Stock Code:8114

Posiflex Technology, Inc.

Parent-Company-Only Financial Statements

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

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

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Independent Auditors' Report

To the Board of Directors
Posiflex Technology, Inc.:

Opinion

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

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

Basis for Opinion

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

Impairment of Goodwill Arising on Acquisition of Subsidiaries

For the investment in subsidiaries and the impairment assessment of Goodwill, please refer to Note 4(9) "Investment in Subsidiaries", Note 4(14) "Impairment of non-financial assets", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(4) "Description of Significant Accounts－Investments accounted for using equity method" to the parent-company-only financial statements.

Description of key audit matters:

Due to the complexity of the impairment assessment process in goodwill arising on the acquisition of the subsidiary 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 assessment by the management was based on the accounting policies.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent-company-only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in entities accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Posiflex Technology, Inc.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 607,378	7	419,253	5
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	490,000	5
1170	Accounts receivable, net (note 6(2))	216,960	2	214,735	2
1180	Accounts receivable－related parties, net (notes 6(2) and 7)	362,161	4	567,117	6
1210	Other receivables－related parties (note 7)	1,639	-	301,162	3
130X	Inventories (note 6(3))	592,148	7	563,943	6
1476	Other financial assets－current (note 6(6))	1,841	-	3,548	-
1479	Other current assets, others (notes 6(7))	31,351	-	15,124	-
	Total current assets	1,904,643	21	2,574,882	27
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	22,431	-	36,363	-
1550	Investments accounted for using equity method (note 6(4))	5,417,941	60	5,446,496	56
1600	Property, plant and equipment (notes 6(8) and 8)	1,311,788	15	1,333,204	14
1755	Right-of-use assets (note 6(9))	2,603	-	4,516	-
1760	Investment property, net (note 6(10))	47,894	1	48,077	1
1780	Intangible assets (note 6(12))	5,560	-	2,954	-
1840	Deferred tax assets (note 6(19))	224,043	2	201,178	2
1975	Net defined benefit asset－non-current (note 6(18))	39,522	1	37,909	-
1980	Other financial assets－non-current (notes 6(6) and 8)	3,238	-	5,091	-
1990	Other non-current assets (note 6(7))	6,780	-	1,868	-
	Total non-current assets	7,081,800	79	7,117,656	73
	Total assets	$ 8,986,443	100	9,692,538	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	$ -	-	203	-
2130	Contract liabilities－current (note 6(23))	15,489	-	18,122	-
2150	Notes payable	546	-	195	-
2170	Accounts payable	260,979	3	177,149	2
2180	Payables to related parties (note 7)	16,070	-	7,698	-
2200	Other payables (note 6(13))	253,571	3	298,974	3
2230	Current tax liabilities	99,638	1	194,424	2
2250	Provisions－current (note 6(14))	74,089	1	108,507	1
2280	Lease liabilities－current (note 6(15))	1,799	-	1,905	-
2399	Other current liabilities	21,678	-	19,379	-
	Total current liabilities	743,859	8	826,556	8
	Non-current liabilities:				
2540	Long-term borrowings (note 6(16))	-	-	483,750	5
2570	Deferred tax liabilities (note 6(19))	26,365	1	27,350	-
2580	Lease liabilities－non-current (note 6(15))	826	-	2,625	-
2635	Preference share liabilities－non-current (note 6(17))	4,595,089	51	4,595,089	48
2645	Guarantee deposits received	1,176	-	1,176	-
2650	Credit balance of investments accounted for using equity method (note 6(4))	2,665	-	-	-
	Total non-current liabilities	4,626,121	52	5,109,990	53
	Total liabilities	5,369,980	60	5,936,546	61
	Equity (notes 6(5), (20) and (21)):				
3110	Ordinary share	755,958	8	754,828	8
3140	Advance receipts for share capital	-	-	320	-
3200	Capital surplus	777,122	9	953,103	10
3300	Retained earnings	2,258,244	25	2,212,008	23
3400	Other equity	(174,861)	(2)	(164,267)	(2)
	Total equity	3,616,463	40	3,755,992	39
	Total liabilities and equity	$ 8,986,443	100	9,692,538	100

See accompanying notes to parent-company-only financial statements.

(English Translation of parent-company-only Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc.

Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

		For the years ended December 31, 2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(23) and 7)	$ 2,038,371	100	3,078,522	100
5000	**Operating costs** (notes 6(3), (18), (21), 7 and 12)	1,315,495	65	1,900,787	62
5900	**Gross profit**	722,876	35	1,177,735	38
5910	Unrealized gain (loss) from sales	26,872	1	(18,876)	(1)
5900	**Realized gross profit**	749,748	36	1,158,859	37
6000	**Operating expenses** (notes 6(11), (15), (18), (21), (24), 7 and 12):				
6100	Selling expenses	80,530	4	147,421	5
6200	Administrative expenses	88,173	4	129,274	4
6300	Research and development expenses	114,574	6	97,871	3
6450	Expected credit loss (gain)	(482)	-	756	-
	Total operating expenses	282,795	14	375,322	12
6900	**Net operating income**	466,953	22	783,537	25
7000	**Non-operating income and expenses** (notes 6(25) and 7):				
7100	Interest income	10,391	1	7,681	-
7010	Other income	1,065	-	1,033	-
7020	Other gains and losses	(10,636)	(1)	143,937	5
7050	Finance costs	(155,688)	(8)	(165,004)	(5)
7060	Share of profit (loss) of subsidiaries and associates accounted for using equity method (note6(4))	182,455	9	219,761	7
	Total non-operating income and expenses	27,587	1	207,408	7
7900	**Income before income tax**	494,540	23	990,945	32
7950	**Income tax expenses** (note 6(19))	74,982	3	144,713	5
8200	**Net income**	419,558	20	846,232	27
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	383	-	7,574	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(13,932)	(1)	20,243	1
8330	Shares of other comprehensive income of subsidiaries and associates accounted for using equity method	4,242	-	6,761	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(19))	77	-	1,515	-
	Total items that will not be reclassified subsequently to profit or loss	(9,384)	(1)	33,063	1
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	1,356	-	186,419	6
8380	Shares of other comprehensive income of subsidiaries and associates accounted for using equity method	(2,574)	-	136,376	4
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(19))	266	-	38,268	1
	Total items that may be reclassified subsequently to profit or loss	(1,484)	-	284,527	9
8300	**Other comprehensive income (loss), net**	(10,868)	(1)	317,590	10
8500	**Total comprehensive income (loss)**	**$ 408,690**	**19**	**1,163,822**	**37**
	Earnings per share (New Taiwan Dollars) (note 6(22))				
9750	Basic earnings per share	**$ 5.55**		**11.25**	
9850	Diluted earnings per share	**$ 5.34**		**9.31**	

See accompanying notes to parent-company-only financial statements.

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

Posiflex Technology, Inc.

Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings				Other equity			
	Ordinary 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
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
Net income for the period	-	-	-	-	-	846,232	846,232	-	-	-	846,232
Other comprehensive income for the period	-	-	-	-	-	8,160	8,160	284,527	24,903	309,430	317,590
Total comprehensive income for the period	-	-	-	-	-	854,392	854,392	284,527	24,903	309,430	1,163,822
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)
Changes in equity of associates accounted for using equity method	-	-	515	-	-	-	-	-	-	-	515
Share-based payment transactions	-	-	6,932	-	-	-	-	-	-	-	6,932
Exercise of employee stock options	5,610	320	48,272	-	-	-	-	-	-	-	54,202
Partial disposal of interests in subsidiaries	-	-	39,622	-	-	-	-	-	-	-	39,622
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
Net income for the period	-	-	-	-	-	419,558	419,558	-	-	-	419,558
Other comprehensive income for the period	-	-	-	-	-	(274)	(274)	(1,484)	(9,110)	(10,594)	(10,868)
Total comprehensive income for the period	-	-	-	-	-	419,284	419,284	(1,484)	(9,110)	(10,594)	408,690
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)
Cash distribution from capital surplus	-	-	(188,585)	-	-	-	-	-	-	-	(188,585)
Difference between consideration and carrying amount of subsidiaries shareholding acquired or disposed	-	-	(97)	-	-	-	-	-	-	-	(97)
Share-based payment transactions	-	-	6,252	-	-	-	-	-	-	-	6,252
Exercise of employee stock options	1,130	(320)	6,449	-	-	-	-	-	-	-	7,259
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**

See accompanying notes to parent-company-only financial statements.

