Stock Code:6546

AMPAK Technology, Inc.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
AMPAK Technology Inc.

Opinion

We have audited the accompanying parent company only financial statements of AMPAK Technology Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only 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 material accounting policy information (collectively referred to as the "parent company only financial statements").

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

Basis for Opinion

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

The key audit matters of the parent company only financial statements of the Company for 2023 are summarized as follows:

Recognition of operating income from major customers

The Company had operating revenue of NT$1,939,694 thousand in 2023, of which NT$440,509 thousand came from sales to specific customers, accounting for about 23% of operating revenue. Since the amount of sales revenue from these customers has shown growth against the trend and the amount has increased significantly compared to 2022, operating revenue generated by these customers is listed as a key audit matter. For and their subsidiary companies the accounting policy and information on revenue recognition, please refer to Notes 4 and 20.

Our major audit procedures in the course of the audit are as follows:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to the authenticity of sales revenue.
2. Obtain on a sample basis the customer's transaction details, and check the relevant shipping vouchers and original orders to verify the authenticity of the sales revenue.
3. Check the subsequent items to confirm whether the customer has any major sales returns or discounts.

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 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 parent company only 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 parent company only financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit 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 entities or business activities within the Company 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 for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Ching-Ting Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Martch 8, 2024

<u>*Notice to Readers*</u>

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

AMPAK Technology, Inc.

Parent company only balance sheets

December 31, 2023 and 2022

Unit: NT$ thousand

		December 31, 2023		December 31, 2022	
Code	Assets	Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (notes 4 and 6)	$ 445,292	16	$ 747,810	24
1140	Financial assets at amortized cost - current (notes 4, 8 and 29)	128,696	5	30,282	1
1170	Accounts receivable, net (notes 4, 9 and 20)	307,305	11	340,343	11
1180	Accounts receivable due from related parties, net (notes 4, 9, 20 and 28)	18,489	1	5,389	-
1200	Other receivables (notes 4, 9 and 28)	36,010	1	503	-
1220	Current income tax assets (notes 4 and 22)	6,985	-	-	-
130X	Inventories (notes 4 and 10)	812,423	30	1,078,301	34
1470	Other current assets (notes 4 and 15)	19,045	1	35,194	1
11XX	Total Current Assets	1,774,245	65	2,237,822	71
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive income - non-current (notes 4 and 7)	40,895	2	32,668	1
1535	Financial assets at amortized cost - non-current (notes 4, 8 and 29)	4,445	-	4,430	-
1550	Investments accounted for using equity method (notes 4, 11 and 15)	352,300	13	426,568	13
1600	Property, plant and equipment (notes 4, 12 and 29)	529,111	19	432,807	14
1755	Right-of-use assets (notes 4, 13 and 28)	-	-	1,041	-
1780	Other intangible assets (notes 4 and 14)	484	-	1,056	-
1840	Deferred income tax assets (notes 4 and 22)	29,289	1	28,627	1
1990	Other non-current assets (notes 4, 15 and 18)	10,148	-	8,706	-
15XX	Total Non-current Assets	966,672	35	935,903	29
1XXX	Total Assets	$ 2,740,917	100	$ 3,173,725	100
Code	Liabilities and Owner’s Equity				
	Current Liabilities				
2130	Contractual liabilities (note 4 and 20)	$ 6,588	-	$ 8,798	-
2170	Accounts payable	146,645	5	545,852	17
2180	Accounts payable to related parties (note 28)	46,006	2	35,022	1
2200	Other payables (notes 17 and 28)	124,883	5	142,731	5
2230	Current income tax liabilities (notes 4 and 22)	-	-	45,091	2
2280	Lease liabilities - current (notes 4, 13 and 28)	-	-	1,043	-
2320	Long-term borrowings due within one year (Notes 4 and 16)	112,500	4	12,500	-
2300	Other current liabilities (notes 17 and 28)	37,759	1	18,791	1
21XX	Total Current Liabilities	474,381	17	809,828	26
	Non-current Liabilities				
2540	Long-term loans (notes 4 and 16)	300,000	11	237,500	8
2570	Deferred income tax liabilities (notes 4 and 22)	-	-	3,521	-
2600	Other non-current liabilities (note 17)	14,585	1	14,587	-
25XX	Total Non-current Liabilities	314,585	12	255,608	8
2XXX	Total Liabilities	788,966	29	1,065,436	34
	Owner’s Equity (notes 4 and 19)				
3110	Common share capital	662,269	24	662,269	21
3200	Capital reserve	807,665	29	807,634	25
	Retained earnings				
3310	Legal reserve	156,237	6	106,493	3
3320	Special reserve	56,384	2	48,440	2
3350	Undistributed earnings	329,528	12	539,837	17
3300	Total retained earnings	542,149	20	694,770	22
3490	Other Equity	(60,132)	(2)	(56,384)	(2)
3XXX	Total Owner’s Equity	1,951,951	71	2,108,289	66
	Total Liabilities and Equity	$ 2,740,917	100	$ 3,173,725	100

The accompanying notes are an integral part of the parent company only financial statements.

AMPAK Technology, Inc.
Parent company only Comprehensive Income Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand, except earnings per share in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (notes 4, 20 and 28)	$ 1,939,694	100	$ 3,145,981	100
5000	Operating costs (notes 10, 18, 21 and 28)	(1,533,411)	(79)	(2,536,843)	(81)
5900	Gross profit from operations	406,283	21	609,138	19
	Operating expenses (notes 4, 14, 18, 21, and 28)				
6100	Marketing expenses	(16,387)	(1)	(27,808)	(1)
6200	Administrative expenses	(52,739)	(2)	(55,300)	(1)
6300	Research and development expenses	(113,220)	(6)	(119,663)	(4)
6000	Total operating expenses	(182,346)	(9)	(202,771)	(6)
6900	Net operating income	223,937	12	406,367	13
	Non-operating income and expenses (notes 4, 11, 21 and 28)				
7100	Interest income	18,789	1	8,966	-
7010	Other income	11,665	-	11,297	-
7020	Other gains and losses	17,236	1	44,931	2
7050	Financial cost	(5,688)	-	(1,034)	-
7070	Share of profits and losses of subsidiaries recognized by equity method	40,240	2	105,365	3
7000	Total non-operating income and expenses	82,242	4	169,525	5
7900	Profit before tax	306,179	16	575,892	18
7950	Income tax expense (notes 4 and 22)	(28,430)	(2)	(79,364)	(2)
8200	Profit for the year	277,749	14	496,528	16

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 18)	$ 17	-	$ 392	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,977	1	(9,218)	-
8320	Share of other comprehensive income of subsidiaries by equity method	88	-	521	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences in transactions	549	-	1,274	-
8300	Other comprehensive income for the year	7,631	1	(7,031)	-
8500	Total comprehensive income for the year	$ 285,380	15	$ 489,497	16
	Earnings per share (note 23)				
9750	Basic	$ 4.19		$ 7.77	
9850	Diluted	$ 4.17		$ 7.65	

The accompanying notes are an integral part of the parent company only financial statements.

AMPAK Technology, Inc.
Parent company only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		Share capital (note 19)		Capital surplus	Retained earnings (note 19)			Other equity			
		Number of shares (thousand)	Amount	(note 19)	Legal reserve	Special reserve	Undistributed earnings	Financial assets measured at fair value through other comprehensive income Unrealized valuation gains/losses	Exchange difference on translation of financial statements of foreign operation	Total	Total Owner's Equity
A1	Balance on January 1, 2022	60,232	$ 602,329	$ 272,165	$ 65,655	$ 19,230	$ 473,842	($ 57,891)	$ 9,451	($ 48,440)	$ 1,384,781
	2021 earnings allocation and distribution										
B1	Legal reserve	-	-	-	40,838	-	(40,838)	-	-	-	-
B3	Special reserve	-	-	-	-	29,210	(29,210)	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(361,398)	-	-	-	(361,398)
	Subtotal	-	-	-	40,838	29,210	(431,446)	-	-	-	(361,398)
D1	2022 profit	-	-	-	-	-	496,528	-	-	-	496,528
D3	2022 other comprehensive income, net of tax	-	-	-	-	-	913	(9,218)	1,274	(7,944)	(7,031)
D5	2022 total comprehensive income	-	-	-	-	-	497,441	(9,218)	1,274	(7,944)	489,497
N1	Issuance of employee stock options	-	-	979	-	-	-	-	-	-	979
E1	Capital increase in cash	5,995	59,940	534,490	-	-	-	-	-	-	594,430
Z1	Balance on December 31, 2022	66,227	662,269	807,634	106,493	48,440	539,837	(67,109)	10,725	(56,384)	2,108,289
	2022 earnings allocation and distribution										
B1	Legal reserve	-	-	-	49,744	-	(49,744)	-	-	-	-
B3	Special reserve	-	-	-	-	7,944	(7,944)	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(430,475)	-	-	-	(430,475)
	Subtotal	-	-	-	49,744	7,944	(488,163)	-	-	-	(430,475)
D1	2023 profit	-	-	-	-	-	277,749	-	-	-	277,749
D3	2023 other comprehensive income, net of tax	-	-	-	-	-	105	6,977	549	7,526	7,631
D5	2023 total comprehensive income	-	-	-	-	-	277,854	6,977	549	7,526	285,380
M3	Disposal of subsidiaries	-	-	-	-	-	-	-	(11,274)	(11,274)	(11,274)
C17	Other changes in capital reserve	-	-	31	-	-	-	-	-	-	31
Z1	Balance on December 31, 2023	66,227	$ 662,269	$ 807,665	$ 156,237	$ 56,384	$ 329,528	($ 60,132)	$ -	($ 60,132)	$ 1,951,951

The accompanying notes are an integral part of the parent company only financial statements.

