Ahoku Electronic Company

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ahoku Electronic Company

Opinion

We have audited the accompanying parent company only financial statements of Ahoku Electronic Company (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 the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, we do not provide a separate opinion on these matters.

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

Authenticity of sales revenue from major customers

Refer to Note 4(12) to the parent company only financial statements for the related accounting policy on revenue recognition.

The operating revenue of the Company for the year ended December 31, 2023 amounted to NT$402,511 thousand, which had an approximate 20% reduced compared to operating revenue of NT$505,581 thousand for the year ended December, 2022. However, the operating revenue from key customers was NT$202,136 thousand, accounting for approximate 50% of the overall operating revenue. It has been assessed that the sales from key customers is significant to the parent company only financial statements. Therefore, we deemed the authenticity of sales revenue from key customers as a significant risk and key audit matter.

Our audit procedures for above sales revenue included as following:
1. We obtained an understanding and tested the design and operating effectiveness of the internal controls relevant to revenue recognition and collection.
2. We performed substantive procedure testing of the aforementioned sales transactions, examined the external documents and recovery of receivables, and verified that such transactions did occur. We also verified that the settlement of payments of major customers was consistent with the payment terms.
3. We checked for any significant sales return and discount of the aforementioned sales after December 31, 2023, and we confirmed that no significant misstatements of revenue were found from the aforementioned customers.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors′ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors′ report are Hsieh, Chien-Hsin and He, Jui-Hsuan

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.

AHOKU ELECTRONIC COMPANY

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 86,591	4	$ 95,308	5
Financial assets at fair value through profit or loss (Notes 4 and 7)	14,470	1	35,871	2
Financial assets at amortized cost (Notes 4 and 8)	94,689	5	29,765	2
Accounts receivable (Notes 9 and 19)	48,921	3	95,259	5
Other receivables (Note 9)	1,836	-	540	-
Accounts receivable - related parties (Note 26)	32	-	6	-
Current tax assets (Notes 4 and 21)	-	-	80	-
Inventories (Notes 4 and 10)	285	-	419	-
Prepayments (Note 26)	4,016	-	4,006	-
Total current assets	250,840	13	261,254	14
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 11)	1,555,351	82	1,551,773	81
Property, plant and equipment (Notes 4 and 12)	88,610	5	89,557	5
Investment properties (Notes 4 and 13)	2,996	-	3,082	-
Intangible assets (Notes 4 and 14)	139	-	378	-
Deferred tax assets (Notes 4 and 21)	2,408	-	3,033	-
Other non-current assets	554	-	-	-
Total non-current assets	1,650,058	87	1,647,823	86
TOTAL	$ 1,900,898	100	$ 1,909,077	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 19)	$ 3,727	-	$ 1,882	-
Notes payable (Note 15)	463	-	325	-
Accounts payable (Note 15)	119	-	158	-
Accounts payable – related parties (Note 26)	315,310	17	351,518	19
Other payables (Note 16)	24,859	1	24,242	1
Other payables – related parties (Note 26)	4,478	-	1,691	-
Current tax liabilities (Notes 4 and 21)	3,114	-	202	-
Other current liabilities	115	-	90	-
Total current liabilities	352,185	18	380,108	20
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	291,439	15	293,324	15
Net defined benefit liabilities (Notes 4 and 17)	8,011	1	9,292	1
Guarantee deposits received	255	-	255	-
Total non-current liabilities	299,705	16	302,871	16
Total liabilities	651,890	34	682,979	36
EQUITY (Note 18)				
Ordinary shares	1,020,000	54	1,020,000	53
Capital surplus	15,111	1	14,762	1
Retained earnings				
Legal reserve	198,986	10	197,771	10
Special reserve	84,042	4	90,146	5
Unappropriated earnings	14,052	1	12,142	1
Total retained earnings	297,080	15	300,059	16
Other equity	(63,549)	(3)	(84,042)	(5)
Treasury shares	(19,634)	(1)	(24,681)	(1)
Total equity	1,249,008	66	1,226,098	64
TOTAL	$ 1,900,898	100	$ 1,909,077	100