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

Posiflex Technology, Inc.
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	**2022**
Cash flows from operating activities:			
Income before income tax	$	494,540	990,945
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation		62,409	60,417
Amortization		3,830	3,272
Expected credit loss(gain)		(482)	756
Net loss on financial assets and liabilities at fair value through profit or loss		1,253	7,334
Interest expense		155,688	165,004
Interest income		(10,391)	(7,681)
Dividend income		(16)	(11)
Shares of loss (gain) of subsidiaries and associates accounted for using equity method		(182,455)	(219,761)
Unrealized gain (loss) from sales		(26,872)	18,876
Provision of inventory devaluation and obsolescence loss		150	15,032
Provisions for inventory scrap loss		13,687	9,806
Adjustment for other non-cash-related losses, net		4,800	(28)
Total adjustments to reconcile profit (loss)		21,601	53,016
Changes in operating assets and liabilities:			
Notes and Accounts receivable (including related parties)		203,213	356,277
Inventories		(42,042)	143,476
Other operating assets		(15,088)	19,731
Contract liabilities		(2,633)	(12,655)
Notes payable		351	(1,973)
Accounts payable (including related parties)		92,202	(334,783)
Other payables		(47,739)	44,171
Net defined benefit assets		(1,230)	(1,025)
Other operating liabilities		(32,119)	36,015
Total changes in operating assets and liabilities		154,915	249,234
Total adjustments		176,516	302,250
Cash flows generated from operations		671,056	1,293,195
Interest received		12,107	5,860
Interest paid (including preference share)		(156,026)	(164,988)
Income taxes paid		(191,287)	(119,971)
Net cash flows generated from operating activities		335,850	1,014,096

(Continued)

See accompanying notes to parent-company-only financial statements.

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

Posiflex Technology, Inc.

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	400,000	(427,720)
Proceeds from disposal of financial liability at fair value through profit or loss	(2,621)	(7,131)
Acquisition of investments accounted for using equity method	(200)	(1,039,732)
Proceeds from disposal of investments accounted for using equity method	1,758	-
Proceeds from disposal of subsidiaries	-	825,000
Decrease in other receivables-related parties	300,000	41,848
Acquisition of property, plant and equipment	(37,028)	(20,817)
Acquisition of intangible assets	(6,436)	(1,406)
Increase (decrease) in other non-current assets	(6,501)	3,348
Dividends received	243,332	162,225
Net cash flows generated from (used in) investing activities	892,304	(464,385)
Cash flows from financing activities:		
Increase in short-term borrowings	183,402	785,000
Decrease in short-term borrowings	(183,402)	(785,000)
Proceeds from long-term borrowings	-	825,000
Repayments of long-term borrowings	(483,750)	(1,241,250)
Increase in guarantee deposits received	-	1,000
Repayment of the principal portion of lease liabilities	(1,905)	(2,870)
Cash dividends paid	(561,633)	(338,093)
Exercise of employee share options	7,259	54,202
Net cash flows used in financing activities	(1,040,029)	(702,011)
Net increase (decrease) in cash and cash equivalents	188,125	(152,300)
Cash and cash equivalents at beginning of period	419,253	571,553
Cash and cash equivalents at end of period	$ **607,378**	**419,253**

See accompanying notes to parent-company-only financial statements.

(English Translation of parent-company-only Financial Statements Originally Issued in Chinese)

Posiflex Technology, Inc.

Notes to the Parent-Company-Only Financial Statements

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, 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 is engaged mainly in the manufacture and sale of industrial computers and peripheral equipment.

2. Approval Date and Procedures of the Financial Statements

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

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

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

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

(Continued)

Posiflex Technology, Inc.
Notes to the Parent-Company-Only Financial Statements

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

The Company'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 recognised 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 recognised as equity.

The Company 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 parent-company-only financial position.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Company'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"

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

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

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

4. Summary of material accounting policies

The material accounting policies applied in the preparation of these parent-company-only financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

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(3) Foreign currency

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.

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

The Company 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 Company 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.

(5) 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.

(Continued)

(6) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is 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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(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 Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

(Continued)

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 Company'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, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. 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 Company 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 Company 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 Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

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

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

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

Lifetime 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 Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. 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 Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

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

(Continued)

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(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 Company' 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 Company 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.

(Continued)

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid 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 Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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.

(7) 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.

(8) Investment in associates

Associates are those entities over which the Company 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 parent-company-only financial statements include the Company'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 Company, from the date that significant influence commences until the date that significant influence ceases.

(Continued)

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Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company' 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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company 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 Company 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 Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company' s ownership interest in an associate is reduced while it continues to apply the equity method, the Company 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 Company 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 Company' s proportionate interest in the net assets of the associate. The Company 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 Company'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.

(9) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the parent-company-only financial statements.

The changes in the parent' s interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

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(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 Company.

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: 3 to 14 years

(c) Other equipment: 3 to 11 years

(d) Buildings constitute mainly of buildings, with useful life of 50 years; mechanical and electrical engineering, as well as fire protection engineering – 10 to 50 years; and decoration engineering – 3 to 10 years.

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

A. As a lessee

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

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

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

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

(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 Company'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 Company 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 Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

The Company has elected not to recognize the right-of-use assets and lease liabilities for its official vehicles, which qualify as short-term leases. The Company 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 Company 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 Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company 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 Company 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 Company 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.

Other intangible assets (including computer software) that are acquired by the Company 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 from the date that they are available for use.

The estimated useful lives of computer software for the current and comparative periods are 1 to 10 years.

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

(14) Impairment of non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

For non-financial assets excluding goodwill, 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 Company 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 Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods

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

The Company'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(14).

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

B. Rendering of services

The Company 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 Company's performance in the contract period, and therefore, the Company gradually fulfills the obligations and recognizes revenue over time. The Company additionally provides the general maintenance services, wherein the revenue is recognized in the accounting period in which the services are rendered.

(Continued)

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 Company 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 Company has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

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

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit 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 asset. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

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

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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(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 Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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 Company 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

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

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

The preparation of the parent-company-only 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.

(Continued)

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 arising from the acquisition of subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify the CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs.

The Company' s accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Company 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 Company 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 Company 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(26) of the financial instruments.

6. Description of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 234	227
Cash in bank and checking deposits	275,144	414,618
Time deposits	255,000	4,408
Repurchase aggreements	77,000	-
	$ 607,378	**419,253**

Please refer to note 6(26) 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	22,043	36,035
	$ 22,431	**36,363**

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

For the years ended December 31, 2023 and 2022, the dividends of $16 thousand and $11 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
Cash in bank (restricted)	$ 15,000	15,000
Time deposits (restricted)	75,000	75,000
Time deposits (more than 3 months)	-	400,000
	$ 90,000	**490,000**

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

For credit risk, please refer to note 6(26).