AMPAK Technology, Inc.
Parent company only Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flow from (used in) operating activities		
A00010	Profit before tax	$ 306,179	$ 575,892
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	13,259	8,910
A20200	Amortization expense	6,208	6,179
A20400	Gains (losses) on financial assets measured at fair value through other comprehensive income	-	(5,872)
A20900	Financial cost	5,688	1,034
A21200	Interest income	(18,789)	(8,966)
A21900	Compensation cost of employee stock options	-	979
A22300	Share of profits and losses of subsidiaries recognized by equity method	(40,240)	(105,365)
A22500	Loss (gain) on disposal of property, plant and equipment	20	(5)
A23800	Inventory valuation loss and sluggish loss (recovery gain)	795	(8,539)
A24100	Unrealized foreign exchange loss (gain)	6,113	(19,386)
A29900	Gains on disposal of subsidiaries adopting the equity method	(11,291)	-
A29900	Profit from lease modification	(4)	-
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	-	6,630
A31150	Accounts receivable	16,448	283,444
A31160	Accounts receivable - related parties	(17,159)	1,199
A31180	Other receivables	(35,507)	2,772
A31200	Inventory	265,083	(420,203)
A31240	Other current assets	16,149	(6,441)
A31990	Net defined benefit asset	(81)	(40)
A32125	Contract liabilities	(2,245)	232
A32150	Accounts payable	(389,453)	(218,754)
A32160	Accounts payable - related parties	16,201	(43,755)
A32180	Other payables	(26,971)	32,188
A32230	Other current assets	18,968	(108,677)
A33000	Cash inflow (outflow) generated from operations	129,371	(26,544)
A33100	Interest received	18,789	8,966

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Code		2023	2022
A33300	Interest paid	($ 5,688)	($ 1,034)
A33500	Income tax paid	(84,689)	(101,810)
AAAA	Cash flows from (used in) operating activities	57,783	(120,422)
	Cash flow from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(1,250)	-
B00040	Acquisition of financial assets at amortized cost	(130,322)	(144)
B00050	Proceeds from disposal of financial assets at amortized cost	31,893	-
B02300	Net cash inflow from disposal of subsidiary	13,128	-
B02700	Purchase of property, plant and equipment	(97,269)	(425,302)
B02800	Disposal of property, plant and equipment	-	5
B04500	Purchase of intangible asset	(482)	(590)
B06700	Increase in other non-current assets	(6,498)	(3,786)
B07600	Receipt of dividends from subsidiaries	102,034	81,627
BBBB	Cash flow from (used in) investing activities	(88,766)	(348,190)
	Cash flow from (used in) financing activities		
C01600	Proceeds from long-term debt	200,000	250,000
C01700	Repayments of long-term debt	(37,500)	-
C03000	Increase (decrease) in guarantee deposits received	(402)	1,357
C04020	Payments of lease liabilities	(3,189)	(3,496)
C04500	Dividend payment	(430,475)	(361,398)
C04600	Capital increase in cash	-	594,430
C09900	Other changes in capital reserve	31	-
CCCC	Net cash flow from (used in) financing activities	(271,535)	480,893
EEEE	Net increase (decrease) in cash and cash equivalents	(302,518)	12,281
E00100	Cash and cash equivalents at beginning of year	747,810	735,529
E00200	Cash and cash equivalents at end of year	$ 445,292	$ 747,810

The accompanying notes are an integral part of the parent company only financial statements.

AMPAK Technology, Inc.

Notes to Parent company only Financial Statements

January 1 to December 31, 2023 and 2022

(Unless otherwise specified, the amount is in NT$ thousand)

(I) Company history

AMPAK Technology, Inc. (hereinafter referred to as the Company), originally named Taidian Electronics Co., Ltd., is a profit-seeking enterprise established in December 2000 in accordance with the Company Act. The company name was changed to Jiacheng Technology Co., Ltd. in February 2001, and then to AMPAK Technology, Inc. in September 2009.

The Company is mainly engaged in the following business items: manufacturing, wholesale and retail of wireless communication machinery and equipment, manufacturing of electronic components, wholesale and retail of electronic materials, manufacturing of data storage and processing equipment, and manufacturing of wired communication machinery and equipment.

The Company’s shares were approved for public offering from August 12, 2020, and it registered as an emerging market company on November 9, 2020; Furthermore, it listed for trading on the Taipei Exchange on May 24, 2022.

This individual financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Date and procedure of adoption of the financial report

The individual financial report was approved by the board meeting on March 5, 2024.

III. Application of newly issued and revised standards and interpretations

(I) The first application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs") recognized and published by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The application of the amended IFRSs recognized and published by the FSC will not cause major changes to the accounting policies of the Company.

(II) IFRSs approved by the FSC applicable in 2024

Newly released/amended/revised standards and interpretation	The effective date of the IASB release (note 1)
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”.	January 1, 2024 (Note 3)

Note 1: Unless otherwise noted, the above-mentioned new/ amended/ revised standards or interpretations shall come into effect during the annual reporting period starting after that date.

Note 2: The seller and lessee shall apply the amendment to IFRS 16 retrospectively to sale and leaseback transactions signed after the date of the first application of IFRS 16.

Note 3: When these amendments are applied for the first time, partial disclosure requirements are exempted.

As of the date of issuance of the individual financial report, the Company assessed that the amendments to abovementioned standards and interpretations will not have a significant impact on the financial position and financial performance of the consolidated company.

(III) IFRSs issued by the IASB but not approved and effective by the FSC

Newly released/amended/revised standards and interpretation	The effective date of the IASB release (note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Investment of Assets Between Investors and Their Affiliates or Joint Ventures”	Undetermined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "First Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless otherwise noted, the above-mentioned new/ amended/ revised standards or interpretations shall come into effect during the annual reporting period starting after that date.

Note 2: It applies to annual reporting periods beginning after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the date of issuance of the individual financial report, the Company is still assessing the impact of the amendments to the abovementioned standards and interpretations to the consolidated company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Declaration of Compliance

This individual financial report is prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

Other than financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets, the individual financial report is prepared based on historical costs.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to the direct (i.e. price) or indirect (i.e. derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

The Company adopts the equity method to deal with investment subsidiaries when preparing the individual financial report. In order to make the profit or loss for the year, other comprehensive income and equity in the individual financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the individual financial statements, certain accounting differences between the individual basis and the consolidated basis are adjusted for "investments accounted for using the equity method", "share of profit or loss of subsidiaries accounted for using the equity method", "share of other comprehensive income of subsidiaries accounted for using the equity method" and related equity items. The "share of profit or loss of subsidiaries using the equity method" and the related equity items.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes.
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. Liabilities that cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Assets or liabilities that are not under current assets or liabilities above are classified as non-current assets or non-current liabilities.

(IV) Merger

Business mergers are handled pursuant to the Acquisition Act. Acquisition-related costs are recognized as expenses in the current period when costs are incurred and labor services are obtained.

Goodwill is measured by the total amount of the fair value of the transfer consideration, the amount of the acquiree's non-controlling interests, and the fair value of the acquirer's previously held interests in the acquiree on the acquisition date, in excess of the net amount of identifiable assets, acquired and liabilities assumed on the acquisition date.

When the consideration transferred by the merging company in a business merger includes assets or liabilities arising from contingent consideration agreements, the contingent consideration is measured at the fair value on the acquisition date, and is paid as part of the transfer consideration in exchange for the acquiree. If the change in the fair value of contingent consideration is an adjustment during the measurement period, it is a retrospective adjustment of the acquisition cost and a relative adjustment of goodwill. The adjustment of the measurement period refers to the adjustment arising from the acquisition of additional information on the facts and circumstances existing on the acquisition date within the "measurement period" (no more than one year from the acquisition date).

The subsequent treatment of changes in the fair value of contingent consideration that is not adjusted during the measurement period will depend on the classification of contingent consideration. The contingent consideration classified as equity and included in capital reserve - stock options shall not be measured again, and the subsequent settlement is adjusted within equity and transferred to capital reserve - common stock issuance premium. Another contingent consideration is measured at fair value on subsequent balance sheet dates, and changes in fair value are recognized in profit or loss.

If the measurement of identifiable assets acquired and liabilities assumed due to the business merger has not been completed, the provisional sum was recognized on the balance sheet date, and retroactive adjustment or recognition of additional assets or liabilities shall be made during the measurement period to reflect new information about the existing facts and conditions on the acquisition date.

(V) Foreign currencies

When preparing the individual financial statements, if transactions are recorded in a currency other than the Company's functional currency (foreign currency), they are translated into the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Due to settlement

Exchange differences arising from the monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from changes in fair value recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the dates of transactions and are not retranslated.

For the purpose of preparing individual financial statements, the assets and liabilities of the foreign operations (including subsidiaries or joint ventures that operate in countries or currencies different from those of the Company) are translated into New Taiwan dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at average exchange rates for the period, with the resulting exchange differences recorded in other comprehensive income.

If the Company disposes of all the interests in a foreign operating entity, or disposes of part of the interests in a subsidiary of a foreign operating entity but loses control, or disposes of a retained interest in a foreign operating entity that is a financial asset and is accounted for under the accounting policy for financial instruments, all cumulative translation differences related to that foreign operating entity are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the cumulative translation difference is reattributed to the non-controlling interest of the subsidiary on a pro rata basis and is not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences are reclassified to profit or loss according to the proportion of disposal.

(VI) Inventories

Inventory includes raw materials, supplies, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested to completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VII) Investment in subsidiaries

The Company uses the equity method to account for its investment in subsidiaries.

A subsidiary is an entity over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the book value is increased or decreased as the company’s share of the subsidiaries and other comprehensive income or loss and profit is distributed. In addition, changes in the Company's other interests in subsidiaries are recognized in proportion to the Company's shareholding.

Where the change of ownership rights of the subsidiaries of the Company does not result in a loss of control, it shall be treated as an equity transaction. The difference between the book value of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary (including the book value of the subsidiary under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date is recorded as goodwill, which is included in the book value of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business at the acquisition date over the acquisition cost is recorded as current income.

The Company assesses impairment by considering the cash-generating units as a whole and comparing their recoverable amounts with their book values in the financial statements. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss is recognized as a gain, provided that the book value of the asset after the reversal of the impairment loss does not exceed the book value that would have been determined had no impairment loss been recognized for the asset, less amortization. The loss of goodwill impairment shall not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income or loss related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the individual financial statements. Gains or losses resulting from counter-current and side-stream transactions with subsidiaries are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the subsidiary.

(VIII) Properties, plants and pieces of equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, other property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year, and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the book value of the assets is recognized in profit or loss.

(IX) Intangible assets

1. Individually acquired

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year, and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are presented at cost less accumulated impairment loss.

2. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the book value of the asset is recognized in the current profit and loss.