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

AHOKU ELECTRONIC COMPANY

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**	**%**
OPERATING REVENUE (Notes 4, 19 and 26)				
Sales revenue	$ 402,562	100	$ 506,259	100
Less: Sales returns and allowances	(51)	-	(678)	-
Total operating revenue	402,511	100	505,581	100
OPERATING COSTS (Notes 10 and 26)	320,541	80	400,533	79
GROSS PROFIT	81,970	20	105,048	21
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	27,747	7	28,483	6
General and administrative expenses	25,999	6	25,710	5
Research and development expenses	19,837	5	17,557	3
Expected credit reversal gain	(41)	-	(798)	-
Total operating expenses	73,542	18	70,952	14
OPERATING INCOME	8,428	2	34,096	7
NON-OPERATING INCOME AND EXPENSES				
Share of profit (loss) of subsidiaries and associates accounted for using equity method (Note 4)	(13,340)	(3)	(13,211)	(3)
Interest income (Note 20)	2,982	1	280	-
Rental income	975	-	975	-
Dividend income	1,466	-	1,215	-
Other income (Notes 20 and 26)	690	-	632	-
Valuation loss on financial assets at fair value through loss	(1,303)	-	(1,722)	-
Net gain on disposal of financial assets	12,425	3	2,677	1
Net gain (loss) on foreign currency exchange (Note 20)	1,922	-	(18,340)	(4)
Other losses	(876)	-	(542)	-
Interest Expenses	(4)	-	(3)	-
Total non-operating income and expenses	4,937	1	(28,039)	(6)

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AHOKU ELECTRONIC COMPANY

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**	**%**
PROFIT BEFORE INCOME TAX	$ 13,365	3	$ 6,057	1
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 21)	(2,046)	-	230	-
NET PROFIT	11,319	3	6,287	1
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	686	-	5,639	1
Share of the other comprehensive gain (loss) of subsidiaries and associates accounted for using equity method	16	-	216	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(8,393)	(2)	120,443	24
Share of the other comprehensive gain (loss) of subsidiaries and associates accounted for using equity method	28,886	7	(68,517)	(13)
Other comprehensive income (loss) for the year, net of income tax	21,195	5	57,781	12
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 32,514	8	$ 64,068	13
EARNINGS PER SHARE (Note 22)				
Basic	$ 0.11		$ 0.06	
Diluted	$ 0.11		$ 0.06	

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

(Concluded)

AHOKU ELECTRONIC COMPANY

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 (Note 18)			Other Equity (Note 18)			
	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares (Note 18)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,020,000	$ 14,762	$ 198,183	$ 90,146	($ 412)	($ 134,925)	($ 1,043)	($ 24,681)	$ 1,162,030
Appropriation and distribution of 2021 earnings									
Legal reserve to offset the deficit	-	-	(412)	-	412	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	6,287	-	-	-	6,287
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	5,855	120,443	(68,517)	-	57,781
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,142	120,443	(68,517)	-	64,068
BALANCE AT DECEMBER 31, 2022	1,020,000	14,762	197,771	90,146	12,142	(14,482)	(69,560)	(24,681)	1,226,098
Appropriation and distribution of 2022 earnings									
Legal reserve	-	-	1,215	-	(1,215)	-	-	-	-
Special reserve	-	-	-	(6,104)	6,104	-	-	-	-
Cash dividends to shareholders – NT$0.15 per share	-	-	-	-	(15,000)	-	-	-	(15,000)
	-	-	1,215	(6,104)	(10,111)	-	-	-	(15,000)
Net profit for the year ended December 31, 2023	-	-	-	-	11,319	-	-	-	11,319
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	702	(8,393)	28,886	-	21,195
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	12,021	(8,393)	28,886	-	32,514
Treasury shares transferred to employees	-	349	-	-	-	-	-	5,047	5,396
BALANCE AT DECEMBER 31, 2023	$ 1,020,000	$ 15,111	$ 198,986	$ 84,042	$ 14,052	($ 22,875)	($ 40,674)	($ 19,634)	$ 1,249,008

