KYE Systems Corp.

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

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
KYE Systems Corp.

Opinion

We have audited the accompanying parent company only financial statements of KYE Systems Corp. (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.

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.

Key audit matters of the Company's financial statements for the year ended December 31, 2023 are stated as follows:

Occurrence of Recognition of Operating Revenue

At the year ended December 31, 2023, the Company's revenue decreased compare to the year ended December 31, 2022. In 2023, among part of the Company's customers have substantial growth in operating revenue than previous year. Since the amount and proportion are significant, therefore, we consider the recognition of operating revenue growth with customers sales, which have substantial growth in operating revenue than previous year as a key audit matter. Please refer to Notes 4 and 17 to the parent company only financial statements for the relevant accounting policy.

The key audit procedures performed in respect of the above area included obtaining on understanding of the Company's policies procedures and internal controls for revenue recognition and tested the effectiveness and efficiency of operations of the key controls over the occurrence of revenue recognize. We analyzed the sales customers, which mentioned above, with the reason for the change in operating revenue. We selected the sample transactions of the sales customers, which mentioned above, in the sales records for substantive tests and confirmed them with the supporting shipping documents, and verified the collection after the reporting period in order to confirm the occurrence of the operating revenues. We confirmed whether significant sales returns of discounts occurred after reporting period.

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 KYE Systems Corp. 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 KYE Systems Corp.'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 KYE Systems Corp.'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 KYE Systems Corp. 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 KYE Systems Corp. 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 Yao-Lin Huang and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

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

The accompanying 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

KYE SYSTEMS CORP.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 456,356	15	$ 383,170	12
Notes and accounts receivables (Notes 4, 8, 17 and 23)	52,944	2	58,526	2
Other receivables (Notes 4, 14 and 23)	470,529	15	475,993	16
Current tax assets (Note 4)	-	-	13,596	-
Inventories (Notes 4 and 9)	25,602	1	84,422	3
Prepayments	800	-	1,150	-
Other current assets	32,957	1	32,901	1
Total current assets	1,039,188	34	1,049,758	34
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 10)	40,340	1	27,527	1
Investments accounted for using the equity method (Notes 4 and 10)	1,509,259	49	1,463,719	48
Property, plant and equipment (Notes 4, 11 and 24)	412,379	13	414,636	14
Right-of-use assets (Notes 4 and 12)	329	-	421	-
Deferred tax assets (Notes 4 and 19)	81,149	3	86,480	3
Other non-current assets (Note 4)	12,745	-	15,514	-
Total non-current assets	2,056,201	66	2,008,297	66
TOTAL	$ 3,095,389	100	$ 3,058,055	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes and accounts payables (Notes 13 and 23)	$ 38	-	$ 3,618	-
Other payables (Notes 14 and 23)	33,860	1	32,087	1
Current tax liabilities (Notes 4 and 19)	10,190	-	-	-
Lease liabilities - current (Notes 4 and 12)	92	-	90	-
Other current liabilities (Note 23)	48,042	2	60,316	2
Total current liabilities	92,222	3	96,111	3
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	15,291	1	15,288	1
Lease liabilities - non-current (Notes 4 and 12)	243	-	335	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	2,069	-	5,283	-
Other non-current liabilities (Note 4)	758	-	719	-
Total non-current liabilities	18,361	1	21,625	1
Total liabilities	110,583	4	117,736	4
EQUITY (Note 16)				
Share capital				
Ordinary shares	2,215,285	71	2,215,285	72
Capital reserves	227,216	7	270,903	9
Retained earnings				
Legal reserves	451,653	15	448,031	15
Special reserves	639,147	21	609,031	20
Unappropriated earnings (Notes 4, 7 and 10)	75,387	2	36,216	1
Total retained earnings	1,166,187	38	1,093,278	36
Other equity (Notes 4, 7 and 10)	(623,882)	(20)	(639,147)	(21)
Total equity	2,984,806	96	2,940,319	96
TOTAL	$ 3,095,389	100	$ 3,058,055	100

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

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
TOTAL OPERATING REVENUE	$ 532,036	103	$ 554,267	103
SALES RETURNS AND DISCOUNTS	13,105	3	15,963	3
NET OPERATING REVENUE (Notes 4, 17 and 23)	518,931	100	538,304	100
OPERATING COST (Notes 4, 9, 18 and 23)	369,934	71	392,730	73
GROSS PROFIT	148,997	29	145,574	27
OPERATING EXPENSES (Notes 8, 15 and 18)				
Selling and marketing expenses	32,018	6	29,747	5
General and administrative expenses	94,716	18	90,215	17
Research and development expenses	1,377	1	2,099	-
Expected credit loss (gain)	228	-	(391)	-
Total operating expenses	128,339	25	121,670	22
PROFIT FROM OPERATIONS	20,658	4	23,904	5
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Notes 4 and 10)	47,440	9	15,292	3
Other gains and losses (Notes 18 and 26)	13,992	3	17,899	3
Interest income	6,351	1	842	-
Interest expense	(41)	-	(106)	-
Total non-operating income and expenses	67,742	13	33,927	6
PROFIT BEFORE INCOME TAX	88,400	17	57,831	11
INCOME TAX EXPENSE (Notes 4 and 19)	16,199	3	3,423	1
NET PROFIT FOR THE YEAR	72,201	14	54,408	10

(Continued)

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	$ 776	-	$ 5,313	1
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	12,813	2	(16,936)	(3)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 10)	4,655	1	(60,675)	(11)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 19)	(791)	-	24,984	4
	17,453	3	(47,314)	(9)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	(1,596)	-	69,392	13
Income tax related to items that may be reclassified subsequently to profit or loss (Note 19)	116	-	(12,217)	(2)
	(1,480)	-	57,175	11
Other comprehensive income for the year, net of income tax	15,973	3	9,861	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 88,174	17	$ 64,269	12
EARNINGS PER SHARE (Note 20)				
Basic	$ 0.33		$ 0.25	
Diluted	$ 0.33		$ 0.25	

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

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Share Capital	Capital Reserves	Legal Reserves	Special Reserves	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Profit (Loss) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total
BALANCE AT JANUARY 1, 2022	$ 2,215,285	$ 309,638	$ 442,525	$ 559,471	$ 55,066	$ (66,113)	$ (601,087)	$ 2,914,785
Appropriation of 2021 earnings								
Legal reserves	-	-	5,506	-	(5,506)	-	-	-
Special reserves	-	-	-	49,560	(49,560)	-	-	-
Changes in associates accounted for using the equity method	-	5,571	-	-	-	-	-	5,571
Cash dividends distributed from capital surplus	-	(44,306)	-	-	-	-	-	(44,306)
Net profit for the year ended December 31, 2022	-	-	-	-	54,408	-	-	54,408
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,250	57,175	(51,564)	9,861
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	58,658	57,175	(51,564)	64,269
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(22,442)	-	22,442	-
BALANCE AT DECEMBER 31, 2022	2,215,285	270,903	448,031	609,031	36,216	(8,938)	(630,209)	2,940,319
Appropriation of 2022 earnings								
Legal reserves	-	-	3,622	-	(3,622)	-	-	-
Special reserves	-	-	-	30,116	(30,116)	-	-	-
Changes in associates accounted for using the equity method	-	619	-	-	-	-	-	619
Cash dividends distributed from capital surplus	-	(44,306)	-	-	-	-	-	(44,306)
Net profit for the year ended December 31, 2023	-	-	-	-	72,201	-	-	72,201
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	622	(1,480)	16,831	15,973
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	72,823	(1,480)	16,831	88,174
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	86	-	(86)	-
BALANCE AT DECEMBER 31, 2023	$ 2,215,285	$ 227,216	$ 451,653	$ 639,147	$ 75,387	$ (10,418)	$ (613,464)	$ 2,984,806