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

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

	December 31, 2023	December 31, 2022
Notes receivable and accounts receivable	$ 219,419	217,676
Accounts receivable－related parties (excluding subsidairies)	26,504	4,209
	245,923	221,885
Less: loss allowance	(2,459)	(2,941)
	$ 243,464	**218,944**

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

No loss allowance for the receivables due from subsidiaries has been recognised by the Company. The Company applies the simplified approach to provide for its loss allowance used for ECL, which permits the use of lifetime expected loss provision for its receivables. To measure the ECL, receivables have been grouped based on the shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The aging analysis of receivables were determined as follows:

	December 31, 2023	December 31, 2022
Current	$ 240,540	206,319
1 to 60 days past due	4,898	12,625
61 to 180 days past due	484	-
More than 181 days past due	1	2,941
	$ 245,923	**221,885**

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	$ 2,941	2,185
Impairment loss recognized (reversed)	(482)	756
Ending balance	**$ 2,459**	**2,941**

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

Derivatives:

The Company holds derivative financial instruments to hedge the foreign exchange rate risk the Company is exposed to, arising from its operating activities. As of December 31, 2023 and 2022, the following derivatives instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial liabilities:

	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	2023.1.13~2023.2.3

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	$	352,936	311,927
Work-in-process and semi-finished products		186,317	175,154
Finished goods		52,895	76,862
	$	**592,148**	**563,943**

The details of operating costs were as follows:

		For the years ended December 31, 2023	2022
Cost of goods sold	$	1,301,658	1,875,949
Inventory devaluation and obsolescence loss		150	15,032
Inventory scrap loss		13,687	9,806
	$	**1,315,495**	**1,900,787**

As of December 31, 2023 and 2022, the Company 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
Subsidiaries	$	5,421,523	5,479,800
Associates		50,094	48,901
		5,471,617	5,528,701
Less: Unrealized profit or loss from inter-affiliate accounts		(53,676)	(82,205)
	$	**5,417,941**	**5,446,496**
Credit balance of investments accounted for using equity method-subsidiaries	$	1,008	-
Less: Unrealized profit or loss from inter-affiliate accounts		1,657	-
	$	**2,665**	**-**

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Share of profit of subsidiaries and associates for using equity method were as follows:

	For the years ended December 31, 2023	2022
Subsidiaries	$ 181,237	221,141
Associates	1,218	(1,380)
	$ 182,455	**219,761**

A. Subsidiaries

Please refer to the 2023 consolidated financial report.

B. Associates

Aggregate information of associates accounted for using equity method that are not individually material to the Company was included in the parent-company-only financial statements as follows:

	For the years ended December 31, 2023	2022
Attributable to the Company:		
Net income (loss)	$ 1,218	(1,380)
Other comprehensive income	(20)	3,939
Total comprehensive income	**$ 1,198**	**2,559**

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

In June 2022, the Company 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 the disposal of the subsidiary	$ (785,378)
Consideration transferred from non controlling interest	825,000
Capital surplus – difference between consideration and carrying amount of the acquisition and disposal of the subsidiary	**$ 39,622**

(6) Other financial assets

	December 31, 2023	December 31, 2022
Current:		
Lease receivables (note 6(8))	$ 1,573	1,568
Other receivables	268	1,980
	$ 1,841	**3,548**

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		December 31, 2023	December 31, 2022
Non-current:			
Lease receivables (note 6(8))	$	1,498	3,071
Guarantee deposits paid		1,740	2,020
	$	**3,238**	**5,091**

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

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

		December 31, 2023	December 31, 2022
Current:			
Prepayments	$	22,371	8,135
Overpaid business tax and tax refunds receivable		8,802	6,829
Other		178	160
	$	**31,351**	**15,124**
Non-current:			
Prepayments for deposits of equipment	**$**	**6,780**	**1,868**

(8) Property, plant and equipment

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

		Land	Buildings and structures	Machinery equipment	Other equipment	Total
Cost:						
Balance as of January 1, 2023	$	370,171	1,105,757	129,205	250,600	1,855,733
Additions		-	-	900	36,128	37,028
Disposals and obsolescence		-	-	-	(7,575)	(7,575)
Reclassification		-	-	-	1,869	1,869
Balance as of December 31, 2023	**$**	**370,171**	**1,105,757**	**130,105**	**281,022**	**1,887,055**
Balance as of January 1, 2022	$	370,171	1,105,326	129,205	230,800	1,835,502
Additions		-	43	-	20,774	20,817
Disposals and obsolescence		-	-	-	(1,700)	(1,700)
Reclassification		-	388	-	726	1,114
Balance as of December 31, 2022	**$**	**370,171**	**1,105,757**	**129,205**	**250,600**	**1,855,733**
Accumulated depreciation:						
Balance as of January 1, 2023	$	-	236,858	88,939	196,732	522,529
Depreciation for the period		-	42,168	6,157	11,988	60,313
Disposals and obsolescence		-	-	-	(7,575)	(7,575)
Balance as of December 31, 2023	**$**	**-**	**279,026**	**95,096**	**201,145**	**575,267**

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	Land	Buildings and structures	Machinery equipment	Other equipment	Total
Balance as of January 1, 2022	$ -	194,690	82,862	189,309	466,861
Depreciation for the period	-	42,168	6,077	9,123	57,368
Disposals and obsolescence	-	-	-	(1,700)	(1,700)
Balance as of December 31, 2022	**$ -**	**236,858**	**88,939**	**196,732**	**522,529**
Carrying value:					
Balance as of December 31, 2023	**$ 370,171**	**826,731**	**35,009**	**79,877**	**1,311,788**
Balance as of December 31, 2022	**$ 370,171**	**868,899**	**40,266**	**53,868**	**1,333,204**
Balance as of January 1, 2022	**$ 370,171**	**910,636**	**46,343**	**41,491**	**1,368,641**

B. Lease receivables

The Company 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 notes6(6).

For credit risk information, please refer to note 6(26).

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

(9) Right-of-use assets

The Company leases transportation equipment. Information about leases for which the Company as a lessee is presented below:

	Transportation equipment
Cost:	
Balance as of January 1, 2023	$ 6,262
Decreases	(895)
Balance as of December 31, 2023	**$ 5,367**
Balance as of January 1, 2022	$ 16,557
Additions	5,367
Decreases	(15,662)
Balance as of December 31, 2022	**$ 6,262**
Accumulated depreciation:	
Balance as of January 1, 2023	$ 1,746
Depreciation for the period	1,913
Decrease	(895)
Balance as of December 31, 2023	**$ 2,764**

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	Transportation equipment
Balance as of January 1, 2022	$ 14,541
Depreciation for the period	2,867
Decreases	(15,662)
Balance as of December 31, 2022	**$ 1,746**
Carrying value:	
Balance as of December 31, 2023	**$ 2,603**
Balance as of December 31, 2022	**$ 4,516**
Balance as of January 1, 2022	**$ 2,016**

(10) 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 3 to 5 years.

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

The cost and depreciation of the investment property of the Company 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**

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.

(Continued)

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

(11) Operating lease

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

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.

(12) Intangible assets

	Computer software
Cost:	
Balance as of January 1, 2023	$ 37,004
Additions	6,436
Balance as of December 31, 2023	**$ 43,440**
Balance as of January 1, 2022	$ 35,598
Additions	1,406
Balance as of December 31, 2022	**$ 37,004**
Accumulated amortization:	
Balance as of January 1, 2023	$ 34,050
Amortization for the period	3,830
Balance as of December 31, 2023	**$ 37,880**
Balance as of January 1, 2022	$ 30,778
Amortization for the period	3,272
Balance as of December 31, 2022	**$ 34,050**
Carrying value:	
Balance as of December 31, 2023	**$ 5,560**
Balance as of December 31, 2022	**$ 2,954**
Balance as of January 1, 2022	**$ 4,820**

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(13) Other payables

The details of other payables were as follows:

	December 31, 2023	December 31, 2022
Payables for salaries and bonus	$ 68,651	69,627
Accrued dividends on preference shares	153,935	153,935
Compensation payables to directors and employees	15,296	52,155
Others	15,689	23,257
	$ 253,571	**298,974**

(14) Provisions

	Advertising	Warranties	Total
Balance as of January 1, 2023	$ 84,630	23,877	108,507
Provisions made (reversed) during the year	(14,116)	20,383	6,267
Provisions used during the year	(25,269)	(15,416)	(40,685)
Balance as of December 31, 2023	**$ 45,245**	**28,844**	**74,089**
Balance as of January 1, 2022	$ 52,632	12,809	65,441
Provisions made during the year	47,785	26,785	74,570
Provisions used during the year	(15,679)	(8,239)	(23,918)
Others	(108)	(7,478)	(7,586)
Balance as of December 31, 2022	**$ 84,630**	**23,877**	**108,507**

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.