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

AHOKU ELECTRONIC COMPANY

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 FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 13,365	$ 6,057
Adjustments for:		
Depreciation expenses	1,178	1,214
Amortization expenses	239	182
Expected credit reversal gain	(41)	(798)
Net loss on fair value changes of financial assets at fair value through profit or loss	1,303	1,722
Compensation cost of employee share options	349	-
Interest income	(2,982)	(280)
Dividend income	(1,466)	(1,215)
Net gain on disposal of financial assets	(12,425)	(2,677)
Share of loss of subsidiaries and associates accounted for using equity method	13,340	13,211
Unrealized loss (gain) on foreign currency exchange	2,834	(9,387)
Changes in operating assets and liabilities		
Accounts receivable	47,334	(38,521)
Other receivables	(44)	152
Other receivables – related parties	(26)	17
Inventories	134	50
Prepayments	(45)	(599)
other current assets	(554)	-
Contract liabilities	1,845	(10,094)
Notes payable	138	(608)
Accounts payable	(39)	(650)
Accounts payable – related parties	(39,845)	87,687
Other payables	617	61
Other payables – related parties	2,671	349
Other current liabilities	36	(2,469)
Net defined benefit liabilities	(594)	(2,315)
Cash generated from operations	27,322	41,089
Income tax received (paid)	(314)	2,094
Net cash generated from operating activities	27,008	43,183

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AHOKU ELECTRONIC COMPANY

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 FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through profit or loss	($ 22,789)	$ -
Proceeds from disposal of financial assets at fair value through profit or loss	55,312	9,425
Purchases of financial assets at amortized cost	(64,924)	(15,201)
Purchases of property, plant and equipment	(145)	(281)
Purchases of intangible assets	-	(252)
Interest received	1,730	196
Dividends received from others	1,466	1,215
Cash dividends received from subsidiaries	3,578	4,632
Net cash used in investing activities	(25,772)	(266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(15,000)	-
Treasury shares transferred to employees	5,047	-
Net cash used in financing activities	(9,953)	-
NET INCREASE (DECREASE) IN CASH	(8,717)	42,917
CASH AT THE BEGINNING OF THE YEAR	95,308	52,391
CASH AT THE END OF THE YEAR	$ 86,591	$ 95,308

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

(Concluded)

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

1. GENERAL INFORMATION

Ahoku Electronic Company (the "Company") was incorporated in 1983 under the laws of the Republic of China ("ROC"). In July 1999, the Company received approval from the Securities and Futures Commission (the "SFC") for a domestic initial public offering and its shares have been traded on the Taipei Exchange (the "TPEx") since September 20, 2000. On January 23, 2002, the Company's shares were listed on the Taiwan Stock Exchange (the "TWSE").

The Company mainly manufactures and markets Smart Power Management Devices, Touch Display and Peripherals of Arcade Games.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New IFRSs	Effective Date Announced by IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	January 1, 2023

The application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	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 New IFRSs 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 financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	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 New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The Group shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Group recognizes any effect as an adjustment to the opening balance of retained earnings. When the Group 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 that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, and net defined benefit liabilities 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, 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 the 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's 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 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 the 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.

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (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.

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.

For the purpose of presenting the parent company only financial statements, the functional currencies of the foreign operations (including subsidiaries operating in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. 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 weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its 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.

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 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 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.

Profit or loss resulting from downstream transactions between subsidiaries is eliminated in full in the parent company only financial statements.

g. Property, plant and equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. 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. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties and intangible assets, 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.

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 or 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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. 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 issue 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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

ii. 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 asset 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, notes and accounts receivable at amortized cost, 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 assets, 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 assets that are not credit impaired on purchase or origination but have 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.

iii. 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, they 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 accounts receivable) and investments in debt instruments that are measured at FVTOCI at each balance sheet date.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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 considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is overdue unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and 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 instrument.