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

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	$ 88,400	$ 57,831
Adjustments for:		
Share of loss of subsidiaries and associates	(47,440)	(15,292)
Profit on reversal of losses from preparation of materials	(12,600)	(14,100)
Write-down of inventories (profit on recovery of net realizable value)	(12,200)	7,800
Interest income	(6,351)	(842)
Depreciation expense	5,277	6,225
Amortization expense	3,692	1,545
Dividend income	(3,043)	(1,655)
Expected credit loss recognized (reversal) on accounts receivables	228	(391)
Unrealized loss on foreign currency exchange, net	88	3,758
Interest expense	41	106
Gain on disposal of investments	-	(6,358)
Changes in operating assets and liabilities		
Notes and accounts receivable	4,731	22,434
Other receivables	5,464	90,119
Inventories	71,020	142,496
Prepayments	350	2,007
Other current assets	196	4,404
Notes and accounts payable	(3,522)	(27,622)
Other payables	1,903	(6,830)
Other current liabilities	673	448
Net defined benefit liabilities	(2,399)	(16,645)
Cash generated from operations	94,508	249,438
Interest received	6,099	799
Dividends received	3,043	1,655
Income tax received (paid)	12,246	(3,112)
Net cash generated from operating activities	115,896	248,780
CASH FLOW FROM INVESTING ACTIVITIES		
Dividends received from subsidiaries and associates	5,578	3,982
Acquisition of property, plant and equipment	(2,928)	(334)
Increase in other non-current assets	(923)	(5,589)
Acquisition of investments accounted for using the equity method	-	(125,000)
Disposal of investments accounted for using the equity method	-	10,169
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	6,577
Disposal of financial assets at fair value through other comprehensive income	-	4,536
Net cash generated from (used in) investing activities	1,727	(105,659)

(Continued)

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	$ (44,306)	$ (44,306)
Repayment of the principal portion of lease liabilities	(90)	(4,597)
Interest paid	(41)	(121)
Decrease in guarantee deposits received	-	(677)
Net cash used in financing activities	(44,437)	(49,701)
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,186	93,420
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	383,170	289,750
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 456,356	$ 383,170

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

KYE SYSTEMS CORP.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

KYE Systems Corporation (the “Company”) was incorporated in November 1983. The Company was formerly known as KYE Enterprise Co., Ltd., and was renamed as KYE Systems Corp. in November 1988 and becoming a public company in 1991. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 3, 1997.

The Company is mainly engaged in the manufacturing, processing and trading of computer peripheral products such as computer mice, keyboards and card readers, video image products such as network and security cameras, and consumer electronic products such as headphone speakers and game console peripherals.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 12, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of above standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and other regulations.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories consist of raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost plus or less the difference allocated. The price of inventories is calculated based on the standard cost in the ordinary course of business and is adjusted on the accounting date to make it approximate to the cost calculated using the weighted-average cost method.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary, the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equal or exceeds its interest in that associate, the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. The impairment loss recognized is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful life, such part is accounted for in depreciation over the lease term. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units to which allocation on a reasonable and consistent basis can be made.

The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

   a) Measurement categories

      Financial assets are classified into the following categories: Financial assets at amortized cost and equity instruments at FVTOCI.

      i. Financial assets at amortized cost

         Financial assets that meet the following conditions are subsequently measured at amortized cost:

         i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

         Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and deposits received, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

         Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

         i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

         ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

         A financial asset is credit impaired when one or more of the following events have occurred:

         i) Significant financial difficulty of the issuer or the borrower;

         ii) Breach of contract, such as a default;

         iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company identifies a financial asset as being in default when internal or external information suggests that the debtor is unlikely to fulfill its obligations to creditors, irrespective of any collateral held by the Company.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of computer equipment. Sales of computer equipment are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services is income arising from the rendering of services under a contract and is recognized based on the degree of completion of the contract.

k. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term caused a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

l. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost including current service cost, and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

m. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the military conflict between Russia and Ukraine on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 1,220	$ 1,290
Checking accounts and demand deposits	124,949	187,309
Cash equivalents		
Time deposits	144,680	-
Repurchase agreements collateralized by commercial papers	185,507	194,571
	$ 456,356	$ 383,170

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Non-current		
Investments in equity instruments at FVTOCI		
Domestic unlisted ordinary shares	$ 25,432	$ 12,360
Domestic unlisted preference shares	9,100	9,100
Domestic listed ordinary shares	5,808	6,067
	$ 40,340	$ 27,527

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these equity instruments investment as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2022, the Company sold its shares in Ta Shee Resort Co., Ltd. in order to adjust investment portion. The shares sold had a fair value of $4,536 thousand and its related unrealized valuation gain of $4,526 thousand was transferred from other equity to retained earnings.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLES

	December 31	
	2023	2022
Notes and accounts receivable		
At amortized cost		
Gross carrying amount	$ 53,458	$ 58,812
Less: Allowance for impairment loss	(514)	(286)
	$ 52,944	$ 58,526

The average credit period of sales of goods is 60 days, and no interest is charged on unpaid accounts receivable.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits and credit approvals to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables based on the Company's provision matrix:

December 31, 2023

	Account Age of No More than 60 Days	Account Age of 61-90 Days	Account Age of 91-120 Days	Account Age of More than 120 Days	Total
Expected credit loss rate	0%-1%	1%-5%	5%-10%	100%	
Gross carrying amount	$ 42,391	$ 11,012	$ 30	$ 25	$ 53,458
Loss allowance (Lifetime ECLs)	(156)	(330)	(3)	(25)	(514)
Amortized cost	$ 42,235	$ 10,682	$ 27	$ -	$ 52,944

December 31, 2022

	Account Age of No More than 60 Days	Account Age of 61-90 Days	Account Age of 91-120 Days	Account Age of More than 120 Days	Total
Expected credit loss rate	0%-1%	1%-5%	5%-10%	100%	
Gross carrying amount	$ 54,352	$ 4,394	$ 66	$ -	$ 58,812
Loss allowance (Lifetime ECLs)	(148)	(132)	(6)	-	(286)
Amortized cost	$ 54,204	$ 4,262	$ 60	$ -	$ 58,526

The movements of the loss allowance of notes and trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 286	$ 677
Add: Impairment loss	228	-
Less: Net remeasurement of loss allowance	-	(391)
Balance at December 31	$ 514	$ 286

9. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 25,602	$ 54,811
Work in progress	-	7,159
Raw materials	-	22,452
	$ 25,602	$ 84,422

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 394,734	$ 399,030
Profit on reversal of losses from preparation of materials	(12,600)	(14,100)
Reversal of write-downs of inventory	(12,200)	7,800
	$ 369,934	$ 392,730

Inventory write-downs were reversed as a result of inventories destocking.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 1,174,383	$ 1,127,645
Investments in associates	334,876	336,074
	$ 1,509,259	$ 1,463,719

a. Investments in subsidiaries

	December 31			
	2023		2022	
Name of Subsidiary	**Amount**	**Shareholding (%)**	**Amount**	**Shareholding (%)**
Genius Holding Co., Ltd.	$ 355,690	100.00	$ 301,286	100.00
Chung-Chiang Investment Co., Ltd.	207,222	100.00	205,897	100.00
Hung-Cheng Investment Co., Ltd.	52,413	100.00	48,793	100.00
KYE International Corporation	2,203	100.00	3,524	100.00
KYE Systems (Hong Kong) Corporation Limited	9,482	100.00	9,504	100.00
Digilife Technologies Co., Ltd.	547,373	94.61	558,641	94.61
	$ 1,174,383		$ 1,127,645	

Chung-Chiang Investment Co., Ltd., the Company's subsidiary, carried out cash capital increases in March and April 2022. The Company purchased 2,000 thousand and 3,500 thousand shares, with shareholding remaining at 100%, respectively.