(X) Impairment loss of property, plant and equipment, right-of-use assets and intangible assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher fair value fewer of the cost of sales and use value. If the recoverable amount of an asset or cash-generating unit is less than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the book value of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the book value (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the individual balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When initially recognizing financial assets and financial liabilities, if financial assets and financial liabilities are not recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Types of measurement

The types of financial assets held by the Company are financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

The Company's investment in financial assets are classified as financial assets carried at amortized cost if both of the following two conditions are met:

a. The financial assets are held under an operating model in which they are held for the purpose of receiving contractual cash flows, and

b. The terms of the contract generate cash flows on specific dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable (including interested parties), other receivables, other receivables (including interested parties), financial assets measured at amortized cost and refundable deposits) are measured using the effective interest method to determine the amortized cost of the total book value less any impairment loss after the initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

b. For financial assets that are not acquired or impaired but subsequently become impaired, interest income should be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

B. Investments in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which contingent consideration is recognized by the acquirer of the consolidated non-business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the rights to receive payments from the Company are established, unless the dividends clearly represent a partial recovery of the cost of the investment.

(2) Impairment of financial assets

The Company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivable are recognized as an allowance for loss based on the expected credit loss throughout the existence. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the remaining period.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the ongoing expected credit loss represents the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

For internal credit risk management purposes, the Company determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances.

A. There is internal or external information indicating that the debtor is unlikely to be able to pay off its debts.

B. More than 365 days past due, unless there is reasonable and supportable information indicating that the basis for delayed default is more appropriate.

The impairment loss of all financial assets is reduced by adjusting its book value through the allowance account, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its book value.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and

The difference between the book value of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

The recapture of the Company's equity instruments is recognized and deducted under equity. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurements

Financial liabilities are measured at amortized cost using the effective interest method.

For the determination of fair value, please refer to note 27.

(2) Derecognition of financial assets

When a financial liability is derecognized, the difference between the book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Income recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Revenue from product sales

The revenue from product sales is mainly derived from sales of wireless communication modules. As the wireless communication module is delivered to the place designated by the customer as agreed or actually collected, the customer has the right to set the price and use the products, and has the primary responsibility for resale and bears the risk of obsolescence of the products. The Company recognizes revenue and accounts receivable at each of the time points. Advance receipts from goods sold are recognized as contractual liabilities before the arrival of products.

In the process of material delivery for processing, the control over the ownership of the processed products has not been transferred, so the revenue is not recognized in the process of material delivery.

(XIII) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

For contracts that contain leasing and non-leasing components, the Company shall apportion the consideration in the contract based on a relatively separate price and handle it separately.

1. The Company as the lessor

When the lease terms transfer almost all the risks and rewards attached to the asset ownership to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under an operating lease, the lease payment after deducting the lease incentives is recognized as income on a straight-line basis during the relevant lease term. The original direct costs incurred from the acquisition of an operating lease are added to the book value of the underlying assets and recognized as expenses on a straight-line basis during the lease term.

2. The Company as the lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term.

The right-of-use asset is measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost, and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the individual balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of lease payments (including fixed payments). Lease payments are discounted using the interest rate implied by the lease if it is readily recognizable. If the rate is not readily identifiable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost basis using the effective interest method and interest expense is allocated over the lease term. If there is a change in future lease payments due to changes in the lease period or rates, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Right-of-use assets are presented separately in the individual balance sheet.

(XIV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that meets the criteria are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned from temporary investment of specific loans before the occurrence of eligible capital expenditure is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XV) Employee benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest, and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost (including current service cost and pre-service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense when they are incurred or when the plan is revised or downscaled. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) represent the deficit (surplus) in the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of the refunded appropriations from the plan or the future appropriations that can be reduced.

(XVI) Income tax

Income tax expense is the sum of current income tax and deferred income tax changes.

1. Income tax of the current period

   Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

   Adjustments to prior years' income tax payable are to be included in the current period's income tax.

2. Deferred income tax

   Deferred income tax is computed on temporary differences between the book values of assets and liabilities and the tax basis of taxable income.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when it is probable that taxable income will be available for the deduction of income tax arising from deductible temporary differences, purchase of machinery and equipment, research and development and personnel training.

   Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

   The book value of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed at each balance sheet date and the book value is increased to the extent that future taxable income will probably be available to recover all or part of the asset.

   Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Income tax of the current period and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Main sources of uncertainty in significant accounting judgments, estimates, and assumptions

In adopting accounting policies, the Company's management is required to make judgments, estimates, and assumptions that are based on historical experience, and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

When developing significant accounting estimates, the Company incorporated the potential impact of inflation and market interest rate fluctuations into significant estimates such as cash flow estimation, growth rate, discount rate, profitability, etc. The management will continue reviewing the estimates and basic assumptions.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 145	$ 146
Bank checking accounts and demand deposit accounts	196,411	667,664
Cash equivalents		
Bank term deposits with an original maturity in 3 months	248,736	80,000
	$ 445,292	$ 747,810

The interest rate ranges of demand deposits and time deposits on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Bank deposits	0.05%～5.59%	0.05%～4%

VII. Financial assets measured at fair value through other comprehensive income

Equity instrument investment

	December 31, 2023	December 31, 2022
Non-current		
Domestic investments		
Unlisted stocks	$ 26,986	$ 22,022
Foreign investments		
Unlisted stocks	13,909	10,646
	$ 40,895	$ 32,668

The Company invests in the stocks above based on its medium and long term strategy, and expects to make profits through long-term investment. In the opinion of the management of the Company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income.

VIII. Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current		
Domestic investments		
Time deposits with an original maturity exceeding 3 months	$ 128,696	$ 30,282
Non-current		
Domestic investments		
Time deposits with an original maturity exceeding 3 months	$ 4,445	$ 4,430
Interest rate range	0.765%～4.60%	0.355%～2.32%

For information about pledged financial assets at amortized cost, please refer to note 29.

IX. Accounts receivable and other receivables (including related party), net

	December 31, 2023	December 31, 2022
Accounts receivable		
Measured at amortized cost		
Total book value	$ 307,305	$ 340,343
Accounts receivable - related parties		
Measured at amortized cost		
Total book value	$ 18,489	$ 5,389
Other receivables		
Measured at amortized cost		
Total book value	$ 36,010	$ 503

Total book value measured at cost after amortization

The average credit period of the Company for commodity sales is 45~90 days, and the accounts receivable are not subject to interest. The impairment assessment of accounts receivable is based on individual assessment, aging analysis, historical experience, and analysis of the current financial situation of customers to estimate the amount that cannot be recovered.

The Company recognizes the loss allowance of accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence period is calculated by the preparation matrix, which considers the past default records of customers and their current financial situation, and the industrial economic situation. As the historical experience of credit loss of the Company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups, and only uses the overdue days of accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the Company will directly write off the relevant receivables but will continue the recourse activities, and the amount recovered due to recourse will be recognized as income.

The Company measures the provision for loss of accounts receivable according to the preparation matrix as follows:

December 31, 2023

	Not overdue	Overdue 1 - 90 days	Overdue 91 - 180 days	Overdue 181 - 270 days	Overdue 271 - 360 days	360 and above	Total
Expected credit impairment rate	-	-	-	-	-	-	
Total book value	$ 323,679	$ 2,115	$ -	$ -	$ -	$ -	$ 325,794
Loss allowance (expected credit impairment during the existence period)	-	-	-	-	-	-	-
Amortized cost	$ 323,679	$ 2,115	$ -	$ -	$ -	$ -	$ 325,794

December 31, 2022

	Not overdue	Overdue 1 - 60 days	Overdue 61 - 120 days	Overdue 121 - 365 days	Overdue More than 365 days	Total
Expected credit impairment rate	-	-	-	-	-	
Total book value	$ 331,904	$ 13,826	$ 2	$ -	$ -	$ 345,732
Loss allowance (expected credit impairment during the existence period)	-	-	-	-	-	-
Amortized cost	$ 331,904	$ 13,826	$ 2	$ -	$ -	$ 345,732

Information on changes in the loss allowance of accounts receivable is as follows:

	2023	2022
Beginning and ending balance	$ -	$ -

X. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 727,040	$ 922,807
Work in progress	1,295	4,419
Finished products and commodities	84,088	151,075
	$ 812,423	$ 1,078,301

The cost of goods sold related to inventories in 2023 and 2022 was NT$1,533,411 thousand and NT$2,536,843 thousand respectively. Cost of goods sold includes loss on inventory declines in market value and slow-moving inventory of NT$795 thousand and recovery gain on inventory declines in market value and slow-moving inventory of NT$8,539 thousand. The recovery gain on inventory declines in market value and slow-moving inventory was mainly due to the sale of slow-moving inventories.

XI. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investment in subsidiaries	$ 352,300	$ 426,568

(I) Investment in subsidiaries

	December 31, 2023	December 31, 2022
Lockheart Holdings Co., Ltd.	$ -	$ 12,910
SparkLAN Communications Inc.	352,300	413,658
	$ 352,300	$ 426,568

Name of subsidiary	Percentage of ownership interest and voting rights	
	December 31, 2023	December 31, 2022
Lockheart Holdings Co., Ltd.	- (Note)	100%
SparkLAN Communications Inc.	100%	100%

The share of profit or loss and other comprehensive income or loss of subsidiaries accounted for under the equity method in 2023 and 2022 is recognized based on the audited financial statements of each subsidiary for the same period.

Note: The Company sold the entire equity of Lockheart Holdings Ltd. in September 2023. Please refer to Note 25 for details.