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. 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

Except in the following cases, all financial liabilities are measured at amortized cost using the effective interest method.

l. 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 sale of goods

Revenue from the sale of goods comes from sales and import and export business of Smart Power Management Devices, Touch Display and Peripherals of Arcade Games. Sales of products are recognized as revenue when the goods are shipped 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. Accounts receivable are recognized concurrently.

2) Revenue from rendering of services

Service revenue comes from the mold design services of computer and electronic component. Service revenue is recognized when services are provided.

m. Leases

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

The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

o. 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 the 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 are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. 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.

p. Share-based Payment Arrangements

1) Employee share options granted to employees

The fair value at the grant date of the employee share options the Group granted to employee is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to additional capital surplus - employee stock options.

2) Employee share options granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding adjustment to additional capital surplus -employee stock options.

q. Taxation

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

1) Current tax

The current income tax payable is calculated based on the taxable income in the current year. A portion of the income and expenses is taxable or deductible in other periods or is not taxable or deductible under the relevant tax laws. Therefore, the taxable income differs from the net income reported in the consolidated statements of comprehensive income. The Company's current income tax liabilities are based on the statutory tax rate on the balance sheet date.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the 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 in the consolidated financial statements 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 carryforward and unused tax credits 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 only recognized 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 they 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about 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.

Management will continue to review estimates and underlying assumptions.

The accounting policies, estimates and underlying assumptions adopted by the Company have been assessed by the management without critical accounting judgements and key cources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 72	$ 86
Checking accounts and demand deposits	50,984	95,222
Cash equivalents (investments with original maturities of less than 3 months)		
Bank time deposit	35,535	-
	$ 86,591	$ 95,308

The market rate interval of bank time deposit at the end of the reporting period was as follows:

	December 31	
	2023	2022
Bank time deposit with original maturities of less than 3 months	1.13%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
－Mutual funds	$ 13,200	$ 15,200
－Unlisted shares	1,270	1,384
－Listed shares and emerging market shares	-	19,287
	$ 14,470	$ 35,871

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months	$ 94,689	$ 29,765

The ranges of interest rates for the time deposits with original maturities of more than 3 months were 1.28%~4.90% and 0.88%~3.30% per annum as of December 31, 2023 and 2022, respectively.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 60,937	$ 107,315
Less: Allowance for impairment loss	(12,016)	(12,056)
	$ 48,921	$ 95,259
Other receivables		
Interest receivables	$ 1,376	$ 123
Tax refund receivables	460	414
Others	-	3
	$ 1,836	$ 540

a. Accounts receivable

The average credit period of sales of goods was 60~90 days. 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 accounts receivable. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. 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 an account receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or when the accounts receivable are more than 180 days past due, whichever occurs earlier. For accounts receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due Over 181 Days	Total
Expected credit loss rate	0.005%	0.05%~0.15%	-	-	-	100%	
Gross carrying amount	$ 45,522	$ 3,403	$ -	$ -	$ -	$ 12,011	$ 60,936
Loss allowance (lifetime ECLs)	(2)	(2)	-	-	-	(12,011)	(12,015)
Amortized cost	$ 45,520	$ 3,401	$ -	$ -	$ -	$ -	$ 48,921

December 31, 2022

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due Over 181 Days	Total
Expected credit loss rate	0.004%	0.04%~0.13%	0.30%	0.60%	-	100%	
Gross carrying amount	$ 69,640	$ 14,177	$ 11,276	$ 211	$ -	$ 12,011	$ 107,315
Loss allowance (lifetime ECLs)	(3)	(7)	(34)	(1)	-	(12,011)	(12,056)
Amortized cost	$ 69,637	$ 14,170	$ 11,242	$ 210	$ -	$ -	$ 95,259

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 12,056	$ 12,854
Less: Impairment losses reversed	(41)	(798)
Balance at December 31	$ 12,015	$ 12,056

b. Other receivables

When the Company assesses other receivables with objective evidence of impairment, the amount of impairment is individually assessed. All the other receivables of the Company were not past due at the end of the reporting period, and so no allowance loss is accounted for.