The Company's subsidiary Hung-Cheng Investment Co., Ltd. adjusted its investment position in 2023 and 2022, and sold financial assets measured at fair value through other comprehensive gains and losses at fair value of $1,199 thousand and $58 thousand respectively. Related other equity - unrealized profit on financial assets measured at fair value through other comprehensive gains and losses for $86 thousand and $3 thousand were transferred to retained earnings.

b. Investments in associates

	December 31	
	2023	2022
Materiality associates		
Timing Pharmaceutical Co., Ltd. (Timing Pharmaceutical Company)	$ 230,682	$ 223,170
Coretek Opto Corporation (Coretek Opto)	98,820	107,975
	329,502	331,145
Associates that are not individually material	5,374	4,929
	$ 334,876	$ 336,074

1) Material associates

Name of Associate	Proportion of Ownership and Voting Rights December 31 2023	2022
Timing Pharmaceutical Company	22.64%	22.64%
Coretek Opto	30.40%	30.40%

Refer to Table 4 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Company for equity accounting purposes.

Timing Pharmaceutical Company

	December 31 2023	2022
Current assets	$ 1,273,016	$ 1,082,496
Non-current assets	1,589,068	1,622,585
Current liabilities	(1,120,836)	(933,026)
Non-current liabilities	(390,077)	(435,882)
Equity	1,351,171	1,336,173
Non-controlling interests	(332,346)	(350,524)
	$ 1,018,825	$ 985,649
Proportion of the Company's ownership	22.64%	22.64%
Equity attributable to the Company	$ 230,682	$ 223,170
Carrying amount	$ 230,682	$ 223,170

	For the Year Ended December 31 2023	2022
Operating revenue	$ 1,346,273	$ 1,136,246
Net profit for the year	$ 51,627	$ 55,688
Other comprehensive loss	(3,659)	(967)
Total comprehensive income for the year	$ 47,968	$ 54,721
Dividends received from Timing Pharmaceutical Company	$ 3,889	$ 1,945

Coretek Opto

	December 31	
	2023	2022
Current assets	$ 256,269	$ 248,718
Non-current assets	186,450	198,685
Current liabilities	(115,040)	(97,334)
Non-current liabilities	(7,729)	-
Equity	$ 319,950	$ 350,069
Proportion of the Company's ownership	30.40%	30.40%
Equity attributable to the Company	$ 97,251	$ 106,406
Carrying amount	$ 98,820	$ 107,975

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 265,238	$ 319,973
Net loss for the year	$ (28,738)	$ (18,688)
Other comprehensive income (loss)	(1,305)	64
Total comprehensive loss for the year	$ (30,043)	$ (18,624)
Dividends received from Coretek Opto	$ -	$ -

Timing Pharmaceutical Company disposed financial assets measured at fair value through other comprehensive gains and losses in 2022. Therefore, the Company related other equity-unrealized losses on financial assets measured at fair value through other comprehensive gains and losses based on the shareholding ratio $22 thousand was transferred to retained earnings.

The Company purchased 7,000 thousand ordinary shares of Coretek Opto in March 2022 for $70,000 thousand. After the purchase, the Company's shareholding ratio increased to 29.30%. It has significant influence and is therefore reclassified from financial assets measured at fair value through other comprehensive gains and losses. Non-current to equity method investments, and a loss of $26,949 thousand on disposal of equity instruments measured at fair value through other comprehensive gains and losses is recognized and is classified as a deduction from retained earnings. Coretek Opto bought back 1,300 thousand treasury shares in April 2022, which increased the Company's shareholding ratio to 30.40% due to the decrease in the number of outstanding shares of Coretek Opto.

The Company holds 30.40% of the voting rights in Coretek Opto and is the single largest shareholder. After considering the amount and distribution of voting rights held by other shareholders, and the voting pattern of previous shareholders' meetings shows that other shareholders are not passive, the Company can not appoint more than half of the members of the governance unit, so it is unable to direct the relevant activities of Coretek Opto and therefore has no control. The company's management believes that it has only significant influence on Coretek Opto, so it is listed as an associate of the Company.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Profit (loss)	$ 544	$ (3,368)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	$ 544	$ (3,368)

Except for Timing Pharmaceutical Company, the investment accounted for using equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Timing Pharmaceutical Company, which have not been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Machine/ Equipment	Miscellaneous Equipment	Total
Cost					
Balance on January 1, 2023	$ 339,557	$ 171,905	$ 6,943	$ 32,501	$ 550,906
Additions	-	-	-	2,928	2,928
Disposals	-	-	(5,371)	(48)	(5,419)
Balance on December 31, 2023	$ 339,557	$ 171,905	$ 1,572	$ 35,381	$ 548,415
Accumulated depreciation and impairment					
Balance on January 1, 2023	$ 11,046	$ 90,295	$ 6,943	$ 27,986	$ 136,270
Disposals	-	-	(5,371)	(48)	(5,419)
Depreciation expenses	-	3,231	-	1,954	5,185
Balance on December 31, 2023	$ 11,046	$ 93,526	$ 1,572	$ 29,892	$ 136,036
Net amount on December 31, 2023	$ 328,511	$ 78,379	$ -	$ 5,489	$ 412,379
Cost					
Balance on January 1, 2022	$ 339,557	$ 171,905	$ 22,317	$ 155,778	$ 689,557
Additions	-	-	-	334	334
Disposals	-	-	(15,374)	(123,611)	(138,985)
Balance on December 31, 2022	$ 339,557	$ 171,905	$ 6,943	$ 32,501	$ 550,906
Accumulated depreciation and impairment					
Balance on January 1, 2022	$ 11,046	$ 87,064	$ 22,317	$ 150,009	$ 270,436
Disposals	-	-	(15,374)	(123,611)	(138,985)
Depreciation expenses	-	3,231	-	1,588	4,819
Balance on December 31, 2022	$ 11,046	$ 90,295	$ 6,943	$ 27,986	$ 136,270
Net amount on December 31, 2022	$ 328,511	$ 81,610	$ -	$ 4,515	$ 414,636

The property, plant and equipment of Company is accounted for in depreciation on a straight-line basis over the following useful lives:

Buildings and structures	50 to 55 years
Machine/equipment	3 years
Miscellaneous equipment	2 to 15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 24.

12. LEASE AGREEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Office equipment	$ 329	$ 421

	For the Year Ended December 31	
	2023	**2022**
Depreciation expense for right-of-use assets		
Buildings	$ -	$ 1,315
Office equipment	92	91
	$ 92	$ 1,406

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 92	$ 90
Non-current	$ 243	$ 335

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	**2022**
Office equipment	1.5%	1.5%

c. Material leasing activities and terms

The Company leases certain buildings, office equipment and transportation equipment with lease terms of 2019 to 2027. These arrangements does not contain renewal or purchase options at the end of the lease terms.

d. Other lease information

The Company's leases of certain office equipment qualify as short-term and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

As of December 31, 2023 and 2022, the Company didn't have any short-term lease commitment for which the recognition exemption applies.