(15) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	**$ 1,799**	**1,905**
Non-current	**$ 826**	**2,625**

For the maturity analyses, please refer to note 6(26).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	**2022**
Interests on lease liabilities	$ 42	36
Expenses relating to short-term leases	$ 27	28

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

	For the years ended December 31,	
	2023	**2022**
Total cash outflow for leases	$ 1,974	2,934

The Company has elected not to recognize the right-of-use assets and lease liabilities for its official vehicles, which qualify as short-term leases.

(16) Long-term borrowings

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

	December 31, 2022			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Bank loans	TWD	1.50%	May 2027	$ 483,750

The Company obtained a long-term borrowing amounting $825,000 thousand in 2022 and it were repaid in advance on February 24, 2023.

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

(17) Preference share liabilities

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

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

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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 preference 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, each amounted to $153,935 thousand.

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

A. The annual interest rate of Series A preference 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 preference 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 preference 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 Company is obligated to declare dividends. If the amount of dividend distribution to common shareholders exceeds the amount of the preference dividends in any given year, the preference shareholder shall be entitled to participate in the dividend distribution until the amount of preference dividend equals the amount of common dividend. If the Company proposes to distribute stock dividends or other assets to its common shareholders, the Company shall consequently distribute the equivalent stock dividends or other assets to the preference shareholders.

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

C. Except for the foregoing preference dividends, the preference 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 preference shareholders may apply for the conversion of part or all of the preference shares held from preference shares to common shares, at the conversion ratio of 1 to 1. The preference shareholders who converted their preference shares into common shares shall not participate in the preference dividend distribution in the year of the conversion but may participate in the dividend distribution from earnings or capital reserves. After the preference 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 preference shareholders who converted their preference shares into common shares shall have their rights to claim for the preference dividend distribution unpaid before the year of the conversion.

(Continued)

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

F. The preference 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. Preference 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 preference shares when:

   (a) It is on the day after four years of the issuance of preference 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 preference 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 Preference 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 preference 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 in 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.

(Continued)

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The Company received a declaration from the preference shareholder, Embedded City, on May 9, 2022, wherein Embedded City should receive the preference dividends for 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.

(18) 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 Company were as follows:

		December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	$	37,876	44,327
Fair value of plan assets		(77,398)	(82,236)
Net defined benefit assets	**$**	**(39,522)**	**(37,909)**

The Company 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.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (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 Company’ s Bank of Taiwan labor pension reserve account balance amounted to $77,398 thousand 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.

(Continued)

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

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

	For the years ended December 31,	
	2023	**2022**
Defined benefit obligation as of January 1	$ 44,327	45,898
Current service costs and interest	547	317
Remeasurements of the net defined benefit liabilities		
—Actuarial loss (gain) arising from demographic assumptions	(1)	148
—Actuarial loss (gain) arising from experience adjustments	272	596
—Actuarial loss (gain) arising from changes in financial assumptions	-	(2,506)
Benefits paid from plan assets	(7,269)	(126)
Defined benefit obligation as of December 31	**$ 37,876**	**44,327**

(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 Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets as of January 1	$ (82,236)	(75,208)
Interest income	(1,026)	(525)
Remeasurements of the net defined benefit liabilities		
—Return on plan assets (excluding current interest)	(654)	(5,812)
Contributions made	(751)	(817)
Benefits paid from plan assets	7,269	126
Fair value of plan assets as of December 31	**$ (77,398)**	**(82,236)**

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(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or losses for the year ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	**2022**
Current service costs	$ 547	317
Net interest on the net defined benefit liabilities	(1,026)	(525)
	$ (479)	**(208)**

(e) Actuarial assumptions

The following are the Company'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	1.25%	1.25%
Future salary increase rate	2.00%	2.00%

The Company expects to make a contribution of $787 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 years.

(g) 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	$ (964)	998
Future salary increase rate	988	(959)
December 31, 2022		
Discount rate	$ (1,082)	1,121
Future salary increase rate	1,110	(1,077)

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.

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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 Company 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 Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were $9,471 thousand and $9,390 thousand for the year ended December 31, 2023 and 2022, respectively.

(19) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the years ended December 31,	
	2023	**2022**
Current income tax expense		
Current period	$ 81,093	194,916
Surtax on unappropriated retained earnings	19,690	-
Adjustment for prior period	(1,608)	(5,174)
	99,175	189,742
Deferred income tax expense		
Origination and reversal of temporary differences	(24,193)	(45,029)
	$ 74,982	**144,713**

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

	For the years ended December 31,	
	2023	**2022**
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	**$ 77**	**1,515**
Items that may be reclassified subsequently to profit or loss:		
Shares of other comprehensive income of subsidiaries and associates accounted for using equity method	**$ 266**	**38,268**

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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	$ 494,540	990,945
Income tax at the Company's domestic tax rate	$ 98,908	198,189
Permanent differences and others	(42,008)	(48,302)
Surtax on unappropriated retained earnings	19,690	-
Over provision in prior periods	(1,608)	(5,174)
Total	$ 74,982	144,713

B. Deferred tax assets and liabilities

(a) Recognized deferred tax assets and liabilities

Deferred tax assets:

	January 1, 2022	Recognized in income statement	Recognized in other comprehensive income	December 31, 2022	Recognized in income statement	Recognized in other comprehensive income	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	12,666	(3,775)	-	16,441	5,374	-	11,067
Provisions for warranties and advertising	13,088	(8,613)	-	21,701	6,884	-	14,817
Unrealized Inventory devaluation loss	1,002	(3,006)	-	4,008	(30)	-	4,038
Unrealized foreign exchange loss	2,446	2,446	-	-	(1,764)	-	1,764
Foreign currency translation differences for foreign operations	22,296	-	22,296	-	-	-	-
Others	10,841	1,547	-	9,294	(536)	-	9,830
	$ 196,095	(27,379)	22,296	201,178	(22,865)		224,043

Deferred tax liabilities:

	January 1, 2022	Recognized in income statement	Recognized in other comprehensive income	December 31, 2022	Recognized in income statement	Recognized in other comprehensive income	December 31, 2023
Equity method recognized the gain of foreign subsidiaries	$ (19,661)	(19,661)	-	-	-	-	-
Defined benefit plans	(7,852)	205	1,515	(9,572)	245	77	(9,894)
Unrealized foreign exchange gain	-	1,806	-	(1,806)	(1,806)	-	-
Unrealized gain from financial assets	-	-	-	-	233	-	(233)
Foreign currency translation differences for foreign operations	-	-	15,972	(15,972)	-	266	(16,238)
	$ (27,513)	(17,650)	17,487	(27,350)	(1,328)	343	(26,365)

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

(20) Capital and other equity

A. Ordinary share

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, ordinary shares were $755,958 and $754,828 thousand, respectively.

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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.

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.

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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 was consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

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	1,085	-
Exchange differences on subsidiaries and associates accounted for using equity method	(2,569)	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(13,932)
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries and associates accounted for using equity method	-	4,822
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	148,811	-
Exchange differences on subsidiaries and associates accounted for using equity method	135,716	-
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	20,243
Unrealized gains from financial assets measured at fair value through other comprehensive income, subsidiaries and associates accounted for using equity method	-	4,660
Balance at December 31, 2022	**$ (113,577)**	**(50,690)**

(21) 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 (Note2)

Note1: 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.

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

	2023		2022	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**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 Company 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 Company 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 $6,252 thousand and $6,932 thousand, respectively.