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 239	$ 346
Raw materials	46	73
	$ 285	$ 419

The cost of inventories recognized as operating costs for the years ended Decemebr 31, 2023 and 2022 was $320,541 thousand and $400,533 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 1,555,351	$ 1,551,773

Investments in subsidiaries

	December 31	
	2023	2022
Unlisted companies		
AHOKU Atlantic Inc. ("AHOKU Atlantic")	$ 1,422,613	$ 1,408,096
ACPA Technology Co., Ltd. ("ACPA Technology")	132,738	143,677
	$ 1,555,351	$ 1,551,773

At the end of the reporting period, the proportion of ownership and voting rights in subsidiary held by the Company were as follows:

	December 31	
	2023	2022
AHOKU Atlantic	100%	100%
ACPA Technology	50.07%	50.07%

Refer to Table 4 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the above subsidiaries.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 was based on the subsidiaries' financial statements audited by their auditors for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Office Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2022	$ 68,224	$ 39,534	$ 36	$ 915	$ 137	$ 108,846
Additions	-	-	170	111	-	281
Disposals	-	-	(36)	-	-	(36)
Balance at December 31, 2022	$ 68,224	$ 39,534	$ 170	$ 1,026	$ 137	$ 109,091
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ 17,918	$ 35	$ 436	$ 53	$ 18,442
Depreciation expenses	-	816	48	230	34	1,128
Disposals	-	-	(36)	-	-	(36)
Balance at December 31, 2022	$ -	$ 18,734	$ 47	$ 666	$ 87	$ 19,534
Carrying amount at December 31, 2022	$ 68,224	$ 20,800	$ 123	$ 360	$ 50	$ 89,557
Cost						
Balance at January 1, 2023	$ 68,224	$ 39,534	$ 170	$ 1,026	$ 137	$ 109,091
Additions	-	-	-	145	-	145
Disposals	-	(252)	-	(363)	-	(615)
Balance at December 31, 2023	$ 68,224	$ 39,282	$ 170	$ 808	$ 137	$ 108,621

(Continued)

	Land	Buildings	Machinery Equipment	Office Equipment	Other Equipment	Total
Accumulated depreciation						
Balance at January 1, 2023	$ -	$ 18,734	$ 47	$ 666	$ 87	$ 19,534
Depreciation expenses	-	791	57	210	34	1,092
Disposals	-	(252)	-	(363)	-	(615)
Balance at December 31, 2023	$ -	$ 19,273	$ 104	$ 513	$ 121	$ 20,011
Carrying amount at December 31, 2023	$ 68,224	$ 20,009	$ 66	$ 295	$ 16	$ 88,610

(Concluded)

The Company did not recognize or reverse impairment loss for the years ended December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings	
Main structure	50 years
Decoration	10 years
Machinery equipment	2 years
Office equipment	3-5 years
Other equipment	3 years

13. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2022	$ 1,877	$ 4,211	$ 6,088
Accumulated depreciation			
Balance at January 1, 2022	$ -	$ 2,920	$ 2,920
Depreciation expenses	-	86	86
Balance at December 31, 2022	$ -	$ 3,006	$ 3,006
Carrying amount at December 31, 2022	$ 1,877	$ 1,205	$ 3,082
Cost			
Balance at January 1 and December 31, 2023	$ 1,877	$ 4,211	$ 6,088
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 3,006	$ 3,006
Depreciation expenses	-	86	86
Balance at December 31, 2023	$ -	$ 3,092	$ 3,092
Carrying amount at December 31, 2023	$ 1,877	$ 1,119	$ 2,996

The Company did not recognize or reverse impairment loss for the years ended December 31, 2023 and 2022.