13. ACCOUNTS PAYABLES

No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

14. OTHER RECEIVABLES - RELATED PARTIES AND OTHER PAYABLES

The advances the Company has provided primarily for purchase of materials from Dongguan Kunying Computer Products Co., Ltd., a subsidiary of KYE Inc., through KYE Trade (HK) Co., Ltd. are accounted for separately in other receivables - related parties and other payables.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed and defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligations	$ 19,763	$ 30,975
Fair value of plan assets	(17,694)	(25,692)
Deficit (surplus)	2,069	5,283
Net defined benefit liabilities	$ 2,069	$ 5,283

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligations	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance on January 1, 2022	$ 50,065	$ (22,989)	$ 27,076
Current service cost	54	-	54
Net interest expense (income)	183	(116)	67
Recognized in profit or loss	237	(116)	121
Remeasurement			
Return on plan assets (excluding any amount included in net interest)	-	(1,511)	(1,511)
Actuarial gain - changes in financial assumptions	(3,279)	-	(3,279)
Actuarial gain - experience adjustments	(523)	-	(523)
Recognized in other comprehensive income	(3,802)	(1,511)	(5,313)
Contributions from the employer	-	(3,101)	(3,101)
Benefits paid	(15,525)	2,025	(13,500)
Balance on December 31, 2022	30,975	(25,692)	5,283
Current service cost	-	-	-
Net interest expense (income)	465	(389)	76
Recognized in profit or loss	465	(389)	76
Remeasurement			
Return on plan assets (excluding any amount included in net interest)	-	(106)	(106)
Actuarial loss - changes in financial assumptions	278	-	278
Actuarial gain - experience adjustments	(948)	-	(948)
Recognized in other comprehensive income	(670)	(106)	(776)
Contributions from the employer	-	(2,514)	(2,514)
Benefits paid	(11,007)	11,007	-
Balance on December 31, 2023	$ 19,763	$ (17,694)	$ 2,069

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Selling and marketing expenses	$ 21	$ 25
General and administrative expenses	53	94
Research and development expenses	2	2
	$ 76	$ 121

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	**2022**
Discount rate	1.375%	1.500%
Expected rate of salary increase	2.250%	2.250%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (551)	$ (749)
0.25% decrease	$ 572	$ 776
Expected rate of salary increase		
0.25% increase	$ 556	$ 756
0.25% decrease	$ (539)	$ (733)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plan for the next year	$ 518	$ 533
Average duration of the defined benefit obligation	11.3 years	9.8 years

16. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands of shares)	390,000	390,000
Capital authorized	$ 3,900,000	$ 3,900,000
Number of shares issued and fully paid (in thousands of shares)	221,528	221,528
Capital issued and fully paid	$ 2,215,285	$ 2,215,285

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

The share capital retained from the authorized share capital for the issuance of employees' stock warrants is 25,000 shares.

b. Capital surplus

	December 31	
	2023	2022
Issuance of ordinary shares in excess of face value	$ 41,221	$ 85,527
Treasury share transactions	156,114	156,114
Long-term investments	29,881	29,262
	$ 227,216	$ 270,903

The capital surplus from shares issued in excess of par (including ordinary shares issued in excess of face value, share capital in excess of par from share issued due to mergers, and trading of treasury stocks, etc) and donations received may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

The effect of equity transaction recognized in capital surplus is attributable to changes in the Company's equity when the Company has not actually acquired or disposed of an equity interest in a subsidiary, or the adjustment of capital surplus of subsidiaries recognized by the Company under the equity method, which can only be used to offset a loss.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings dividends to shareholders. Dividends to shareholders are paid in the form of stock dividends or cash dividends, of which cash dividends shall not be less than 10% of the total amount of the dividends to shareholders, and the remaining shares shall be paid in the form of stock dividends. However, cash dividends of less than $0.1 per share shall not be paid and shall be paid in the form of stock dividends instead.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 18(d).

The shareholders of the Company held their regular meeting on June 21, 2019, and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The appropriation of the Company's earnings and loss carryforwards may be made after the end of each quarter.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 21, 2023 and June 9, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 3,622	$ 5,506
Special reserve	$ 30,116	$ 49,560

The Company also respectively resolved to distribute cash dividends to the shareholders in accordance with Article 241 of the Company Act in the shareholders' meeting on June 21, 2023 and June 9, 2022 to issue cash dividends of $44,306 thousand from the capital surplus.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 12, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 7,291
Reversal of special reserve	$ (15,265)
Cash dividends	$ 66,459
Cash dividends per share (NT$)	$ 0.3

The appropriation of earnings for 2023 will be resolved by the shareholders meeting to be held on June 21, 2024.

d. Other equity items

1) Exchange differences on translation of financial statements of foreign operations

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (8,938)	$ (66,113)
Recognized for the year		
Exchange differences on translation of financial statements of foreign operations	(548)	57,239
Share from associates accounted for using the equity method	(932)	(64)
Other comprehensive income recognized for the year	(1,480)	57,175
Balance at December 31	$ (10,418)	$ (8,938)

2) Unrealized profit (loss) on financial assets measured at FVTOCI

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (630,209)	$ (601,087)
Recognized for the year		
Unrealized profit (loss) - equity instruments	12,813	(16,936)
Share from subsidiaries and associates accounted for using the equity method	4,018	(34,628)
Other comprehensive income recognized for the year	16,831	(51,564)
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(86)	22,442
Balance at December 31	$ (613,464)	$ (630,209)

17. REVENUE

	For the Year Ended December 31	
	2023	**2022**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 518,931	$ 538,304

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Company eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of good.

b. Contract balances

	December 31, 2023	**December 31, 2022**	**January 1, 2022**
Total notes and accounts receivables (Note 8)	$ 53,458	$ 58,812	$ 82,013

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	**2022**
Mice	$ 226,012	$ 216,815
Keyboards	194,465	193,012
Speakers	67,717	100,019
Others	30,737	28,458
	$ 518,931	$ 538,304

18. NET PROFIT

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Dividends revenue	$ 3,043	$ 1,655
Net foreign exchange gains	737	5,652
Gain on disposal of financial products	-	3,850
Gain on disposal of associates accounted for using the equity method	-	2,508
Rental revenue	-	640
Other income and expenses	10,212	3,594
	$ 13,992	$ 17,899

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 5,185	$ 4,819
Right-of-use assets	92	1,406
Other non-current assets	3,692	1,545
	$ 8,969	$ 7,770
An analysis of depreciation by function		
Operating expense	$ 5,277	$ 6,225
An analysis of amortization by function		
Operating expense	$ 3,692	$ 1,545

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	$ 2,478	$ 2,203
Defined benefit plans (Note 15)	76	121
	2,554	2,324
Termination benefits	-	1,287
Other employee benefits	74,997	63,501
Total employee benefit expenses	$ 77,551	$ 67,112
An analysis of employee benefits expense by function		
Operating expenses	$ 77,551	$ 67,112

d. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 15%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 12, 2024 and March 14, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	2%	2%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	$ 1,823	$ 1,192
Remuneration of directors	$ 911	$ 596