XII. Property, plant and equipment

Self-use

	Land	Buildings	Machinery and equipment	Molding equipment	Other equipment	Construction in progress	Total
Cost							
Balance on January 1, 2022	$ -	$ -	$ 38,472	$ 19,648	$ 42,205	$ -	$ 100,325
Addition	220,770	197,062	6,274	740	456	-	425,302
Disposal	-	-	(7,554)	-	(855)	-	(8,409)
Balance on December 31, 2022	$ 220,770	$ 197,062	$ 37,192	$ 20,388	$ 41,806	$ -	$ 517,218
Accumulated depreciation							
Balance on January 1, 2022	$ -	$ -	$ 27,139	$ 19,205	$ 41,061	$ -	$ 87,405
Disposal	-	-	(7,554)	-	(855)	-	(8,409)
Depreciation expense	-	966	3,709	202	538	-	5,415
Balance on December 31, 2022	$ -	$ 966	$ 23,294	$ 19,407	$ 40,744	$ -	$ 84,411
Net on December 31, 2022	$ 220,770	$ 196,096	$ 13,898	$ 981	$ 1,026	$ -	$ 432,807
Cost							
Balance on January 1, 2023	$ 220,770	$ 197,062	$ 37,192	$ 20,388	$ 41,806	$ -	$ 517,218
Addition	-	74,050	13,645	350	16,655	1,692	106,392
Disposal	-	-	-	-	(2,633)	-	(2,633)
Balance on December 31, 2023	$ 220,770	$ 271,112	$ 50,837	$ 20,738	$ 55,828	$ 1,692	$ 620,977
Accumulated depreciation							
Balance on January 1, 2023	$ -	$ 966	$ 23,294	$ 19,407	$ 40,744	$ -	$ 84,411
Depreciation expense	-	4,818	4,195	425	630	-	10,068
Disposal	-	-	-	-	(2,613)	-	(2,613)
Balance on December 31, 2023	$ -	$ 5,784	$ 27,489	$ 19,832	$ 38,761	$ -	$ 91,866
Balance on December 31, 2023	$ 220,770	$ 265,328	$ 23,348	$ 906	$ 17,067	$ 1,692	$ 529,111

In 2023 and 2022, there were no signs of any impairment, so the Company did not conduct an impairment assessment.

Amortization expense is accrued on a straight-line basis according to the following durability years:

Buildings	50 years
Machinery and equipment	2 to 10 years
Molding equipment	2 to 5 years
Wealth generating appliances	2 to 10 years
Leased assets	3 years
Other equipment	3 to 10 years

Please refer to note 29 for the amount of self-use property, plant, and equipment set as a loan guarantee.

XIII. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		
Buildings	$ -	$ 1,041

	2023	2022
Addition of right-of-use assets	$ 3,225	$ 3,123
Depreciation expenses of right-of-use assets		
Buildings	$ 3,191	$ 3,495

The Company terminated the original lease contract in December 2023, and net related right-of-use assets of NT$1,075 thousand and lease liabilities - current of NT$1,079 thousand, and recognized lease modification gains of NT$4 thousand, please refer to Notes 21 and 28.

Except for the addition, reduction, and depreciation expenses recognized above, there were no significant sublease or impairment in the right-of-use assets of the Company in 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ -	$ 1,043

The range of discount rates for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	0.69%	0.69%

(III) Other lease information

	2023	2022
Short-term rental expenses	$ 320	$ -
Total cash (outflow) from lease	($ 3,527)	($ 3,507)

XIV. Other intangible assets

	Patent rights	Computer software	Total
Cost			
Balance on January 1, 2022	$ 509	$ 12,128	$ 12,637
Individually acquired	-	590	590
Balance on December 31, 2022	$ 509	$ 12,718	$ 13,227
Accumulated amortization			
Balance on January 1, 2022	$ 413	$ 10,502	$ 10,915
Amortization expense	14	1,242	1,256
Balance on December 31, 2022	$ 427	$ 11,744	$ 12,171
Net on December 31, 2022	$ 82	$ 974	$ 1,056
Cost			
Balance on January 1, 2023	$ 509	$ 12,718	$ 13,227
Individually acquired	-	482	482
Balance on December 31, 2023	$ 509	$ 13,200	$ 13,709
Accumulated amortization			
Balance on January 1, 2023	$ 427	$ 11,744	$ 12,171
Amortization expense	14	1,040	1,054
Balance on December 31, 2023	$ 441	$ 12,784	$ 13,225
Balance on December 31, 2023	$ 68	$ 416	$ 484

Except for the amortization expenses recognized above, there were no significant disposal or impairment in the intangible assets of the Company in 2023 and 2022.

Amortization expense is accrued on a straight-line basis according to the following durability years:

Patent rights	20 years
Computer software	1~3 years

Summary of amortization expenses by function:

	2023	2022
Administrative expenses	$ 1,054	$ 1,256

XV. Other assets

	December 31, 2023	December 31, 2022
Current		
Business tax carry forward	$ 15,740	$ 32,134
Prepaid expenses	2,683	1,871
Prepayment for purchase	564	1,143
Others	58	46
	$ 19,045	$ 35,194
Non-current		
Refundable deposits	$ 2,141	$ 522
Net defined welfare assets (note 18)	5,906	5,808
Overdue receivables	17,142	17,142
Allowance for losses - overdue receivables	(17,142)	(17,142)
Deferred expenses	2,101	2,376
	$ 10,148	$ 8,706

XVI. Borrowings

Long-term loans

	December 31, 2023	December 31, 2022
Secured loans (note 29)		
Bank loans (1)	$ 227,164	$ 239,120
Unsecured loans		
Credit loans (1)	10,336	10,880
Credit loans (2)	175,000	-
Less: Current portion due within one year	(112,500)	(12,500)
	$ 300,000	$ 237,500

(1) The long-term bank borrowings' interest rates were 1.77% and 1.52% respectively on December 31, 2023 and 2022, and the consolidated company used property, plant, and equipment as collateral for NT$227,164 and NT$239,120 of the borrowings (please refer to note 29). The borrowing period is from October 2022 to October 2042, with the principal and interest to be amortized over 20 years. The loan drawdown this time is used to purchase land and offices.

(2) The interest rate of long-term bank borrowings was 1.90% as of December 31, 2023. The borrowing period is from July 2023 to July 2025, and the principal and

interest are amortized over 2 years. This amount used was for the distribution of cash dividends.

XVII. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Salary and bonus payable	$ 9,566	$ 9,431
Employees' remuneration payable	81,026	94,191
Directors' remuneration payable	3,464	6,471
Payables for goods procurement	10,177	25,025
Expenses payable	11,145	7,237
Payables for construction	9,123	-
Other payables - related parties	382	376
	$ 124,883	$ 142,731
Other liabilities		
Temporary credits	$ 36,080	$ 13,167
Others	1,679	5,624
	$ 37,759	$ 18,791
Non-current		
Other liabilities		
Guarantee deposits received	$ 14,585	$ 14,587

XVIII. Post-employment benefit plan

(I) Defined contribution plan

The pension system of the "Labor Pension Regulations" applicable to the Company is a government-administered fixed appropriation retirement plan, with 6% of the employee's monthly salary allocated to the individual account of Labor Insurance Bureau.

(II) Defined contribution plan

The pension system of the Company in compliance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 2% of the total monthly salary of the employees to the pension, and hands it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account at the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in one go by the end of March of the next year The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the individual balance sheet are shown below:

	December 31, 2023	December 31, 2022
The current value of defined benefit obligation	$ 1,201	$ 1,151
The fair value of plan assets	(7,107)	(6,959)
Net defined benefit asset	($ 5,906)	($ 5,808)

Changes to net defined benefit assets are as follows:

	The current value of defined benefit obligation	The fair value of plan assets	Net defined benefit asset
Balance on January 1, 2022	$ 1,040	($ 6,416)	($ 5,376)
Service cost			
Interest expense (income)	8	(48)	(40)
Recognized as profit or loss	8	(48)	(40)
Remeasurement			
Return on plan assets (excluding the amount included in net interest)	-	(495)	(495)
Actuarial loss- changes in financial assumptions	(78)	-	(78)
Actuarial gain- experience-based adjustment	181	-	181
Recognized as another comprehensive income	103	(495)	(392)
Balance on December 31, 2022	1,151	(6,959)	(5,808)
Service cost			
Interest expense (income)	16	(97)	(81)
Recognized as profit or loss	16	(97)	(81)
Remeasurement			
Return on plan assets (excluding the amount included in net interest)	-	(51)	(51)
Actuarial gain- changes in financial assumptions	12	-	12
Actuarial gain-	22	-	22

experience-based adjustment			
Recognized as another comprehensive income	34	(51)	(17)
Balance on December 31, 2023	$ 1,201	($ 7,107)	($ 5,906)

The amounts recognized in profit or loss for the defined benefit plan are summarized by function as follows:

	2023	2022
Operating costs	($ 13)	($ 6)
Marketing expenses	(8)	(7)
Administrative expenses	(13)	(6)
R&D expenses	(47)	(21)
	($ 81)	($ 40)

The Company is exposed to the following risks as a result of the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the Company's distributable amount of the plans' assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.
3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plan. Therefore, an increase in the plan members' salaries will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary, with the following significant assumptions as of the measurement date:

	December 31, 2023	December 31, 2022
Discount rate	1.3%	1.4%
Expected rate of salary increase	2.5%	2.5%

If there are reasonably possible changes in significant actuarial assumptions, the amount by which the present value of the defined benefit obligation would increase (decrease), with all other assumptions held constant, is as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	$ 29	($ 30)
0.25% decrease	($ 30)	$ 32
Expected rate of salary increase		
0.25% increase	($ 29)	$ 31
0.25% decrease	$ 28	($ 30)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation, because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	December 31, 2023	December 31, 2022
Amount expected to be appropriated within 1 year	$ -	$ -
The average period of defined benefit obligation to maturity	11 years	12 years

XIX. Equity

(I) Share capital

Ordinary shares

	December 31, 2023	December 31, 2022
The authorized number of shares (thousand shares)	100,000	100,000
The authorized share capital	$ 1,000,000	$ 1,000,000
The number of issued shares fully paid for (thousand shares)	66,227	66,227
The issued share capital	$ 662,269	$ 662,269

Common shares are issued at a par value of NT$10, and each share has one voting right and the right to receive dividends.

The Company undertook a cash capital increase via issuance of 5,995 thousand new shares at a par value NT$10, doing so by approval of a resolution of the Board of Directors on March 15, 2022 and via the filed letter of approval Zhenggui Shenzi No. 1110003067 via the Taipei Exchange on April 15, 2022. Furthermore, it was issued with a NT$96 per share public underwriting price and a NT$101.4 premium issue volume-weighted average price under the bidding auction. Total cash raised was NT$594,430 thousand after deducting direct issuance-related costs. The above cash capital increase was completed with May 20, 2022 as the capital increase record date with Ministry of Economic Affairs letter of approval Jingshoushangzi No. 11101092560 on file as of July 8, 2022. After the capital increase, share capital was NT$662,269 thousand and premium over par value was transferred to capital reserve.