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(22) Earnings per share

The Company's calculation of basic earnings per share and diluted earnings per share were as follows:

	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
Effect of dilutive potential ordinary shares		
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**

(23) Revenue from contracts with customers

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	**2022**
Primary geographical markets		
Taiwan	$ 152,068	204,833
Asia	1,155,997	1,541,565
Europe	417,681	609,295
America	214,845	531,331
Others	97,780	191,498
	$ **2,038,371**	**3,078,522**

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	For the years ended December 31,	
	2023	**2022**
Major products/services		
Revenue from sale of goods	$ 2,028,959	3,071,323
Revenue from rendering of services	9,412	7,199
	$ 2,038,371	**3,078,522**

B. Contract balances

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Contract liabilities－current			
Sale of goods	**$ 15,489**	**18,122**	**30,777**

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

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $6,889 thousand and $18,120 thousand, respectively.

(24) 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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(25) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 7,990	6,036
Interest income on lease receivable	122	188
Other interest income	2,279	1,457
	$ 10,391	7,681

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	$ 1,049	1,022
Dividend income	16	11
	$ 1,065	1,033

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange (losses) gains, net	$ (7,123)	148,676
Net loss on financial assets and liabilities at FVTPL	(1,253)	(7,334)
Other	(2,260)	2,595
	$ (10,636)	143,937

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	1,711	11,033
Interest expenses on lease liabilities	42	36
	$ 155,688	165,004

(Continued)

(26) 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 major customers of the Company are domestic and foreign companies with sound reputation. The Company regularly monitors and reviews the credit status of its customers before granting them a line of credit according to its credit policy. As of December 31, 2023 and 2022, the total amounts of the trade receivables from each customer whose trade receivable exceeded 10% of the total trade receivables of the Company amounted to $130,851 thousand and $113,780 thousand, respectively, resulting in the credit risk of the Company to be centralized. However, the Company monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss; therefore, the management does not expect any significant future impairment loss.

(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(6).

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					
Lease liabilities	$ 2,625	2,650	1,821	829	-
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	1,176	1,176	-	-	-
	$ 4,598,890	**4,598,915**	**1,821**	**4,595,918**	**-**

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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					
Lease liabilities	$ 4,530	4,596	1,947	2,649	-
Long-term borrowings (including current portion)	483,750	513,181	7,297	505,884	-
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	1,176	1,176	-	-	1,176
	$ 5,084,545	**5,114,042**	**9,244**	**5,103,622**	**1,176**

The Company 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 Company'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	$ 20,633	30.705	633,523
CNY	3,783	4.327	16,371
Investments accounted for using equity method			
USD	71,635	30.705	2,199,548
Financial liabilities			
Monetary items			
USD	5,206	30.705	159,835
CNY	1,148	4.327	4,967

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 32,026	30.71	983,512
CNY	6,965	4.408	30,701
Investments accounted for using equity method			
USD	77,336	30.71	2,374,989
Financial liabilities			
Monetary items			
USD	3,761	30.71	115,508

(b) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, 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 $19,403 thousand and $35,948 thousand, respectively.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Company's entities, the Company's foreign (losses) gains on monetary items amounted to $(7,123) thousand and $148,676 thousand for the years 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 Company's financial assets and liabilities.

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

If the interest rate had increased or decreased by 1%, the Company's net income would have increased or decreased by $3,870 thousand for the year ended December 31, 2022, 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 Company'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	22,043	-	22,043	-	22,043
	$ 22,431	**388**	**22,043**	**-**	**22,431**

	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	36,035	-	36,035	-	36,035
	$ 36,363	**328**	**36,035**	**-**	**36,363**

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

The Company 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 Company held its domestic listed stocks and 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.

Except for the above financial instruments with an active market, the Company 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.

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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:

There was no transfer from Level 3 in 2023.

	Financial assets at FVOCI - equity investments without an active market
Balance as of January 1, 2022	$ 15,065
Transfers to Level 2	(15,065)
Balance as of December 31, 2022	$ -

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

(27) Financial risk management

A. Overview

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

(a) credit risk

(b) liquidity risk

(c) market risk

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

The Board of Directors oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables generated from operation.

(a) Receivables

To maintain the quality of receivables, the Company has established credit policies to manage its credit risks. When assessing the credit risk of each customer, the Company considers each customer’ s ability of payment through their financial position, aging analysis of receivables, historical transaction records, etc. In addition, the Company 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 Company’s finance department. The Company only deals with banks with good credit rating. The Company 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 Company 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company'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 Company's exposures to risk from changes in interest rates arise primarily from the Company's bank loans with floating interest rates. The financing decision of the Company is determined by the chairman authorized by the Board of Directors.

(28) Capital management

The Company'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 Company'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 Company 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 Company's approach to capital management during the year ended December 31, 2023.

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

		December 31, 2023	**December 31, 2022**
Total liabilities	$	5,369,980	5,936,546
Less: cash and cash equivalents		(607,378)	(419,253)
Net debt	**$**	**4,762,602**	**5,517,293**
Total equity	**$**	**3,616,463**	**3,755,992**
Debt-to-adjusted-capital ratio		**131.69%**	**146.89%**

Posiflex Technology, Inc.
Notes to the Parent-Company-Only Financial Statements

(29) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2023	Cash flow	Foreign exchange movement	Other changes	December 31, 2023
Lease liabilities	$ 4,530	(1,905)	-	-	2,625
Guarantee deposits received	1,176	-	-	-	1,176
Long-term borrowings (including current portion)	483,750	(483,750)	-	-	-
	$ 489,456	**(485,655)**	**-**	**-**	**3,801**

			Non-cash changes		
	January 1, 2022	Cash flow	Foreign exchange movement	Other changes	December 31, 2022
Lease liabilities	$ 2,033	(2,870)	-	5,367	4,530
Guarantee deposits received	176	1,000	-	-	1,176
Long-term borrowings (including current portion)	900,000	(416,250)	-	-	483,750
	$ 902,209	**(418,120)**	**-**	**5,367**	**489,456**

7. Related-party Transactions

(1) Names and relationship with related parties

The following is a summary of subsidiaries and related parties that have had transactions with the Company during the periods presented in the parent-company-only financial statements.

Name of related parties	Relationship with the Company
Portwell Inc. (PORTWELL)	Subsidiary
Posiflex Business Machines, Inc. (PBM)	Subsidiary
Posiflex GmbH (PG)	Subsidiary
Posiflex International Co., Ltd. (PIC)	Subsidiary
Posiflex Business Machines Sdn. Bhd. (PBMM)	Subsidiary
Posiflex Technologies South Cone (PTSC)	Subsidiary
Posiflex Technology (India) Pvt Ltd. (PTIL)	Subsidiary
Posiflex Technology Pte. Ltd. (PTPL)	Subsidiary
Posiflex Technology Japan (PJ)	Subsidiary
KOMING Technology Inc. (KOMING)	Subsidiary
ONK Cloud Computing Technology Inc. (ONK Cloud)	Subsidiary
Penetek Technology Inc. (PENETEK)	Subsidiary

Posiflex Technology, Inc.
Notes to the Parent-Company-Only Financial Statements

Name of related parties	Relationship with the Company
KIOSK Integrated Solutions, Inc.(KIOSKTW)	Subsidiary
Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Subsidiary
Mustek Automation Pvt Ltd. (Mustek)	Subsidiary
Quinta Systems Pvt Ltd. (QUINTA)	Subsidiary
ONK Clouding International Ltd. (ONK International)	Subsidiary
ONK Clouding Shanghai (ONK Shanghai)	Subsidiary
KIS Acquisition Corp. (KIA)	Subsidiary
KIOSK Information Systems, Inc. (KIOSK)	Subsidiary
KIOSK Embedded Systems GmbH (KES)	Subsidiary
Kiosk Embedded Systems Srl (KESI)	Subsidiary
American Portwell Technology, Inc. (APT)	Subsidiary
Portwell Japan, Inc. (PJI)	Subsidiary
Portwell Development Co., Ltd. (DEVELOPMENT)	Subsidiary
European Portwell Technology B.V. (EPT)	Subsidiary
Portwell India Technology Private Limited (PIT)	Subsidiary
Portwell Korea, Inc. (PKI)	Subsidiary
GANLOT, Inc.(GANLOT)	Subsidiary
Holdwel Co., Ltd. (HOLDWEL)	Subsidiary
MEDWEL, Inc.(MEDWEL)	Subsidiary
Portwell Holding Ltd. (HOLDING)	Subsidiary
Portwell Deutschland GmbH (PDE)	Subsidiary
Portwell (UK) Ltd. (PUK)	Subsidiary
Welink Technology Co., Ltd.(WELINK)	Subsidiary
LPK Limited (LPK)	Associate
MiTwell, Inc. (MiTwell)	Associate
Esquarre Capital Taiwan Branch (Esquarre)	Substantive related party