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 10,828	$ -
Income tax on unappropriated earnings	19	-
Adjusted for prior year	693	(1,837)
	11,540	(1,837)
Deferred tax		
In respect of the current year	4,659	5,260
Income tax expense recognized in profit or loss	$ 16,199	$ 3,423

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 88,400	$ 57,831
Income tax expense calculated at the statutory rate	$ 17,680	$ 11,566
Unrecognized deductible temporary differences	(7,744)	3,039
Nondeductible expenses in determining taxable income and tax exempt income	5,551	(9,345)
Adjustments for prior years' tax	693	(1,837)
Income tax on unappropriated earnings	19	-
Income tax expense recognized in profit or loss	$ 16,199	$ 3,423

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	$ (636)	$ 26,047
Translation of foreign operations	116	(12,217)
Remeasurement of defined benefit plans	(155)	(1,063)
Income tax recognized in other comprehensive income	$ (675)	$ 12,767

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 11,020	$ (2,440)	$ -	$ 8,580
Defined benefit obligations	4,486	(487)	-	3,999
Other non-current assets	6,574	-	-	6,574
Investments accounted for using the equity method	16,075	159	-	16,234
FVTOCI financial assets	31,046	-	(636)	30,410
Deferred loss on purchase contracts	7,800	(2,520)	-	5,280

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Exchange differences on translation of financial statements of foreign operations	$ 9,047	$ -	$ 21	$ 9,068
Others	432	572	-	1,004
	$ 86,480	$ (4,716)	$ (615)	$ 81,149

Deferred tax liabilities

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange differences on translation of financial statements of foreign operations	$ 1,552	$ -	$ (95)	$ 1,457
Defined benefit obligations	3,430	-	155	3,585
Investments accounted for using the equity method	10,245	-	-	10,245
Others	61	(57)	-	4
	$ 15,288	$ (57)	$ 60	$ 15,291

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 9,460	$ 1,560	$ -	$ 11,020
Defined benefit obligations	7,782	(3,296)	-	4,486
Other non-current assets	7,650	(1,076)	-	6,574
Investments accounted for using the equity method	15,466	609	-	16,075
FVTOCI financial assets	13,513	(883)	18,416	31,046
Deferred loss on purchase contracts	10,620	(2,820)	-	7,800
Exchange differences on translation of financial statements of foreign operations	19,712	-	(10,665)	9,047
Others	175	257	-	432
	$ 84,378	$ (5,649)	$ 7,751	$ 86,480

(Continued)

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Exchange differences on translation of financial statements of foreign operations	$ -	$ -	$ 1,552	$ 1,552
Defined benefit obligations	2,367	-	1,063	3,430
Investments accounted for using the equity method	10,245	-	-	10,245
FVTOCI financial assets	7,631	-	(7,631)	-
Others	450	(389)	-	61
	$ 20,693	$ (389)	$ (5,016)	$ 15,288

(Concluded)

d. Income tax assessments

The income tax returns through 2021 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	2022
Net profit for the year	$ 72,201	$ 54,408
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 72,201	$ 54,408

Number of shares

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	221,528	221,528
Effect of potentially dilutive ordinary shares		
Compensation of employees	144	148
Weighted average number of ordinary shares used in the computation of diluted earnings per share	221,672	221,676

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Since the carrying amount of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, deposits paid, notes and accounts payable and other payables, is a reasonable approximation of fair value, its fair value is not disclosed.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ -	$ -	$ 5,808	$ 5,808
Domestic unlisted shares	-	-	34,532	34,532
	$ -	$ -	$ 40,340	$ 40,340

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ -	$ -	$ 6,067	$ 6,067
Domestic unlisted shares	-	-	21,460	21,460
	$ -	$ -	$ 27,527	$ 27,527

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTOCI
Balance at January 1, 2023	$ 27,527
Recognized in other comprehensive income	12,813
Balance at December 31, 2023	$ 40,340

For the year ended December 31, 2022

	Financial Assets at FVTOCI
Balance at January 1, 2022	$ 93,606
Recognized in other comprehensive income	(16,935)
Disposal	(42,567)
Share payments returned from capital reduction by investee companies	(6,577)
Balance at December 31, 2022	$ 27,527

3) Valuation techniques and inputs applied for Level 3 fair value measurement

For the domestic unlisted stocks held by the Company and measured at fair value, such fair value is determined by referring to the observable market price or to the comparable company. The fair value of the privately offered stocks of a domestic listed company is determined with an estimate using the option pricing model based on the observable market price of the target.

c. Categories of financial instruments

	December 31	
	2023	**2022**
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	$ 980,199	$ 917,807
Financial assets at FVTOCI		
Equity instruments	40,340	27,527
<u>Financial liabilities</u>		
Amortized cost (Note 2)	33,898	35,705

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, finance lease payments receivable, other receivables, other financial assets - current and deposits paid.

Note 2: The balance includes financial liabilities at amortized cost, which comprise notes payables and trade payables and other payables.

d. Financial risk management objectives and policies

The Company major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company’s policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Board of Directors of the Company.

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change to the Company’s exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk. Approximately 99% of the Company’s sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst incoming shipments are priced in functional currency. Exchange rate exposures are managed within approved policy parameters utilizing currency option management risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 26.

Sensitivity analysis

The Company is mainly exposed to the Currency USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	For the Year Ended December 31	
	2023	**2022**
Profit or loss (Note)	$ 1,452	$ 1,006

Note: The result was mainly attributable to the exposure on outstanding receivables in Currency USD that were not hedged at the end of the year.

The management considers that the sensitivity analysis cannot represent the inherent exchange rate risk. Since sales are seasonal, the foreign currency risk exposure on the balance sheet date cannot reflect the mid-year risk exposure.

b) Interest rate risk

The Company is exposed to interest rate risk because underwriting bank deposits at floating interest rates.

The carrying amounts of the Company's financial assets with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 330,187	$ 194,571
Cash flow interest rate risk		
Financial assets	124,949	187,309

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate assets, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $390 thousand and $595 thousand, respectively, which was mainly a result of variable-rate deposit.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk is mainly concentrated in equity instruments operating in electronic industry sector quoted in the Taiwan Stock Exchange. In addition, the Company has appointed a special team to monitor the price risk.

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $403 thousand and $275 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, primarily originating from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company credit risk was significantly reduced.

Since the counterparty of current funds and derivative financial instruments is a financial institution with a good credit rating, the Company do not expect any material credit risk.

Accounts are receivable from a lot of customers in different industries and geographical areas. The Company have continued to assess the financial conditions of the customers from whom accounts are receivable and will, if necessary, purchase credit guarantee insurance contracts.

As of December 31, 2023 and 2022, the balance of accounts receivable from the top 10 customers of the Company accounted for 86% and 51% of their accounts receivable, respectively. The credit concentration risk of other account receivables are not material.

3) Liquidity risk

The Company engage in management of liquidity risk for the purpose of maintaining the cash and cash equivalents necessary for operations, high-liquidity securities and adequate banking financing facilities to ensure they have sufficient financial flexibility.

Liquidity and interest rate risks table

The following table describes in detail the analysis of maturity of the remaining contracts of non-derivative financial liabilities within the repayment period agreed by the Company. The table is compiled based on the earliest date when the Company are likely to be required to make repayment and the undiscounted cash flow of financial liabilities (including principal and estimated interest).