(II) The capital reserve

	December 31, 2023	December 31, 2022
It may be used to cover losses, distribute cash or replenish share capital. (1)		
Premium from share issuance	$ 805,406	$ 805,406
Employee stock options	2,228	2,228
Can only be used to cover losses		
Other - exercise of vesting rights	31	-
	$ 807,665	$ 807,634

1. This type of capital reserve may be used to make up for losses, and when the Company has no losses, it may also be used to distribute cash or for capital appropriation; when used for capital appropriation, it is limited to a certain percentage of the paid-in capital every year.

(III) Retained earnings and dividend policy

The Company passed a resolution to amend the Articles of Incorporation at the shareholders' meeting of June 8, 2022, authorizing the Board of Directors to distribute dividends and bonuses by means of cash disbursement; and this was to be reported to the shareholders' meeting.

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is still a balance, the board meeting shall formulate an earnings distribution proposal for it together with the cumulative undistributed surplus, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. Please refer to note 21(8) employees' remuneration and directors' and supervisors' remuneration for the distribution policy of employees' remuneration and directors' and supervisors' remuneration stipulated in the Articles of Association.

The legal reserve should be appropriated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital may be distributed in cash in addition to being appropriated as share capital.

When the Company made the provision for special reserve for the net deduction amount of other equity accumulated in the previous period, the provision was made only for the undistributed earnings in the previous period.

The Company's earnings distributions for 2021 and 2022 are as follows:

	Earnings distribution plan		Cash dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 49,744	$ 40,838		
Special reserve	7,944	29,210		
Cash dividend	430,475	361,398	$ 6.5	$ 6

The Company's board meeting on March 5, 2024, proposed the following earnings distribution plan for 2023:

	Earnings distribution plan	Cash dividend per share (NT$)
Legal reserve	$ 27,785	
Special reserve	3,748	
Cash dividend	231,794	$ 3.5

The aforementioned cash dividends were distributed by resolution of the Board of Directors with the remainder pending resolution of the General Meeting of Shareholders expected to be held on May 24, 2024.

XX. Revenue

	2023	2022
Customer contract revenue		
Revenue from product sales	$ 1,939,694	$ 3,145,981

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable, net (notes 9)	$ 307,305	$ 340,343	$ 620,714
Accounts receivable due from related parties, net (notes 9 and 28)	18,489	5,389	6,883
	$ 325,794	$ 345,732	$ 627,597
Contractual liabilities - current			
Product sales	$ 6,588	$ 8,798	$ 8,163

XXI. Profit

(I) Interest income

	2023	2022
Bank deposits	$ 18,789	$ 8,966

(II) Other income

	2023	2022
Sales revenue	$ 2,271	2,960
Others	9,394	8,337
	$ 11,665	$ 11,297

(III) Other gains and losses

	2023	2022
Net gain on financial assets measured at fair value through profit and loss	$ -	$ 5,872
Gains on disposal of subsidiaries	11,291	-
Gain (loss) on disposal of property, plant and equipment	(20)	5
Net foreign currency exchange gain	6,623	39,712
Profit from lease modification	4	-
Others	(662)	(658)
	$ 17,236	$ 44,931

(IV) Financial cost

	2023	2022
Bank loan interest	$ 5,670	$ 1,023
Lease liability interest	18	11
	$ 5,688	$ 1,034

(V) Reversal of impairment loss

	2023	2022
Inventories (included in operating costs)	($ 795)	$ 8,539

(VI) Depreciation and amortization

	2023	2022
Summary of depreciation expenses by function		
Operating costs	$ 512	$ 912
Operating expenses	12,747	7,998
	$ 13,259	$ 8,910
Summary of amortization expenses by function		
Operating costs	$ 186	$ 527
Operating expenses	6,022	5,652
	$ 6,208	$ 6,179

Please refer to Note 14 for information on the allocation of intangible asset amortization expenses to each unit item.

(VII) Employee benefits

	2023	2022
Post-employment benefits		
Defined contribution plan	$ 3,653	$ 3,589
Defined welfare plan (note 18)	(81)	(40)
	3,572	3,549
Other employee benefits	116,382	155,110
Total employee benefits	$ 119,954	$ 158,659
Summary by function		
Operating costs	$ 17,840	$ 16,557
Operating expenses	102,114	142,102
	$ 119,954	$ 158,659

(VII) Remuneration of employees, directors and supervisors

In accordance with the Articles of Association, after making up the losses with the pre-tax profit of the current year, the Company appropriates 5% to 15% of the balance as the employees' remuneration, and no more than 2% as the directors' remuneration.

The board resolutions on the estimated 2023 and 2022 employees' remuneration and directors' remuneration made on March 5, 2024 and March 14, 2023 respectively are as follows:

Estimated proportion

	2023	2022
Employees' remuneration	10.062%	10%
Directors' remuneration	1.006%	1%

Amount

	2023	2022
	Cash	Cash
Employees' remuneration	$ 34,642	$ 64,707
Directors' remuneration	3,464	6,471

If there is still any change in the amount after the issuance date of the annual individual financial statements, it shall be handled according to the change of accounting estimate and adjusted and recorded in the next year.

There is no difference between the actual distribution amount of employees' remuneration and directors' and supervisors' remuneration in 2022 and 2021 and the amount recognized in the consolidated financial statements in 2022 and 2021.

Please visit the "Market Observation Post System" of the Taiwan Stock Exchange Corporation for the Company's board resolution on the employees' remuneration and directors' and supervisors' remuneration.

XXII. Income tax

(I) The main components of income tax expenses recognized as profit and loss are as follows:

	2023	2022
Income tax of the current period		
Generated in the current year	$ 39,542	$ 89,524
Adjustment for previous years	(6,929)	(12,486)
	32,613	77,038
Deferred income tax		
Generated in the current year	(4,594)	3,569
Adjustment for previous years	411	(1,243)
Income tax expenses recognized as profit and loss	$ 28,430	$ 79,364

The adjustments to accounting income and income tax expense are as follows:

	2023	2022
Profit before tax	$ 306,179	$ 575,892
Income tax expense on net income before income tax at statutory tax rate	$ 61,236	$ 115,178
Non-deductible expenses for tax purposes	131	-
Tax exempt income	(10,376)	(21,076)
Unrecognized temporary differences	(16,050)	3
Adjustment to current income tax expense of previous years in the current year	(6,518)	(13,729)
Others	7	(1,012)
Income tax expenses recognized as profit and loss	$ 28,430	$ 79,364

(II) Income tax assets and liabilities of the current period

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refund receivable	$ 6,985	$ -
Current income tax liabilities		
Income tax payable	$ -	$ 45,091

(III) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

	Beginning balance	Recognized as profit or loss	Ending balance
Deferred income tax assets			
Temporary difference			
Unrealized exchange loss	$ -	$ 1,668	$ 1,668
Allowance for inventory valuation loss and sluggish loss	24,475	159	24,634
Loss allowance	2,703	40	2,743
Unrealized gross profit on sales	1,449	(1,205)	244
	$ 28,627	$ 662	$ 29,289
Deferred income tax liabilities			
Temporary difference			
Unrealized exchange gain	$ 3,521	($ 3,521)	$ -

2022

	Beginning balance	Recognized as profit or loss	Ending balance
Deferred income tax assets			
Temporary difference			
Allowance for inventory valuation loss and sluggish loss	$ 26,183	(1,708)	$ 24,475
Loss allowance	2,139	564	2,703
Unrealized gross profit on sales	-	1,449	1,449
	$ 28,322	$ 305	$ 28,627
Deferred income tax liabilities			
Temporary difference			
Unrealized exchange gain	$ 890	$ 2,631	$ 3,521

(IV) The deductible temporary difference amount of deferred income tax assets not recognized in the individual balance sheet

	December 31, 2023	December 31, 2022
Deductible temporary difference		
VII. Impairment loss of financial assets measured at fair value through other comprehensive income	$ 29,740	$ 29,740
Investment loss accounted for using equity method	-	92,216
	$ 29,740	$ 121,956

(V) Approved income tax

The tax filing of the Company up to 2021 has been approved by the tax collection authority.

XXIII. Earnings per share

The earnings used for calculating earnings per share and weighted average number of common shares are as follows:

Profit for the year

	2023	2022
Net income used to calculate basic and diluted earnings per share	$ 277,749	$ 496,528

Number of shares — Unit: thousand shares

	2023	2022
The weighted average number of common shares used for calculating basic earnings per share	66,227	63,944
Impact of potential common shares with dilution effect:		
Employees' remuneration	446	984
The weighted average number of common shares used for calculating diluted earnings per share	66,673	64,928

If the Company has the option to pay employees' remuneration in stock or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be issued in stock, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential common shares are diluted. When calculating the diluted earnings per share before the issuance of employees' remuneration shares in the next annual resolution, the dilution effect of such potential common shares shall also be considered.

XXIV. Share-based payment agreements

Employee stock option plan

The Company undertook a cash capital increase of 464 thousand shares through retained employee share subscriptions in May 2022, granted to employees of the Company meeting specific conditions.

The Company uses the Black-Scholes valuation model, and the input values used in the valuation model are as follows:

	May 2022
Projected volatility	34.26%
Risk free rate	0.1137%
Projected time to maturity	9 days
Strike price	NT$96
Grant date stock price	NT$96.07
Employee subscribed options	464 thousand shares

The remuneration cost recognized for 2022 was NT$979 thousand.

XXV. Disposal of subsidiaries

In September 2023, the Company disposed of Lockheart Holdings, losing control over the subsidiary. For a description of the disposal of Lockheart Holdings Ltd., please refer to Note 25 to the Company's 2023 consolidated financial statements.

XXVI. Capital risk management

Based on the characteristics of the current operation of the industry, the future development of the Company, and factors such as changes in the external environment, the Company plans the capital, research and development expenses, dividend payments and other needs in the future, so as to ensure that all enterprises in the group can improve the shareholder value in the long run by optimizing the debt and equity balance on the premise of continuing operation.

The key management of the Company reviews the capital structure of the group from time to time, including consideration of the cost of various types of capital and related risks. Based on the recommendation of the key management, the Company will balance its overall capital structure by paying dividends, issuing new shares, repurchasing shares, and issuing new bonds or repaying old bonds.