(Continued)

Posiflex Technology, Inc.
Notes to the Parent-Company-Only Financial Statements

(2) Significant related-party transactions

A. Operating revenue

	For the years ended December 31, 2023	2022
Subsidiary－PTIL	$ 176,401	568,933
Subsidiary－PBM	150,500	378,840
Subsidiary－KIOSK	45,454	123,392
Subsidiary－PJ	85,557	75,307
Other subsidiaries	144,498	253,001
Associates	61,058	55,453
	$ 663,468	**1,454,926**

The selling prices for sales to related parties were determined by the products' fair market value, with collection terms ranging from 60 to 180 days.

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

	December 31, 2023	December 31, 2022
Subsidiary－PTIL	$ 109,581	220,840
Subsidiary－PBM	71,417	116,847
Subsidiary－KIOSK	68,160	105,252
Subsidiary－PJ	31,078	19,938
Other subsidiaries	55,421	100,031
Associates	26,504	4,209
	$ 362,161	**567,117**

As of December 31, 2023 and 2022, the unrealized sale gains and losses resulting from sales transactions of the Company's subsidiaries and associates accounted for using the equity method amounted to $55,333 thousand and $82,205 thousand, respectively, recognized as deductions of investments accounted for usingequity method.

B. Borrowings from Related Parties

The borrowings from related parties were as follows:

	December 31, 2023	December 31, 2022
Subsidiary－Portwell	**$ -**	**300,000**

C. Other transactions

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

	For the years ended December 31, 2023	2022
Substantive related party	$ **6,000**	**6,000**

(b) The related parties entrusted the Company to engage in other service to generate revenue, which was accounted for as other income as follow:

	For the years ended December 31, 2023	2022
Subsidiaries	$ **1,313**	**1,143**

(c) The Company's receivables as a result of transactions mentioned above and advancepayment were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ **1,639**	**1,162**

(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the years ended December 31, 2023	2022
Short-term employee benefits	$ 44,991	48,086
Post-employment benefits	448	229
	$ **45,439**	**48,315**

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(21) for further information on share-based payment.

Posiflex Technology, Inc.
Notes to the Parent-Company-Only Financial Statements

8. Pledged Assets

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

Assets	Purpose of Pledged	December 31, 2023	December 31, 2022
Property, plant and equipment	Collateral for bank borrowing	$ 1,196,902	1,239,070
Cash in bank (recognized as financial assets at amortized cost)	Collateral for short-term bank loans of subsidiaries	15,000	15,000
Time deposits (recognized as financial assets at amortized cost)	Collateral for short-term bank loans of subsidiaries	75,000	75,000
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	1,740	2,020
		$ 1,288,642	1,331,090

9. Significant Commitments and Contingencies: None.

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	89,208	133,502	222,710	113,517	178,004	291,521
Labor and health insurance	10,627	11,834	22,461	11,042	10,030	21,072
Pension	3,758	5,234	8,992	4,419	4,763	9,182
Remuneration to director	-	6,329	6,329	-	11,631	11,631
Others	7,042	5,637	12,679	7,483	5,282	12,765
Depreciation (Note)	41,989	20,237	62,226	39,431	20,805	60,236
Amortization	575	3,255	3,830	1,307	1,965	3,272

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

The number of employees for the years ended December 31, 2023 and 2022 were 323 and 318, respectively, including 6 and 7 non-employee directors, respectively.

(Continued)

Posiflex Technology, Inc.
Notes to the Parent-Company-Only Financial Statements

Additional information on the number of employees and the average employee benefit expenses for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
The number of employees	323	318
The number of non-employee directors	6	7
The average of employee benefit	$ 842	1,076
The average of salary	$ 703	937
The average of salary adjust rate	(25)%	29%
The remuneration to supervisors	$ -	-

The information of the Company's salary and remuneration policy (including director, executive officers and employees) is as follow:

The salaries and remunerations to the directors and the managers are assessed and reviewed by the remuneration committee. The salary levels of the employees are reviewed annually in order to provide market competitive salaries and remunerations to employees.

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 Company:

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 exceeding the lower of $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 notes 6(2).

(2) Information on investees: Please refer to Table 5.

(3) Information on investment in Mainland China: Please refer to Table 6.

(i) The names of investees in Mainland China, their main businesses and products, and other information: Please refer to Table 6.

(ii) Limitation on investment in Mainland China: Please refer to Table 6.

(iii) Significant transactions:

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

(4) Major shareholders:

Share

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 financial statement due to the use of different calculation basis.

14. Segment information:

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

Posiflex Technology, Inc.

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

Note1: 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.

Note2: 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).

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.

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.

Note5: The time deposit of NT$75,000 thousand and cash in bank of NT$15,000 thousand of the Company was pledged as collateral for KIOSK' s bank borrowings amounting to US$4,500 thousand.

Note6: The time deposit of US$15,058 thousand was pledged as collateral by APT for Portwell's bank borrowings amounting NT$400,000 thousand.

Posiflex Technology, Inc.

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				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	
The Company	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	847	388	0.01 %	388	
PORTWELL	AcSiP Technology Corp.	RORTWELL is a director of AcSiP Technology Corp.	Financial assets at fair value through other comprehensive income－non-current	5,180,000	55,322	14.14 %	55,322	
PORTWELL	S-SHARP Corporation	-	Financial assets at fair value through other comprehensive income－non-current	232,000	-	16.20 %	-	
PORTWELL	GRIDWELL, Inc.	-	Financial assets at fair value through other comprehensive income－non-current	400,000	-	15.04 %	-	
PORTWELL	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	
HOLDING	Beijing Caswell Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	-	27,444	18.00 %	27,444	

Note1 : For more information about the investment of subsidiaries, associates and joint ventures, please refer to Tables 5 and 6.

Note2: 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.

Related-party transactions for purchases and sales 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)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)	
Name of company	Related party	Nature of relationship	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 %
The Company	PBMB	Subsidiary	Sale	(150,500)	(7) %	Net 150 days from invoice date	-	-	71,417	12 %
PORTWELL	APT	Subsidiary	Sale	(1,408,443)	(51) %	Net 15 days from invoice date	-	-	30,101	10 %
PORTWELL	EPT	Subsidiary	Sale	(161,636)	(6) %	Net 90 days from invoice date	-	-	35,278	12 %
PORTWELL	MEDWEL	Subsidiary	Sale	(152,033)	(6) %	Net 30 days from the end of the month	-	-	22,823	8 %
PORTWELL	PJI	Subsidiary	Sale	(111,147)	(4) %	Net 70 days from invoice date	-	-	7,769	3 %
MEDWELL	APT	Subsidiary	Sale	(119,853)	(48) %	Net 60 days from invoice date	-	-	32,441	49 %

Posiflex Technology, Inc.