December 31, 2023

	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 33,898	$ -	$ -	$ -
Lease liability	96	96	152	-
	$ 33,994	$ 96	$ 152	$ -

December 31, 2022

	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 35,705	$ -	$ -	$ -
Lease liability	96	96	248	-
	$ 35,801	$ 96	$ 248	$ -

23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

Name of Related Party	Relationship
KYE Systems (Hong Kong) Corporation Limited	Subsidiary
KYE Trade (HK) Co., Ltd. (KYE Trade)	Subsidiary
KYE Inc.	Subsidiary
Dongguan Kunying Computer Products Co., Ltd. (Dongguan Kunying)	Subsidiary

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2023	2022
Sales		
KYE Trade	$ 28,323	$ 9,186
Purchase		
KYE Trade	$ 318,939	$ 267,172

As described in Note 14 of the financial statements, the Company conducts purchase transactions with KYE Trade where the Company purchases raw materials and processes them, together with the raw materials purchased by the Company's subsidiary in Mainland China, into finished goods, which are then resold to the Company. In the Company's purchase transactions with KYE Trade, the Company agree to bear the losses of the Company's subsidiary in China from preparation of materials. In 2023 and 2022, the Company recognized $12,600 thousand and $14,100 thousand as profits on reversal of losses from preparation of materials, respectively. As of December 31, 2023 and 2022, the Company recognized $26,400 thousand and $39,000 thousand as provisions for losses from preparation of materials, respectively, which were accounted for in cost of sales and other current liabilities.

The balance of receivables to related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2023	2022
Subsidiary	$ -	$ 3,892

The balance of other receivables to related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2023	2022
Dongguan Kunying	$ 470,529	$ 475,234
Subsidiary	-	759
	$ 470,529	$ 475,993

The balance of payables to related parties on the balance sheet date is as follows:

Related Party Category/Name	December 31 2023	2022
Subsidiary	$ 31	$ -

The outstanding balance of payables to related parties is not secured and will be paid in cash. No guarantee has been requested for payments receivable from related parties.

The balance of other payables to related parties (including expenses payable) on the balance sheet date is as follows:

	December 31	
Related Party Category/Name	**2023**	**2022**
Subsidiary	$ 4,870	$ 4,563

c. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits	$ 20,616	$ 16,624
Post-employment benefits	330	258
	$ 20,946	$ 16,882

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

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been pledged or mortgaged to banks as collateral for issuance of letters of credit and short-term loan limit guarantees:

	December 31	
	2023	**2022**
Property, net	$ 340,944	$ 342,287

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2023 and 2022 were as follows:

Contingencies

The Securities and Futures Investors Protection Center (SFIPC) has claimed that KYE is a corporate director of Unity Opto Technology Co., Ltd. (hereinafter “Unity Opto”), and that the financial statements of Unity Opto have used circular transactions to inflate the operating revenue and the amount of work in process to exaggerate earnings, causing a total of $569,202 thousand in damage to investors. As a result, a claim for damages was filed against Unity Opto and its directors (including KYE). On December 28, 2022, KYE reached a settlement with the SFIPC, and the expense for settlement money (accounted for in other revenues and expenses) has had no material effect on KYE. On December 30, 2022, the SFIPC withdrew its claim against KYE.

26. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,728	30.705	$ 145,171
RMB	15,285	4.327	66,140
Investments accounted for using the equity method			
USD	11,656	30.705	357,893
RMB	1,242	4.327	5,374
HKD	2,413	3.929	9,482
Financial liabilities			
Monetary items			
RMB	41,394	4.327	179,112

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,276	30.710	$ 100,608
RMB	6,074	4.408	26,775
Investments accounted for using the equity method			
USD	9,925	30.710	304,810
RMB	1,118	4.408	4,928
HKD	2,413	3.938	9,504
Financial liabilities			
Monetary items			
RMB	761	4.408	3,354

For the years ended December 31, 2023 and 2022, realized and unrealized foreign exchange gains were $737 thousand and $5,652 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 1.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

9) Trading in derivative instruments: None.

b. Information on investees: Table 4.

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, item, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 2, Table3 and Table5.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 6)

KYE SYSTEMS CORP.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Number of Shares/Units (Thousand Shares/Units)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
KYE Systems Corp.	Shares						
	Monterey International Corp.	None	Financial assets measured at fair value through other comprehensive income - non-current	1,973	$ 25,432	7.71	$ 25,432
	Ta Shee Resort Co., Ltd. (preferred shares)	None	Financial assets measured at fair value through other comprehensive income - non-current	-	9,100	-	9,100
	Unity Opto	None	Financial assets measured at fair value through other comprehensive income - current	1,913	- (Note 2)	-	- (Note 2)
	Aiptek (private placement)	None	Financial assets measured at fair value through other comprehensive income - non-current	472	5,808	1.70	5,808
	Unity Opto (private placement)	None	Financial assets measured at fair value through other comprehensive income - non-current	15,789	- (Note 2)	3.42	- (Note 2)

Note 1: The market price is determined as follows: The price of listed/OTC, privately offered stocks whose trading is restricted is estimated using a valuation method. The price of domestic non-listed/non-OTC stocks is calculated using a valuation method.

Note 2: Since Unity Opto has ceased trading since April 7, 2020, and there is no open market price and verifiable financial figures as the evaluation basis, the Company and its subsidiaries have assessed the fair value of equity as 0.

Note 3: The securities held at end of period have not been provided as collateral or pledged for loans.

KYE SYSTEMS CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivables (Payables)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
KYE Systems Corp.	KYE Trade (HK) Co., Ltd.	Sub-subsidiary	Purchase (Note)	$ 318,939	100	Offset against payments receivable on a non-periodic basis	-	-	$ -	-	
KYE Trade (HK) Co., Ltd.	Dongguan Kunying Computer Products Co., Ltd.	The parent company is the same	Purchase	317,965	92	Offset against payments receivable on a non-periodic basis	-	-	-	-	

Note: The Company's purchase transaction with KYE Trade is that Dongguan Kunying purchases raw materials by itself and processes them into finished products before selling them back to the Company. The accounts payables arising from the purchase transaction of the Company is offset against the receivables such as internal pricing and mutual advance transactions between the two parties from time to time.

KYE SYSTEMS CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
KYE Systems Corp.	KYE Trade (HK) Co., Ltd.	Sub-subsidiary	$ 470,529	(Note)	(Note)	(Note)	(Note)	$ -
KYE Trade (HK) Co., Ltd.	Dongguan Kunying Computer Products Co., Ltd.	The parent company is the same	470,529	(Note)	(Note)	(Note)	(Note)	-

Note: In addition to the receivables of the Company’s purchasing of raw materials, which are offset against the payables from time to time when the finished products are bought back, it also includes the receipt and payment of remittances from and remittances to Dongguan Kunying, and the sum of total amount of debits and credits to other receivables arising from the Company’s internal pricing, mutual advance payment of operating expenses and other items.