XXVII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Company believes that the book value of financial assets and financial liabilities not measured at fair value approaches its fair value or its fair value cannot be reliably measured.

(II) Fair value information - financial instruments not measured at fair value

1. Levels of fair value

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
- Domestic and foreign unlisted stocks	$ -	$ -	$ 40,895	$ 40,895

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
- Domestic and foreign unlisted stocks	$ -	$ -	$ 32,668	$ 32,668

2. Adjustment of Level 3 fair value measurement of financial instruments

2023

Financial assets	Financial assets measured at fair value through other comprehensive income Equity instruments
Beginning balance	$ 32,668
Recognized in other comprehensive income (Unrealized gains (losses) on financial assets at fair value through other comprehensive income)	6,977
Addition	1,250
Ending balance	$ 40,895

2022

Financial assets	Financial assets measured at fair value through other comprehensive income Equity instruments
Beginning balance	$ 41,886
Recognized in other comprehensive income (Unrealized gains (losses) on financial assets at fair value through other comprehensive income)	(9,218)
Ending balance	$ 32,668

3. Evaluation technology and input value of Level 3 fair value measurement

The fair value of unlisted stocks without an active market is assessed using the market approach.

The market approach refers to the estimation of the fair value of investment targets by referring to the transaction prices and related information that are comparable in the market.

(III) Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at amortized cost (note 1)	$ 942,378	$ 1,129,279
Financial assets measured at fair value through other comprehensive income		
Equity instrument investment	40,895	32,668
Financial liabilities		
Measured at amortized cost (note 2)	744,619	988,192

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including related parties), other receivables, other receivables (including related parties), and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, including accounts payable, accounts payable (including related parties), other payables, long-term borrowings due within one year, long-term borrowings, and guarantee deposits received.

(IV) Purpose and policy of financial risk management

The main financial instruments of the Company include equity and debt instrument investment, accounts receivable, accounts payable, loans and lease liabilities. The Financial Management Department of the Company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages the financial risks related to the operation of the Company by analyzing the internal risk report of the exposure according to the risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Company hedges risk exposure through derivative financial instruments to mitigate the impact of the risk. The use of derivative financial instruments is regulated by the policies adopted by the board meeting of the Company, which are the written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of residual working capital. The internal auditors continuously recheck the policy compliance and exposure limit. The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

The Financial Management Department reports to the board meeting after the completion of derivative trading.

1. Market risk

The main financial risks borne by the Company due to its operating activities are the risk from foreign currency exchange rate change (see (1) below), interest rate change risk (see (2) below) and other price changes (see (3) below).

There is no change in the exposure of the Company to the market risk of financial instruments and the management and measurement of such exposure.

(1) Exchange rate risk

The Companies are engaged in foreign currency denominated sales and purchase transactions, which result in exposure to exchange rate changes. The Company's management of exchange rate risk exposure is to use foreign exchange forward contracts to manage the risk within the scope of the regulations.

See note 32 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies and the book value of derivative instruments with exchange rate risk exposure on the balance sheet date.

Sensitivity analysis

The Company is mainly affected by the exchange rate fluctuations of US dollar.

The following table details the sensitivity analysis of the Company when the exchange rate of NT$ (functional currency) against each relevant foreign currency changes by 1%. 3% is the sensitivity ratio used by the Company to report exchange rate risk to the key management, and also represents the management's assessment of the reasonable possible range of changes in foreign currency exchange rate. The sensitivity analysis only includes the foreign currency items that are in circulation and foreign exchange forward contracts designated as cash flow hedging, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. The positive numbers in the following table represent the amount of net profit before tax that will increase when NT$ depreciates by 1% relative to each foreign currency; when NT$ appreciates by 1% relative to each relevant foreign currency, its impact on the net profit before tax will be a negative number of the same amount.

	The impact of USD	
	2023	2022
Profit and loss	$ 4,361	$ 3,471

The impact of foreign currency on profit and loss listed in the table above mainly comes from the USD denominated non-derivative financial assets and liabilities of the Company that are still in circulation on the balance sheet date with the cash flows unhedged.

The Company's sensitivity to US dollar exchange rate changes during the year is primarily due to a decrease in accounts payable denominated in US dollars.

(2) Interest rate risk

Interest rate exposure is caused by the fact that the Company borrow funds at both fixed and floating rates. The Company regularly evaluates the hedging activities to make them consistent with the interest rate view and the established risk appetite, so as to ensure that the most cost-effective hedging strategy is adopted.

The book values of the financial assets and financial liabilities of the Company subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value related interest rate risk		
- Financial assets	$ 381,877	$ 114,712
Cash flow related interest rate risk		
- Financial assets	196,298	667,551
- Financial liabilities	412,500	250,000

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, it is assumed that the amount of assets and liabilities outstanding on the balance sheet date is also outstanding during the reporting period. The rate of change used by the company to report interest rates to the key management is 100 basis points of increase or decrease in interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increases/decreases by 100 basis points, and all other variables remain unchanged, the Company's net profit before tax in 2023 will decrease/increase by NT$2,162 thousand, and its 2022 net profit before tax will increase/decrease by NT$4,176 thousand, mainly because of the changes of variable interest rate of bank deposits and variable interest rate bank borrowings of the Company.

The Company's sensitivity to exchange rate changes from for the current year is primarily due to a decrease in floating-rate bank deposits.

(III) Other price risks

Equity price exposure arising from investments in equity securities held by the Company. In addition, the Company appoints personnel to supervise the price risk and assess when it is necessary to increase the hedging position of the hedged risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price rises/falls by 1%, the other comprehensive income before tax in 2023 and 2022 will increase/decrease by NT$409 thousand and NT$327 thousand, respectively due to the rise/fall of the fair value of financial assets measured by fair value through other comprehensive income.

There was no significant change in the sensitivity of the Company to equity securities investment in the current year compared with the previous year.

2. Credit risk

Credit risk refers to the risk of the Company's financial loss caused by default of contractual obligations of the counterparty. As of the balance sheet date, the maximum credit risk exposures of the Company that may cause financial losses due to the performance failure of the counterparty and the financial guarantee provided by the Company mainly come from: the book value of financial assets recognized in the individual balance sheet.

In order to mitigate the credit risk, the management of the Company has assigned a dedicated team to be responsible for the decision of credit lines and credit approvals and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the unrecoverable accounts receivable have been included in appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

Accounts receivable cover many customers, scattered in different industries and geographical regions. The Company continuously evaluates the financial status of customers with accounts receivable.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support group operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank financing lines and ensures compliance with the terms of loan contracts.

Bank loans are an important source of liquidity for the Company. For the unused financing lines of the Company as of December 31, 2023 and 2022, see (2) below for the description of financing lines.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flow (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the Company. Therefore, the series of bank loans that the Company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities shall be prepared according to the agreed repayment date.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield curve on the balance sheet date.

December 31, 2023

	Payment at request or within 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
Non-derivative financial liabilities					
No-interest bearing liabilities	$ 107,284	$ 120,251	$ 89,999	$ -	$ -
Floating rate liabilities	28,757	1,159	88,968	139,597	196,552
	$ 136,041	$ 121,410	$ 178,967	$ 139,597	$ 196,552

Further information on the maturity analysis of floating rate liabilities is as follows:

	Less than 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	More than 20 years
Floating rate liabilities	$ 118,884	$ 139,597	$ 75,176	$ 69,645	$ 51,731	$ -

December 31, 2022

	Payment at request or within 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
Non-derivative financial liabilities					
No-interest bearing liabilities	$ 303,763	$ 326,864	$ 92,978	$ -	$ -
Floating rate liabilities	3,554	663	12,348	63,906	210,433
Lease liabilities	261	523	261	-	
	$ 307,578	$ 328,050	$ 105,587	$ 63,906	$ 210,433

Further information on the maturity analysis of floating rate liabilities is as follows:

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	More than 20 years
Floating rate liabilities	$ 16,565	$ 63,906	$ 75,270	$ 70,145	$ 65,018	$ -

The amount of floating rate instruments of the non-derivative financial liabilities above will change due to the difference between the floating rate and the estimated interest rate on the balance sheet date.

(2) Credit facilities

	December 31, 2023	December 31, 2022
Unsecured bank loan limit		
- Amount used	$ 185,336	$ 10,880
- Amount unused	1,112,464	1,087,040
	$ 1,297,800	$ 1,097,920
Secured bank loan limit		
- Amount used	$ 227,164	$ 239,120
- Amount unused	11,956	-
	$ 239,120	$ 239,120

XXVIII. Related party transactions

The transactions between the Company and its related parties are as follows.

(1) Name and relationship of related parties

Name of related party	Relationship with the consolidated company
GEMTEK Technology Co., Ltd.	Investor with significant influence
Gemtek Electronic (ChangShu) Co., Ltd.	Subsidiary (disposed of in September 2023)
SparkLAN Communications Inc.	Subsidiary
Ambo Electronic Technology (Changshu) Co., Ltd.	Subsidiary of investor with significant influence
Gemtek Electronics (Kunshan) Co., Ltd.	Subsidiary of investor with significant influence
Browan Communications Incorporation	Subsidiary of investor with significant influence

(II) Operating income

Type/name of related party	2023	2022
Investor with significant influence	$ -	$ 5
Subsidiary of investor with significant influence	7,434	12,966
Subsidiary	34,662	30,924
	$ 42,096	$ 43,895

There is no significant difference between the sales terms of the Company for the related parties above and those for regular customers.

(3) Purchase (including processing fee)

Type/name of related party	2023	2022
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 59,705	$ 105,324
Subsidiary of investor with significant influence		
Gemtek Electronic (ChangShu) Co., Ltd.	413	162,902
Gemtek Electronics (Kunshan) Co., Ltd.	48,557	6,137
	$ 108,675	$ 274,363

For the purchase cost of the related parties above, or the repurchase cost of such related parties with entrusted processing, there is no significant difference between the Company's trading terms and those for general suppliers.

(IV) Receivables from related parties (excluding loans to related parties)

Accounting item	Type/name of related party	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Subsidiary		
	SparkLAN Communications Inc.	$ 11,009	$ 5,389
	Subsidiary of investor with significant influence		
	Browan Communications Incorporation	7,480	-
		$ 18,489	$ 5,389

Outstanding receivables from related parties without collateral.