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

As of 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	109,581	1.07	65,077	Strengthen collections of receivables	51,793	-	-

Posiflex Technology, Inc.
Information on investees
For the year ended December 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
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	718,365	369,353	Subsidiary (Note 1)
The Company	PBM	U.S.A.	Foreign trade	2,810,494	2,810,494	417,034,408	100.00 %	1,964,964	(168,962)	(168,962)	Subsidiary
The Company	PIC	Seychelles	Foreign trade	107,055	107,055	-	100.00 %	66,844	(23,181)	(23,181)	Subsidiary
The Company	PENETEK	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	36,910	36,910	3,691,000	61.52 %	40,075	(1,186)	(730)	Subsidiary
The Company	KOMING	Taiwan	Foreign trade and software services	15,000	15,000	1,500,000	100.00 %	10,279	44	44	Subsidiary
The Company	ULTRA	Taiwan	Software services	-	15,000	-	- %	-	(166)	(85)	Subsidiary (Note 2)
The Company	PBMM	Malaysia	Foreign trade	7,795	7,795	801,214	83.46 %	8,494	5,709	4,782	Subsidiary
The Company	BonusPay	Taiwan	Software services	-	24,000	-	- %	-	(119)	(114)	Subsidiary (Note 3)
The Company	PTSC	Argentina	Foreign trade	15,151	15,151	-	100.00 %	(46)	(166)	(166)	Subsidiary
The Company	ONK Cloud	Taiwan	Software services	3,196	3,196	319,667	99.90 %	85	1	1	Subsidiary
The Company	PG	Germany	Foreign trade	67,989	67,989	-	100.00 %	28,077	2,597	2,597	Subsidiary
The Company	PTIL	India	Foreign trade	8,441	8,441	51,000	51.00 %	24,755	11,294	5,760	Subsidiary
The Company	PTPL	Singapore	Foreign trade	11,612	11,612	500,000	100.00 %	3,978	1,684	1,684	Subsidiary
The Company	PJ	Japan	Foreign trade	43,162	43,162	2,400	100.00 %	(2,619)	(5,204)	(5,204)	Subsidiary
The Company	LPK	Hong Kong	Foreign trade	52,403	52,403	17,500	35.00 %	50,094	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	(4,542)	(4,542)	Subsidiary
ONK Cloud	ONK International	Samoa	Investing	5,027	5,027	-	100.00 %	(91)	-	-	Subsidiary
PBM	KIA	U.S.A.	Investing	3,295,755	3,295,755	1,012,355	82.00 %	1,802,127	4,207	(69,013)	Subsidiary (Note 1)
PTIL	MUSTEK	India	Foreign trade	48	48	-	100.00 %	497	(89)	(89)	Subsidiary
PTIL	QUINTA	India	Foreign trade	931	931	69,999	70.00 %	(7,694)	(11,856)	(8,299)	Subsidiary
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	226,259	226,259	Subsidiary
PORTWELL	PJI	Japan	Manufacture and sale of industrial computers and peripheral equipment	31,383	31,383	1,980	99.00 %	157,772	16,768	16,600	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2023	Original investment amount December 31, 2022	Balance as of December 31, 2023 Shares	Balance as of December 31, 2023 Percentage of ownership	Balance as of December 31, 2023 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
PORTWELL	DEVELOPMENT	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	61,173	(5,200)	(5,200)	Subsidiary
PORTWELL	EPT	Netherlands	Manufacture and sale of industrial computers and peripheral equipment	208,574	208,574	45,000	100.00 %	172,286	(45,732)	(45,732)	Subsidiary
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	5,047	69	35	Subsidiary
PORTWELL	PKI	South Korea	Manufacture and sale of industrial computers and peripheral equipment and information software services	36,457	36,457	278,153	100.00 %	(2,157)	(1,642)	(1,642)	Subsidiary
PORTWELL	GANLOT	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	16,800	16,800	2,800,000	100.00 %	55,912	7,849	7,849	Subsidiary
PORTWELL	MiTwell	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	64,047	64,047	6,097,663	18.86 %	194,025	(28,738)	(5,248)	Investment accounted for using the equity method
PORTWELL	POME	Cayman Islands	Investment of intelligent technology	-	64,544	-	- %	-	7,312	-	Investment accounted for using the equity method (Note 4)
PORTWELL	HOLDWEL	Cayman Islands	Investing	94,520	94,520	100,000,000	83.33 %	263,463	35,729	29,083	Subsidiary
APT	KIA	U.S.A.	Investing	525,215	525,215	222,225	18.00 %	505,175	4,207	757	Subsidiary
DEVELOPMENT	HOLDING	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	61,551	(5,200)	(5,200)	Subsidiary
EPT	KES	Germany	Manufacture and sale of industrial computers and peripheral equipment	59,953	59,953	1	100.00 %	73,212	(1,179)	(1,179)	Subsidiary
EPT	PUK	U.K.	Manufacture and sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	13,045	521	521	Subsidiary
EPT	KESI	Italy	Manufacture and sale of industrial computers and peripheral equipment	1,586	1,586	50,000	100.00 %	7,252	5,507	5,507	Subsidiary
HOLDWEL	MEDWEL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	227,529	33,224	33,224	Subsidiary

Note 1: Share of profits / losses of investee includes the amortized adjustment caused by consilidation.

Note 2: In March 2023, ULTRA increase its capital in cash, which were fully subscribed by the Company. Furthermore, ULTRA apply to the court for liquidation in December 2023, the liquidation process has yet to be completed.

Note 3: The liquidation process of BonusPay had been completed in July 2023.

Note 4: The liquidation process of POME had been completed in December 2023.

Posiflex Technology, Inc.
Information on investment in Mainland China
For the year ended December 31, 2023

Table 6 (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	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%	(23,181)	66,844	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	5,220	(note 5)	5,220	-	-	5,220	-	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 %	-	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)	-	-	-	-	(4,485)	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, PORTWELL of US$2,800 thousand.

Posiflex Technology, Inc.

Statement of Cash and Cash Equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)
(Foreign Currencies Dollars)

Item	Description	Amount
Cash	Cash on hand	$ 234
Demand deposits		
－NTD		70,437
－Foreign currency	USD: 4,015,815.60、CNY: 2,393,925.49、HKD: 1,58 SGD: 3,507.35、JPY: 239,093,755.00、EUR: 560,027.54	204,707
Time deposits		255,000
Repurchase agreement		77,000
		$ 607,378

The exchange rates of foreign currencies are converted into New Taiwan Dollars at the balance sheet date were as follows:

USD：30.705
CNY：4.327
SGD：23.29
JPY：0.2172
EUR：33.98
HKD：3.929

Posiflex Technology, Inc.

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-Current

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Beginning balance		Increase and Decrease in Current Period		Evaluation of Profit and Loss	Ending Balance	
	Shares	Fair value	Shares	Amount	Amount	Shares	Fair value
O' Pay Electronic Payment Co., Ltd.	932,828	$ 36,035	-	-	(13,992)	932,828	22,043
Green World FinTech Service Co., Ltd.	847	328	-	-	60	847	388
		$ 36,363		**-**	**(13,932)**		**22,431**

Posiflex Technology, Inc.

Statement of Financial Assets Measured at Amortized Cost – Current

December 31, 2023

For related information about "Financial Assets Measured at Amortized Cost - Current", please refer to Note 6(2) of the parent-company-only financial statements.

Statement of Notes receivable and Accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Client name	Amount
EM024	$ 67,125
PH011	37,884
PL005	25,842
SA006	18,551
Others (Note 3)	70,017
	219,419
Less: loss allowance	(2,459)
	$ 216,960

Note1: Accounts receivable are due to business activities.

Note2: Accounts receivable from related parties were not included in the above payment; for details, please refer to note 7 of the parent-company-only financial statements.

Note3: Individual customer whose balances are less than 5% of the amount of account balance will not be listed separately.

Posiflex Technology, Inc.

Statement of Inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	$ 52,895	87,146	Please refer to Note 4(7)
Work-in-progress and semi-finished products	186,317	312,906	of the parent-company-
Raw materials	352,936	369,308	only financial statements
	$ 592,148	**769,360**	for the net realizable value of inventories.

Posiflex Technology, Inc.