TABLE 4

KYE SYSTEMS CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2023	Original Investment Amount December 31, 2022	As of December 31, 2023 Number of Thousand Shares	As of December 31, 2023 %	As of December 31, 2023 Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
KYE Systems Corp.	Genius Holding Co., Ltd.	British Cayman Islands	Investment holdings	US$ 28,467	US$ 28,467	21,467	100.00	$ 355,690	US$ 1,602	$ 51,700	Subsidiary
	Chung-Chiang Investment Co., Ltd.	New Taipei City	Investment business	227,482	227,482	20,700	100.00	207,222	1,325	1,325	Subsidiary
	Hung-Cheng Investment Co., Ltd.	Taipei City	Investment business	85,000	85,000	9,578	100.00	52,413	3,401	3,401	Subsidiary
	KYE International Corporation	United States	Sales of computer peripherals and consumer electronics	US$ 2,610	US$ 2,610	235	100.00	2,203	US$ (43)	(1,340)	Subsidiary
	KYE Systems (Hong Kong) Corporation Limited	Hong Kong	Sales of computer peripherals and consumer electronics	HK$ 500	HK$ 500	500	100.00	9,482	-	-	Subsidiary
	Digilife Technologies Co., Ltd.	Taipei City	Digital video/audio products	652,962	652,962	51,563	94.61	547,373	(11,672)	(11,043)	Subsidiary
	Star Reach Limited	Samoan Islands	Investment holdings	US$ 417	US$ 417	-	25.00	5,374	RMB 496	544	Investments accounted for using the equity method
	Timing Pharmaceutical Co., Ltd.	New Taipei City	Manufacturing of Chinese medicine	288,184	288,184	19,446	22.64	230,682	51,627	11,610	Investments accounted for using the equity method
	Coretek Opto Corporation	Hsinchu City	R&D, design, manufacturing and sales of optical fiber transceiver module	111,880	111,880	10,605	30.40	98,820	(28,737)	(8,758)	Investments accounted for using the equity method

KYE SYSTEMS CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Dongguan Kunying Computer Products Co., Ltd.	R&D, manufacturing and sales of computer peripherals, consumer electronics and video image products	US$ 15,965	Indirect investment by KYE Inc. through Genius Holding Co., Ltd. with a 100% shareholding	US$ 15,965	$ -	$ -	US$ 15,965	$ 10,678	100	$ 10,678	US$ (10,067)	$ -
Dongguan Gaoying Electronic Technology Co., Ltd. (Note 3)	Sales of computer peripherals, consumer electronics and video image products	US$ 2,706	Indirect investment by Moustek Investment Co., Ltd. through Genius Holding Co., Ltd., with the former investing working capital	US$ 2,706	-	-	US$ 2,706	RMB (10)	100	RMB (10)	US$ -	-
Dongguan Chiaying Electronics Co., Ltd.	Manufacturing and sales of computer accessories, appliances and molds	RMB 3,722	Indirect investment by Chia Ying Plastics (HK) Co., Limited through Star Reach Limited, with the former investing 25% of working capital	US$ 417	-	-	US$ 417	RMB 496	25	544	5,374	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$35,431 (Note 2)	US$30,120 (Note 2)	$1,790,884 (Note 1)

Note 1: It is calculated at 60% of the net asset value.

Note 2: KYE originally made indirect investments in Shanghai Global Lighting Technologies Inc., Suzhou Global Lighting Technologies Inc, and Suzhou Opto Technologies Inc. through Global Lighting Technologies Inc. Since Global Lighting Technologies Inc. has been traded publicly at the Taiwan Stock Exchange since July 28, 2011, please refer to the financial statements published by the Company for this information.

Note 3: Dongguan Gaoying Electronic Technology Co., Ltd. has ceased business in December 2022, and completed liquidation in April 2023.

Note 4: With respect to the profit/loss on investments recognized in the current year, the investee companies in Mainland China have been audited and certified by the same CPA firm in Taiwan as that engaged by the parent company.

TABLE 6

KYE SYSTEMS CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ching-Hsin Cho	11,959,488	5.39

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

KYE SYSTEMS CORP.

TABLE OF CONTENTS OF STATEMENTS OF MAJOR ACCOUNT TITLES

STATEMENT 1

KYE SYSTEMS CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Summary	Amount
Cash		
Cash on hand	Including US$26 thousand, EUR4 thousand, HK$36 thousand, RMB3 thousand and NT$137 thousand	$ 1,220
Bank deposits		
Foreign currency deposits	Including US$961 thousand, EUR57 thousand, HK$399 thousand and RMB5,282 thousand	55,869
Demand deposits		69,080
Cash equivalents		
Time deposits	Including US$2,000 thousand, RMB10,000 thousand and NT$40,000 thousand	144,680
Repurchase of commercial papers		185,507
		$ 456,356

Note: USD, EUR, HKD and RMB are translated at the exchange rates of US$1=$30.705, EUR1=$33.980, HK$1=$3.929 and RMB1=$4.327, respectively.

KYE SYSTEMS CORP.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name of Customer	Amount
Non-related party	
Company A	$ 14,008
Company B	7,834
Company C	5,706
Company D	3,874
Company E	3,594
Company F	3,503
Company G	2,934
Company H	2,904
Others (Note)	9,101
	53,458
Loss allowance	(514)
Net notes and accounts receivables	$ 52,944

Note: The balance of each customer did not exceed 5% of the balance of the account on the financial statements.

STATEMENT 3

KYE SYSTEMS CORP.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Market Price (Note 1)
Finished goods	$ 25,602	$ 33,729

Note: The market price is valuated at the net realizable value.

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Opening Balance		Increase in the Current Year		Decrease in the Current Year		Closing Balance			
Name	Number of Shares	Carrying Value	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Carrying Value	Provided as Collateral or Pledged	Remarks
Monterey International Corp.	1,972,950	$ 12,360	-	$ 13,072	-	$ -	1,972,950	$ 25,432	None	Common shares (Note 1)
Ta Shee Resort Co., Ltd.	2	9,100	-	-	-	-	2	9,100	None	Preferred shares
Aiptek International Inc.	472,156	6,067	-	-	-	259	472,156	5,808	None	Common shares (Note 2)
Unity Opto Technology Co., Ltd.	15,789,000	-	-	-	-	-	15,789,000	-	None	Common shares
		$ 27,527		$ 13,072		$ 259		$ 40,340		

Note 1: Increase during the year is recognized gain on valuation.

Note 2: Decrease during the year is due to the valuation loss recognized.

STATEMENT 5

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Except Unit Price)

	Opening Balance		Increase in the Current Year (Note 1)		Decrease in the Current Year (Note 2)		Closing Balance			Net market Price or Equity (Note 3)		Provided as
Name	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Shareholding (%)	Number of Shares	Amount	Unit Price	Total Amount	Collateral or Pledged
Genius Holding Co., Ltd.	21,467,377	$ 301,286	-	$ 54,880	-	$ 476	100.00	21,467,377	$ 355,690	16.57	$ 355,690	None
Chung-Chiang Investment Co., Ltd.	20,700,000	205,897	-	1,325	-	-	100.00	20,700,000	207,222	10.01	207,222	〃
Hung-Cheng Investment Co., Ltd.	9,578,103	48,793	-	5,308	-	1,688	100.00	9,578,103	52,413	5.47	52,413	〃
KYE International Corporation	235,000	3,524	-	19	-	1,340	100.00	235,000	2,203	9.38	2,203	〃
KYE Systems (Hong Kong) Corporation Limited	500,000	9,504	-	-	-	22	100.00	500,000	9,482	18.96	9,482	〃
Digilife Technologies Co., Ltd.	51,562,598	558,641	-	-	-	11,268	94.61	51,562,598	547,373	10.62	547,373	〃
Advance Top Limited	150,000	-	-	-	-	-	20.00	150,000	-	-	-	〃
Star Reach Limited	-	4,929	-	544	-	99	25.00	-	5,374	-	5,374	〃
Timing Pharmaceutical Co., Ltd.	19,445,600	223,170	-	12,233	-	4,721	22.64	19,445,600	230,682	11.86	230,682	〃
Coretek Opto Corporation	10,604,765	107,975	-	-	-	9,155	30.40	10,604,765	98,820	9.17	97,251	〃
		$ 1,463,719		$ 74,309		$ 28,769			$ 1,509,259		$ 1,507,690	

Note 1: It includes profit on investments accounted for using the equity method, adjustment to foreign currency translation, adjustment to unrealized gross sales margin, unrealized profit/loss on financial products and adjustment to capital reserves in the current year.