(V) Payables to related parties

Accounting item	Type/name of related party	December 31, 2023	December 31, 2022
Accounts payable - related parties	Investor with significant influence		
	GEMTEK Technology Co., Ltd.	$ 20,854	$ 23,076
	Subsidiary of investor with significant influence		
	Gemtek Electronics (Kunshan) Co., Ltd.	25,152	11,946
		$ 46,006	$ 35,022

Outstanding payables to related parties without collateral.

(VI) Lease agreement

Acquisition of right-of-use assets

Type/name of related party	2023	2022
Acquisition of right-of-use assets		
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 3,225	$ 3,123

Accounting item	Type/name of related party	December 31, 2023	December 31, 2022
Lease liabilities	Investor with significant influence GEMTEK Technology Co., Ltd.	$ -	$ 1,043

Type/name of related party	2023	2022
Interest expense		
Investor with significant influence	$ 18	$ 11
Profit from lease modification		
Investor with significant influence	$ 4	$ -

The Company leased warehouses and offices from GEMTEK Technology Co., Ltd. in 2023 and 2022 respectively with a lease term of 1 year. The rent was based on the rent level of similar assets, and fixed lease payments were made monthly in accordance with the lease agreement.

(VII) Other related party transactions

Type/name of related party	2023	2022
Information service fee		
Investor with significant influence	$ 603	$ 1,055

The payment for GEMTEK Technology Co., Ltd. for providing system information service to the Company. The payment term is determined by mutual agreement.

Creditor's rights and debts at the end of the period

The balance of other receivables from and payables to related parties (included in other payables) on the balance sheet date is as follows:

Type/name of related party	December 31, 2023	December 31, 2022
Other receivables		
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 40	$ 51
Subsidiary of investor with significant influence		
Gemtek Electronics (Kunshan) Co., Ltd.	90	452
	$ 130	$ 503
Other payables		
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 382	$ 376

Type/name of related party	December 31, 2023	December 31, 2022
Temporary credits		
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 17,000	$ 1,862
Subsidiary of investor with significant influence		
Gemtek Electronics (Kunshan) Co., Ltd.	12,631	1,194
	$ 29,631	$ 3,056

Other receivables of the Company from the related parties above are receivables for procurement. Other payables are advance money for others The temporary receipts are the temporary receipts generated from the processing transactions of the Company which will be written off against the processing accounts payable when the processing is completed.

(VIII) Remuneration of key management

	2023	2022
Short-term employee benefits	$ 31,910	$ 41,420
Post-employment benefits	502	573
	$ 32,412	$ 41,993

The remuneration of directors and other key management is determined by the Remuneration Committee according to individual performance and market trends.

XXIX. Assets pledged

The following assets have been provided as tariff guarantee for imported raw materials and security deposit for financing lines:

	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost - current	$ -	$ 24,639
Financial assets measured at amortized cost - non-current	4,445	4,430
Property, plant and equipment	486,098	416,866
	$ 490,543	$ 445,935

XXX. Significant contingent liabilities and unrecognized contractual commitments

Other than those stated in other notes, the major commitments and contingencies of the Company on the balance sheet date are as follows:

(1) The guarantee notes issued for the limit of the loan application, and the amount is NT$250,000 thousand.

(II) The engineering contract amount signed by the Company was NT$1,974 thousand (including tax), which the Company had not yet paid the price of NT$197 thousand as of December 31, 2023.

XXXI. Major subsequent events: None.

XXXII. Information on foreign currency financial assets and liabilities with significant impact

The following information is a summary of foreign currencies other than the individual functional currencies of the Company. The disclosed exchange rate refers to the exchange rate of such foreign currencies against functional currencies. Information on foreign currency financial assets and liabilities with significant impact:

December 31, 2023

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 22,098	30.705 (USD: NTD)	$ 678,496
Non-monetary items			
Financial assets measured at fair value through other comprehensive income			
USD	453	30.705 (USD: NTD)	$ 13,909
Foreign currency liabilities			
Monetary items			
USD	7,895	30.705 (USD: NTD)	$ 242,404

December 31, 2022

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 36,445	30.71 (USD: NTD)	$ 1,119,215
Non-monetary items			
Subsidiaries adopting the equity method			
USD	420	30.71 (USD: NTD)	$ 12,910
Financial assets measured at fair value through other comprehensive income			
USD	347	30.71 (USD: NTD)	10,646
			$ 23,556
Foreign currency liabilities			
Monetary items			
USD	25,142	30.71 (USD: NTD)	$ 772,115

Foreign currency exchange gains and losses with significant impact (realized and unrealized):

	2023		2022	
Foreign currency	Exchange rate	Net exchange loss	Exchange rate	Net exchange loss
USD	30.705(USD: NTD)	$ 6,623	30.71(USD: NTD)	$ 39,712

XXXIII. Disclosures in the Notes

(I) Major transactions:

1. Loans to others. (none)
2. Endorsements/guarantees. (none)
3. Securities held at the end of the period. (Table 1)
4. Cumulative amount of purchases or sales of the same securities reaching NT$300 million or 20% of the paid-in capital. (none)
5. Amount of real estate acquired reaching NT$300 million or 20% of the paid-in capital. (none)
6. Amount of real estate disposed of reaching NT$300 million or 20% of the paid-in capital. (none)
7. Amount of purchases or sales with related parties reaching NT$100 million or 20% of the paid-in capital. (none)
8. Amount of accounts receivable from related parties reaching NT$100 million or 20% of the paid-in capital. (none)
9. Engagement in derivative instrument transactions (none)

(II) Information on invested enterprises: (Table 2)

(III) Information on mainland investment

1. Name of the investee company in mainland China, main business items, paid-in capital, investment method, capital emitted in and out, shareholding ratio, investment profit and loss, period-end investment book value, repatriated investment profit or loss and investment limit in mainland China. (none)
2. Major transactions with the mainland China investee company directly or indirectly through a third region, and the prices, payment terms, and unrealized profits and losses: (none)
   (1) Purchase amount and percentage, and period-end balance and percentage of related payables.
   (2) Amount and percentage of goods sold, and period-end balance and percentage of related receivables.
   (3) The amount of asset transaction and the profit or loss arising therefrom.
   (4) The period-end balance and the purpose of bill endorsement/guarantee or provision of collateral.
   (5) The maximum balance of financing, the period-end balance, the interest rate range and the total interest of the current period.

(6) Other transactions that have a significant impact on the current income or financial position.

(IV) Information of major shareholders: Names, shareholdings and shareholding ratios of shareholders with more than 5% of shareholding. (Table 3)

AMPAK Technology, Inc.

Securities held at the end of the period.

December 31, 2023

Table 1

Unit: NT$ thousand unless otherwise specified

Holding company	Securities type and name	Relationship with the securities issuer	Accounting item	End of period				Remark
				Number of shares (thousand shares) or number of units (thousand units)	Book value	Shareholding percentage %	Fair value	
AMPAK Technology, Inc.	Stocks							
	PCL (Hsinchu) Co., Ltd.	The Company is its corporate director.	Financial assets measured at fair value through other comprehensive income - non-current	3,028	$ 25,158	18.14	$ 25,158	—
	Hoyao Technology, Inc.	〃	〃	200	1,828	19.05	1,828	—
	New Garden Co., Ltd.	None.	〃	3,333	13,909	6.67	13,909	note 2

Note 1: For information about investment in subsidiaries and associated enterprises, please refer to Table 3.

Note 2: It is converted at the exchange rate of USD: NTD=1:30.705 on the financial report date.

AMPAK Technology, Inc.

Information of the investee company, location, etc.

2023

Table 2

Unit: NT$ thousand unless otherwise specified

Name of investing company	Name of investee	Location	Major business items	Original investment amount		Holding at the end of the period			Current profit or loss of investee companies	Current recognized Investment profit and loss	Remarks
				End of the period	End of last year	Number of shares (thousand)	Ratio	Book value			
AMPAK Technology, Inc.	LOCKHEART HOLDINGS LTD.	Samoa	Trading business	$ -	$ 93,729	-	-	$ -	($ 348)	($ 348)	note 1
“	SparkLAN Communications Inc.	Taipei	Communications business	358,570	358,570	10,203	100.00	352,300	43,357	40,588	

Note 1: The Company sold the entire equity of Lockheart Holdings Ltd. in September 2023. Please refer to Note 25 for details.

AMPAK Technology, Inc.

Major Shareholder Information

December 31, 2023

Table 3

Name of major shareholders	Share	
	Shareholding	Shareholding percentage
GEMTEK Technology Co., Ltd.	20,000,595	30.20%
Cathay Life Insurance	3,571,000	5.39%

Note: Information of major shareholders in this schedule is calculated by Taiwan Depository & Clearing Corporation as of the last business day of the quarter for shareholders holding more than 5% of the Company's ordinary and preferred shares already registered in scripless form (including treasury shares). The Company's share capital recorded in the individual financial statements and the actual number of shares delivered without physical registration may exhibit differences or discrepancies due to their bases of preparation and calculation.

§ LIST OF KEY ACCOUNTING ITEMS §

AMPAK Technology, Inc.

Cash and cash equivalents

December 31, 2023

Table 1 Unit: NT$ thousand unless otherwise specified

Name	Summary	Amount
Cash on hand and working capital	note 1	$ 145
Bank checking accounts and demand deposit accounts	note 2	196,411
Bank term deposits with an original maturity in 3 months	note 3	248,736
		$ 445,292

Note 1: It includes USD1 thousand, RMB12 thousand and JPY9 thousand, which are converted into NT$81 thousand at the exchange rate of 30.705, 4.327 and 0.217 respectively.

Note 2: It includes USD4,913 thousand, EUR67 thousand, JPY170 thousand, and RMB127, which are converted into NT$153,718 thousand at the exchange rate of 30.705, 33.98, 0.217 and 4.327 respectively.

Note 3: It includes USD5,300 thousand, which is converted into NT$162,737 thousand at the exchange rate of 30.705.

AMPAK Technology, Inc.

