea	Manufacture and sale of industrial computers and peripheral equipment	36,457	36,457	278,153	100.00 %	(2,157)	278,153	(1,642)	(1,642)	Subsidiary (Note 1)
PORTWELL	GANLOT	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	16,800	16,800	2,800,000	100.00 %	55,912	2,800,000	7,849	7,849	Subsidiary (Note 1)
PORTWELL	MiTwell	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	64,047	64,047	6,097,663	18.86 %	194,025	6,097,663	(28,738)	(5,248)	Investment accounted for using the equity method
PORTWELL	POME	Cayman Islands	Investment of intelligent technology	-	64,544	-	- %	-	40,000,000	7,312	-	Investment accounted for using the equity method (Note 5)
PORTWELL	HOLDWEL	Cayman Islands	Investing	94,520	94,520	100,000,000	83.33 %	263,463	100,000,000	35,729	29,083	Subsidiary (Note 1)
APT	KIA	U.S.A.	Investing	525,215	525,215	222,225	18.00 %	505,175	222,225	4,207	757	Subsidiary (Note 1)
DEVELOPMENT	HOLDING	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	61,551	2,800,000	(5,200)	(5,200)	Subsidiary (Note 1)
EPT	KES	Germany	Manufacture and sale of industrial computers and peripheral equipment	59,953	59,953	1	100.00 %	73,212	1	(1,179)	(1,179)	Subsidiary (Note 1)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
EPT	PUK	U.K.	Manufacture and sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	13,045	200,000	521	521	Subsidiary (Note 1)
EPT	KESI	Italy	Manufacture and sale of industrial computers and peripheral equipment	1,586	1,586	50,000	100.00 %	7,252	50,000	5,507	5,507	Subsidiary(Note 1)
HOLDWEL	MEDWEL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	227,529	9,200,000	33,224	33,224	Subsidiary (Note 1)

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.

Note 2: Share of profits / losses of investee includes the amortized adjustment caused by consilidation.

Note 3: In March 2023, ULTRA increase its capital in cash, which were fully subscribed by the Group. Furthermore, ULTRA apply to the court for liquidation in December 2023, the liquidation process has yet to be completed.

Note 4:The liquidation process of BonusPay had been completed in July 2023.

Note 5:The liquidation process of POME had been completed in December 2023.

Posiflex Technology, Inc. and Subsidiaries
Information on investment in Mainland China
For the Year Ended December 31, 2023

Table 7 (In Thousands of New Taiwan Dollars)

(1) 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	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023 (note 4)	Net income (losses) of the investee	Percentage of ownership	Maximum Shareholding in the Interim	Investment income (losses) (note 1)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow								
Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	107,468	(note 5)	107,468	-	-	107,468	(23,181)	100.00%	100.00%	(23,181)	66,844	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	5,220	(note 5)	5,220	-	-	5,220	-	99.90 %	99.90 %	-	(91)	-	
Beijing Caswell Ltd.	Manufacture and sale of networking and communication equipment	116,679	(note 5)	21,002	-	-	21,002	(48,134)	18.00 %	18.00 %	-	27,443	-	Note 2
Welink Technology Co., Ltd.	Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade	38,228	(note 5)	-	-	-	-	(4,885)	100.00%	100.00%	(4,485)	6,275	-	Note 2

Note 1: The investment income (losses) recognized was based on the following:

a. Financial statements have been audited by the international accounting firms, in which the Taiwanese counterpart had been involved with.

b. Financial statements have been audited by the international accounting firms which are in cooperation with the Taiwanese accounting firms.

c. Other.

Note 2: The beginning investment amounts of Welink Technology were RMB 174 thousand and US$900 thousand, and increased investment amounts of US$145 thousand in 2023; and the beginning investment amounts of Beijing Caswell were US$180 thousand. All investment capitals were remitted through third regions.

Note 3: The amounts with NTD were calculated based on the exchange rate of US$1: NT$30.705 and RMB1: NT$4.327 at the end of December 31, 2023. The paid-in capitals of PBMB, ONK Clouding Shanghai, Beijing Caswell, Welink Technology were US$3,500 thousand, US$170 thousand, US$3,800 thousand, US$1,245 thousand, respectively.

Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$30.705 at the end of December 31, 2023. The cumulative investment amount from Taiwan at the beginning and the end of the period were US$3,500 thousand for PBMB, US$170 thousand for ONK Clouding Shanghai and US$684 thousand for Beijing Caswell.

Note 5: Investments in companies in Mainland China through the existing companies in the third regions.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 1)
198,661	198,661	3,797,917

Note 1: According to Directions Governing the Examination of Investment or Technical Cooperation in Mainland China, the upper limit of investment in mainland China is the higher between 60% of the total equity or total consolidated equity.

Note 2: The amount with NTD was calculated based on the exchange rate of US$1: NT$30.705 at the end of December 31, 2023. The amount of accumulated investments included that of the Company of US$3,670 thousand and PORTWELL of US$2,800 thousand.

Note 3: The amount with NTD was calculated based on the exchange rate of US$1: NT$30.705 at the end of December 31, 2023. The investment amounts authorized by Investment Commission, MOEA included those of the Company of US$3,670 thousand, and PORTWELL of US$2,800 thousand.