Statement of Movement in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars, in thousands of shares)

	Beginning balance		Addition		Investment				Ending Balance						
Name of investee	Shares	Amount	Shares	Amount	profit (Loss)	Conversion Adjustment	Cash Dividends	Others	Shares	Percentage of Ownership	Amount	Market Value or Net Assets Value		Collateral	Note
PORTWELL	54,071	$ 3,075,699	-	-	369,353	(2,549)	(243,319)	5,793	54,071	55.00%	3,204,977	-	2,691,490	None	Note 1, 2
PBM	417,034	2,160,382	-	-	(168,962)	2,530	-	4,702	417,034	100.00%	1,998,652	-	1,997,282	None	Note 2, 3
PIC	-	95,467	-	-	(23,181)	(1,396)	-	-	-	100.00%	70,890	-	70,890	None	
PENETEK	3,691	41,131	-	-	(730)	-	-	-	3,691	61.52%	40,401	-	34,337	None	Note 2
KOMING	1,500	10,235	-	-	44	-	-	-	1,500	100.00%	10,279	-	10,279	None	
ULTRA	1,020	4,833	(1,020)	(4,651)	(85)	-	-	(97)	-	- %	-	-	-	None	Note 4
PBMM	801	6,758	-	-	4,782	(397)	-	-	801	83.46%	11,143	-	11,202	None	Note 2
BonusPay	2,400	1,871	(2,400)	(1,757)	(114)	-	-	-	-	- %	-	-	-	None	
PTSC	-	66	-	-	(166)	54	-	-	-	100.00%	(46)	-	(46)	None	
ONK Cloud	320	82	-	-	1	2	-	-	320	99.90%	85	-	85	None	
PG	-	24,561	-	-	2,597	919	-	-	-	100.00%	28,077	-	26,829	None	Note 2
PTIL	51	29,439	-	-	5,760	(278)	-	-	51	51.00%	34,921	-	34,340	None	Note 2
PTPL	500	5,000	-	-	1,684	96	-	-	500	100.00%	6,780	-	6,780	None	
KIOSKTW	2,000	19,861	-	-	(4,542)	-	-	-	2,000	100.00%	15,319	-	15,319	None	
PJ	2	4,415	-	-	(5,204)	(174)	-	-	2	100.00%	(963)	-	(963)	None	
LPK	18	48,901	-	-	1,218	(25)	-	-	18	35.00%	50,094	-	50,094	None	
		5,528,701		(6,408)	182,455	(1,218)	(243,319)	10,398			5,470,609		4,947,918		
Less: Unrealized profit or loss from inter-affiliate accounts		(82,205)		26,872	-	-	-	-			(55,333)				
		$ 5,446,496		20,464	182,455	(1,218)	(243,319)	10,398			5,415,276				

Note 1: The share-based payments, unrealized gains from investments in financial assets measured at fair value through other comprehensive income and remeasurements of defined benefit plans were $1,550 thousand, $4,823 thousand and $(580) thousand, respectively.
Note 2: The differences between the net assets value and the carry amount were the premium of investment cost.
Note 3: Other items included the share-based payments of $4,702 thousand.
Note 4: Other items included the changes in equity of associates accounted for using equity method of $(97) thousand.

Posiflex Technology, Inc.

Statement of Movement in Property, Plant and Equipment

For the year ended December 31, 2023

For related information about “Property, Plant and Equipment”, please refer to Note 6(8) of the parent-company-only financial statements.

Statement of Movement in Accumulated Depreciation of Property, Plant and Equipment

For related information about “Accumulated Depreciation of Property, Plant and Equipment”, please refer to Note 6(8) of the parent-company-only financial statements.

Statement of Movement in Right-of-Use Assets

For related information about “Right-of-Use Assets”, please refer to Note 6(9) of the parent-company-only financial statements.

Posiflex Technology, Inc.

Statement of Movement in Accumulated Depreciation of Right-of-Use Assets

For the year ended December 31, 2023

For related information about “Accumulated Depreciation of Right-of-Use Assets”, please refer to Note 6(9) of the parent-company-only financial statements.

Statement of Change in Investment Property

For related information about “Investment Property”, please refer to Note 6(10) of the parent-company-only financial statements.

Statement of Changes in Accumulated Depreciation of Investment Property

For related information about “Accumulated Depreciation of Investment Property”, please refer to Note 6(10) of the parent-company-only financial statements.

Posiflex Technology, Inc.

Statement of Movement in Intangible Assets

For the year ended December 31, 2023

For related information about “Intangible Assets”, please refer to Note 6(12) of the parent-company-only financial statements.

Statement of Deferred Tax Assets

December 31, 2023

For related information about “Deferred Tax Assets”, please refer to Note 6(19) of the parent-company-only financial statements.

Statement of Other Current Assets

For related information about “Other Current Assets”, please refer to Note 6(7) of the parent-company-only financial statements.

Posiflex Technology, Inc.

Statement of Other Non-Current Assets

December 31, 2023

For related information about “Other Non-Current Assets”, please refer to Note 6(7) of the parent-company-only financial statements.

Statement of Notes Payable and Accounts Payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Vendor name		Amount
I0427	$	20,387
I0327		15,942
I0321		14,069
Others (Note)		211,127
	$	**261,525**

Note: Individual vendor who has less than 5% of the account balance will not be listed separately.

Posiflex Technology, Inc.

Statement of Other Payables

December 31, 2023

For related information about “Other Payables”, please refer to Note 6(13) of the parent-company-only financial statements.

Statement of Provisions - Current

For related information about “Provisions - Current”, please refer to Note 6(14) of the parent-company-only financial statements.

Statement of Lease Liabilities

For related information about “Lease Liabilities”, please refer to Note 6(15) of the parent-company-only financial statements.

Posiflex Technology, Inc.

Statement of Operating Revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Point of Sale (POS)	67,237	$ 1,264,981
IBON	2,960	170,080
POS Terminal	7,759	110,378
POS Monitor	29,313	143,751
Others	260,248	339,769
Rendering of services		9,412
		$ 2,038,371

Posiflex Technology, Inc.

Statement of Operating Costs

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning balance of raw materials	$ 325,751
Add: Purchase	1,137,169
Less: Ending balance of raw materials	(363,310)
Sale of raw materials	(55,246)
Scrapped from inventories	(7,313)
Others	(8,068)
Raw materials used	1,028,983
Direct labor	65,852
Manufacturing overhead	113,465
Manufacturing cost	1,208,300
Add: Beginning balance of work-in-process and semi-finished inventories	38,344
Less: Ending balance of work-in-process and semi-finished inventories	(34,188)
Cost of finished goods	1,212,456
Add: Beginning balance of Finished goods	219,891
Purchase	23,366
Less: Ending balance of Finished goods	(214,842)
Scrapped from inventories	(6,374)
Others	(17,285)
Production and sales cost	1,217,212
Sale of raw materials	55,246
Maintenance cost	2,313
Other operating cost	26,887
Inventory devaluation loss	150
Inventory scrap loss	13,687
Total operating costs	**$ 1,315,495**

Posiflex Technology, Inc.

Statement of Selling Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item		Amount
Wages and Salaries	$	39,337
Import/export expenses		16,950
Others (Note)		24,243
	$	**80,530**

Note: The individual amount does not exceed 5% of the account balance.

Statement of Administrative Expenses

Item		Amount
Wages and Salaries	$	45,287
Depreciation		13,298
Service expense		11,714
Insurance expense		4,883
Others (Note)		12,991
	$	**88,173**

Note: The individual amount does not exceed 5% of the account balance.

Posiflex Technology, Inc.

Statement of Research and Development Expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Wages and Salaries	$ 60,441
Sampling expense	16,581
Commissioning research expenses	9,434
Service expense	7,059
Others (Note)	21,059
	$ 114,574

Note: The individual amount does not exceed 5% of the account balance.

Statement of Finance Costs

For related information about “Finance Costs”, please refer to Note 6(25) of the parent-company-only financial statements.

Summary Statement of Current Period Employee Benefits, Depreciation, and Amortization Expenses by Function

For related information about “Current Period Employee Benefits, Depreciation, and Amortization Expenses”, please refer to Note 12 of the parent-company-only financial statements.