Note 2: It includes loss on investments accounted for using the equity method, adjustment to foreign currency translation, cash dividends and unrealized profit/loss on financial products in the current year.

Note 3: Except in the case of Timing Pharmaceutical Co., Ltd., where calculation is based on its financial statements not audited by a CPA, calculation is based on the financial statements of the investee company audited by a CPA in the same period.

STATEMENT 6

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Closing Balance	Remarks
Office equipment	$ 550	$ -	$ -	$ 550	-

STATEMENT 7

KYE SYSTEMS CORP.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Opening Balance	Increase in the Current Period	Decrease in the Current Period	Closing Balance	Remarks
Office equipment	$ 129	$ 92	$ -	$ 221	Note

Note: Depreciation is provided on a straight-line basis over the following useful lives: Office equipment 5 years.

STATEMENT 8

KYE SYSTEMS CORP.

STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Remarks
Non-operating assets	$ 9,481	
Unamortized expenses - others	3,189	Amortized over 2 years
Deposits paid	75	
	$ 12,745	

STATEMENT 9

KYE SYSTEMS CORP.

STATEMENT OF NOTES AND TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name of Company	Amount
Related party	
KYE Inc.	$ 31
Non-related party	
Others (Note)	7
	$ 38

Note: The balance of each account did not exceed 5% of the balance of the account on the financial statements.

STATEMENT 10

KYE SYSTEMS CORP.

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Related party	
KYE Systems (Hong Kong) Corporation Limited	$ 4,430
Others	440
	4,870
Non-related party	
Salaries and bonuses payable	18,417
Service fees payable	3,966
Others (Note)	6,607
	28,990
	$ 33,860

Note: The balance of each account did not exceed 5% of the balance of the account on the financial statements.

STATEMENT 11

KYE SYSTEMS CORP.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Provision for losses on purchase guarantees	$ 26,400
Temporary credit	9,964
Payments received on behalf of others	7,859
Payments received in advance	3,817
Sales tax payable	2
	$ 48,042

STATEMENT 12

KYE SYSTEMS CORP.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Term	Discount Rate	Closing Balance	Remarks
Office equipment - current	Printing equipment	January - December 2024	1.5%	$ 92	
Office equipment - non-current	Printing equipment	January 2025 - July 2027	1.5%	243	
				$ 335	

STATEMENT 13

KYE SYSTEMS CORP.

STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Volume (Piece)	Amount
Mice	2,146,834	$ 226,012
Keyboards	1,092,721	194,465
Speakers	330,394	67,717
Others	34,045,274	30,737
		$ 518,931

STATEMENT 14

KYE SYSTEMS CORP.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material consumption	
Starting raw materials	$ 22,452
Add: Raw materials purchased	211
Less: Ending raw materials	-
Cost of sale of raw materials	(19,811)
Consumption in the current year	2,852
Transferred to other expenses	(2,465)
Add: Manufacturing overhead	701
Input cost in the current year	1,088
Add: Starting work in process	7,159
Work in process purchased in the current year	72
Less: Ending work in process	-
Cost of sale of work in process	(4,430)
Transferred to other titles	(667)
Cost of finished goods	3,222
Add: Starting finished goods	54,811
Finished goods purchased in the current year	318,656
Less: Ending finished goods	(25,602)
Transferred to other titles	(5,394)
Cost of sale of finished goods	345,693
Cost of sale of raw materials	19,811
Cost of sale of works in process	4,430
Total operating costs	$ 369,934

KYE SYSTEMS CORP.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Salary expense	$ 16,113	$ 42,714	$ 1,168	$ -	$ 59,995
Service expense	2,728	14,884	-	-	17,612
Others (Note)	13,177	37,118	209	-	50,504
Expected credit impairment loss	-	-	-	228	228
	$ 32,018	$ 94,716	$ 1,377	$ 228	$ 128,339

Note: The balance of each account did not exceed 5% of the balance of the account on the financial statements.

KYE SYSTEMS CORP.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Operating Cost	**Classified as Operating Expense**	**Total**	**Classified as Operating Cost**	**Classified as Operating Expense**	**Total**
Employee benefit expenses						
Salary expense	$ -	$ 59,995	$ 59,995	$ -	$ 50,698	$ 50,698
Labor and national health insurance expenses	-	5,672	5,672	-	5,107	5,107
Pension expense	-	2,554	2,554	-	2,324	2,324
Remuneration for directors	-	5,111	5,111	-	3,194	3,194
Other employee benefit expenses	-	4,219	4,219	-	5,789	5,789
	$ -	$ 77,551	$ 77,551	$ -	$ 67,112	$ 67,112
Depreciation expense	$ -	$ 5,277	$ 5,277	$ -	$ 6,225	$ 6,225
Amortization expense	$ -	$ 3,692	$ 3,692	$ -	$ 1,545	$ 1,545

Notes:

1. The numbers of employees in the current and previous years are 62 and 59 respectively, and the numbers of non-employee directors both are 6.

2. a. The average employee benefit expense in the current year is $1,294 thousand (“Total employee benefit expense in the current year - total remuneration for directors”/”Number of employees in the current year - number of non-employee directors”).

   The average employee benefit expense in the previous year was $1,206 thousand (“Total employee benefit expense in the previous year - total remuneration for directors”/”Number of employees in the previous year - number of non-employee directors”).

   b. The average employee salary expense in the current year is $1,071 thousand (“Total salary expense in the current year”/”Number of employees in the current year - number of non-employee directors”).

   The average employee salary expense in the previous year was $957 thousand (“Total salary expense in the previous year”/”Number of employees in the previous year - number of non-employee directors”).

   c. The change in adjustment to the average employee salary expense is an increase by approximately 12% (“Average employee salary expense in the current year - average employee salary expense in the previous year”/”Average employee salary expense in the previous year”).

   d. The Company do not have any supervisor, and we have established an Audit Committee in accordance with the law to substitute for the powers of supervisors.

   e. In accordance with Article 25 of the Articles of Incorporation, with respect to the remuneration for the Company’s directors and independent directors, no more than 1% of the Company’s profit in the current year may be appropriated as the remuneration for directors in the current year. To provide reasonable remuneration, we may consider the overall operating results of the Company and the contribution of a director to the Company’s performance. Regarding the policy of the remuneration for the President and Vice President, the remuneration is paid in accordance with the company personnel regulations and based on the salary level for such positions in the market of the industry, the scope of powers and responsibilities of such positions in the company, and their contribution to the Company’s operational goals. The procedures for determination of remuneration not only takes into account the Company’s overall operating performance and future operational risks and trends of development in the industry, but also considers the rate of achievement of personal performance and personal contribution to the Company’s performance in order to provide reasonable remuneration. The relevant performance evaluations and the reasonableness of remuneration are reviewed and approved by the Remuneration Committee and the Board of Directors, and the remuneration system is also reviewed from time to time according to the actual status of operations and the applicable laws in order to ensure a balance between the Company’s sustainable management and risk control.