Details of Financial Assets Measured at Amortized Cost - Current

December 31, 2023

Table 2 Unit: NT$ thousand

Item	Amount
Certificate of deposit - HSBC	$ 32,000
Certificate of deposit - O-Bank	58,000
Certificate of deposit - E.SUN Bank	30,000
Others (note)	8,696
Subtotal	$ 128,696

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

AMPAK Technology, Inc.

Details of Accounts Receivable

December 31, 2023

Table 3 Unit: NT$ thousand

Customer name	Summary	Amount
Non-related company -		
Company A	Payment for purchase	$ 86,239
Company B	〃	60,270
Company C	〃	35,720
Company D	〃	33,056
Company E	〃	23,318
Company F	〃	22,949
Company G	〃	19,208
Others (note)	〃	26,545
Less: Loss allowance		-
		$ 307,305
Related party -		
SparkLAN Communications Inc.	Payment for purchase	$ 11,009
Browan Communications Incorporation	〃	7,480
		$ 18,489

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

AMPAK Technology, Inc.

Details of Inventories

December 31, 2023

Table 4

Unit: NT$ thousand

Type	Summary	Cost	Net realizable value
Raw materials	PCB and IC	$ 822,871	$ 727,040
Work in progress	Cards and SIP	6,237	1,295
Finished products and commodities	Cards and SIP	106,488	84,088
Less: Allowance for inventory valuation loss		(123,173)	-
		$ 812,423	$ 812,423

AMPAK Technology, Inc.

Details of Financial Assets Measured at Amortized Cost - Non-current

December 31, 2023

Table 5 Unit: NT$ thousand

Item	Amount
Time Deposit - Land Bank of Taiwan	$ 4,445

AMPAK Technology, Inc.

Details of Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-current

January 1 to December 31, 2023

Table 6

Unit: thousand shares/NT$ thousand

Name	Beginning balance		Increase in the period		Decrease in the period		Financial assets for the year Valuation not realized	Ending balance		Guarantee
	Number of shares or units	Fair value	Number of shares or units	Amount	Number of shares or units	Amount	Profit (loss)	Number of shares or units	Fair value	or pledge
PCL (Hsinchu) Co., Ltd.	3,028	$ 21,404	-	$ -	-	$ -	$ 3,754	3,028	$ 25,158	None
New Garden Cayman	3,333	10,646	-	-	-	-	3,263	3,333	13,909	"
Hoyao Technology, Inc.	150	618	50	1,250	-	-	(40)	200	1,828	"
		$ 32,668		$ 1,250		$ -	$ 6,977		$ 40,895	

AMPAK Technology, Inc.

Details of Investment Changes Accounted for Using the Equity Method

January 1 to December 31, 2023

Table 7

Unit: thousand shares/NT$ thousand

	Beginning balance		Increase in the period		Decrease in the period (note 3)			Investment profit and loss	Cumulative translation	Subsidiary Others Share of comprehensive income		Ending balance			Market value or net value of equity (note 2)		Guarantee or
	Shareholding	Amount	number of shares	Amount	number of shares	Amount	Capital surplus	(note 1)	Adjustment	(note 1)	Cash dividend	number of shares	Shareholding percentage %	Amount	Unit price (NT$)	Total	Pledge status
Long term equity investment adopting the equity method																	
Lockheart Holdings Co., Ltd.	3,000	$ 12,910	-	$ -	(3,000)	($ 13,111)	$ -	($ 348)	$ 549	$ -	$ -	-	-	$ -		$ -	None
SparkLAN Communications Inc.	10,203	413,658	-	-	-	-	-	40,588	-	88	(102,034)	10,203	100.00	352,300	29.81	304,123	〃
		$ 426,568		$ -		($ 13,111)	$ -	$ 40,240	$ 549	$ 88	($ 102,034)			$ 352,300		$ 304,123	

Note 1: The calculation is based on the financial statements audited by a CPA of the investee company for 2023.

Note 2: The net equity value is mainly calculated based on the financial statements of the investee company and the shareholding ratio of the Company.

Note 3: The decrease in the current period is a result of the Company sold the entire equity of Lockheart Holdings Ltd. in September 2023.

AMPAK Technology, Inc.

Details of Accounts Payable

December 31, 2023

Table 8 Unit: NT$ thousand

Customer name	Summary	Amount
Not a related party		
Company A	Payment for purchase	$ 87,882
Company B	〃	17,333
Company C	〃	7,492
Others (note)	〃	33,938
		$ 146,645
Related party		
GEMTEK Technology Co., Ltd.	〃	$ 20,854
Gemtek Electronics (Kunshan) Co., Ltd.	〃	25,152
		$ 46,006

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

AMPAK Technology, Inc.

Statement of long-term borrowings

December 31, 2023

Table 9

Unit: NT$ thousand

Type of credit	Duration of contract	Interest rate per annum (%)	Ending balance	Credit facilities	Pledge or guarantee
Bank loans					
E.Sun Bank	2022/10/07~2042/10/07	1.77%	$ 227,164	$ 239,120	Property, plants, and equipment
E.Sun Bank	2022/10/07~2042/10/07	1.77%	10,336	10,880	None
Yuanta Bank	2023/07/17~2025/07/17	1.90%	175,000	200,000	None
			$ 412,500	$ 450,000	

AMPAK Technology, Inc.

Details of Business Revenue

2023

Table 10 Unit: NT$ thousand/thousand units

Item	Quantity	Amount
Wireless communication module	18,187	$ 1,893,208
Others	-	46,486
		$ 1,939,694

AMPAK Technology, Inc.

Details of Business Cost

2023

Table 11 Unit: NT$ thousand

Item	Amount
Manufacturing industry	
Raw materials at the beginning of the period	$ 1,019,846
Incoming materials in the current period	1,258,747
Less: Raw materials at the end of the period	(822,871)
Others	20,171
Direct raw materials	1,475,893
Manufacturing expenses	33,311
Manufacturing cost	1,509,204
Plus: WIP at the beginning of the period	9,463
Less: WIP at the end of the period	(6,237)
Others	(61,919)
Finished product cost	1,450,511
Add: Finished products at the beginning of the period	171,369
Less: Finished products at the end of the period	(106,488)
Others	(1,577)
Production and sales cost	1,513,815
Allowance for inventory valuation loss and sluggish loss	795
Other operating costs	18,801
Operating costs	$ 1,533,411

AMPAK Technology, Inc.

Details of operating expenses - marketing expenses

2023

Table 12 Unit: NT$ thousand

Item	Amount
Salary expenditure	$ 9,688
Insurance premium	2,740
Amortization expense	1,006
Import/export expenses	886
Others (note)	2,067
	$ 16,387

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

AMPAK Technology, Inc.

Details of operating expenses - administrative expenses

2023

Table 13 Unit: NT$ thousand

Item	Amount
Salary expenditure	$ 29,334
Depreciation expense	6,002
Service expenses	6,374
Miscellaneous expenses	3,017
Others (note)	8,012
	$ 52,739

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

AMPAK Technology, Inc.

Details of operating expenses - R&D expenses

2023

Table 14 Unit: NT$ thousand

Item	Amount
Salary expenditure	$ 52,734
Processing test fee	34,068
Depreciation expense	6,463
Others (note)	19,955
	$ 113,220

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

AMPAK Technology, Inc.

Function summary of employee benefits, depreciation and amortization expenses incurred in the current period

January 1 to December 31, 2023 and 2022

Table 15

Unit: NT$ thousand

	2023			2022		
	Under operating costs	Under operating expenses	Total	Under operating costs	Under operating expenses	Total
Employee benefit expenses (note)						
Salary expenses	$ 15,453	$ 85,302	$ 100,755	$ 14,741	$ 120,501	$ 135,242
Labor national health insurance expenses	1,201	6,310	7,511	818	6,188	7,006
Pension expenses	582	2,990	3,572	505	3,044	3,549
Directors' remuneration	-	3,464	3,464	-	6,471	6,471
Other employee benefit expenses	604	4,048	4,652	493	5,898	6,391
	$ 17,840	$ 102,114	$ 119,954	$ 16,557	$ 142,102	$ 158,659
Depreciation expense	$ 512	$ 12,747	$ 13,259	$ 912	$ 7,998	$ 8,910
Amortization expense	$ 186	$ 6,022	$ 6,208	$ 527	$ 5,652	$ 6,179

Note 1: As of December 31, 2021 and 2022, the average number of employees of the Company was 87 and 85 respectively, of which the number of directors who did not serve concurrently as employees was 5 and 5 respectively.

Note 2: The average employee welfare expenses in 2023 and 2022 were NT$1,421 thousand and NT$1,902 thousand respectively, and the average employee salary expenses in 2023 and 2022 were NT$1,229 thousand and NT$1,691 thousand respectively. The average employee salary expenses decreased by 27%.

Note 3: The Company no longer has supervisors, and the Audit Committee has replaced the supervisors in accordance with laws and regulations.

Note 4: The Company's remuneration policy is as follows:

(I) Directors

In accordance with Article 18 of the Articles of Association, the Company shall allocate 5% to 15% as employees' remuneration and no more than 2% as directors' remuneration if it has any profit before tax in the current year. However, if the Company still has a cumulative loss, the amount for compensation shall be retained first. The aforesaid ratio shall be determined by a resolution of the board meeting with the presence of at least two-thirds of the directors, and the consent of a majority of the directors present, and the resolution shall be reported to the shareholders' meeting. In addition, the Company's "Measures for the Performance Evaluation of the Board of Directors" shall be used as a reference for the approval of directors' remuneration.

(II) Managerial Officers

The compensation level of the Company's managers must be competitive in the same industry to attract external talents and stabilize internal talents. Managers' individual compensation levels are differentiated according to their responsibilities and performance to encourage managers to assume their responsibilities and achieve performance targets. Managers are responsible for the business performance, and the long-term and short-term performance of the Company should be taken into account for the incentives.

(III) Employees

The overall compensation of the Company's employees is based on the principle of both internal fairness and external competitiveness, and includes fixed compensation and variable compensation. The Company will immediately pay bonuses to share operational achievements with employees to attract, motivate and retain talents. In accordance with the Articles of Association of the Company, the Company shall set aside 5% to 15% of its annual net profit before tax, before deducting employee remuneration and directors' and supervisors' remuneration, as employees' remuneration. The individual salary of employees shall be assessed according to their job responsibilities and professional skills, and the bonus and employees' remuneration shall be awarded for the comprehensive personal performance and contribution.