The Company's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

The fair value of the Company's investment properties as of December 31, 2023 and 2022 was $41,340 thousand and $41,340 thousand, respectively. The management of the Company used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment properties are held under freehold interests.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2023	**2022**
Year 1	$ 890	$ 972
Year 2	-	890
	$ 890	$ 1,862

14. INTANGIBLE ASSETS

	Software
Cost	
Balance at January 1, 2022	$ 1,264
Acquisitions	252
Balance at December 31, 2022	$ 1,516
Accumulated amortizatio	
Balance at January 1, 2022	$ 956
Amortization expenses	182
Balance at December 31, 2022	$ 1,138
Carrying amount at December 31, 2022	$ 378
Cost	
Balance at January 1 and December 31, 2023	$ 1,516
Accumulated amortizatio	
Balance at January 1, 2023	$ 1,138
Amortization expenses	239
Balance at December 31, 2023	$ 1,377
Carrying amount at December 31, 2023	$ 139

The Company did not recognize or reverse impairment loss for the years ended December 31, 2023 and 2022.

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives of 5 years.

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Notes payable		
Operating	$ 463	$ 325
Accounts payable		
Operating	$ 119	$ 158

a. Notes payable

The Company’s notes payable were mainly issued for payment of goods.

b. Accounts payable

The average credit period of accounts payable was 2 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER PAYABLES

	December 31	
	2023	2022
Payables for employees’ compensation	$ 15,326	$ 15,188
Payables for salaries and incentive bonus	7,026	6,956
Payables for remuneration of directors and supervisors	441	200
Others	2,066	1,898
	$ 24,859	$ 24,242

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

Expense of defined contribution plan amounted to $1,579 thousand and $1,426 thousand for the years ended December 31, 2023 and 2022.

b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes 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 parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 25,934	$ 32,174
Fair value of plan assets	(17,923)	(22,882)
Net defined benefit liabilities	$ 8,011	$ 9,292

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 39,209	($ 21,963)	$ 17,246
Net interest expense (income)	196	(112)	84
Recognized in profit (loss)	196	(112)	84
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,671)	(1,671)
Actuarial gain—changes in demographic assumptions	(2,401)	-	(2,401)
Actuarial gain—experience adjustment	(1,567)	-	(1,567)
Recognized in other comprehensive loss (gain)	(3,968)	(1,671)	(5,639)
Contributions from the employer	-	(2,399)	(2,399)
Benefits paid	(3,263)	3,263	-
Balance at December 31, 2022	$ 32,174	($ 22,882)	$ 9,292
Balance at January 1, 2023	$ 32,174	($ 22,882)	$ 9,292
Net interest expense (income)	409	(286)	123
Recognized in profit (loss)	409	(286)	123
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(165)	(165)
Actuarial gain—changes in financial assumptions	(268)	-	(268)
Actuarial gain—experience adjustment	(253)	-	(253)
Recognized in other comprehensive loss (gain)	(521)	(165)	(686)
Contributions from the employer	-	(718)	(718)
Benefits paid	(6,128)	6,128	-
Balance at December 31, 2023	$ 25,934	($ 17,923)	$ 8,011

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	$ 28	$ 23
General and administrative expenses	49	34
Research and development expenses	46	27
	$ 123	$ 84

Through the defined benefit plans under the Labor Standards Law, 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 should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government 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 plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary 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 were as follows:

	December 31	
	2023	**2022**
Discount rate	1.250%	1.375%
Expected rate of salary increase	2.75%	3.00%

If possible reasonable change 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	($ 559)	($ 639)
0.25% decrease	$ 576	$ 659
Expected rate of salary increase		
0.25% increase	$ 557	$ 638
0.25% decrease	($ 544)	($ 622)

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

The average duration of the defined benefit obligation is analyzed as follows:

	December 31	
	2023	**2022**
The expected contributions to the plan for the next year	$ 783	$ 730
The average duration of the defined benefit obligation	8.7 years	9.5 years

18. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
Number of shares authorized (in thousands)	150,000	150,000
Amount of shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	102,000	102,000
Amount of shares issued	$ 1,020,000	$ 1,020,000

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

Refer to this Note 5: Treasury Shares for information about the ordinary shares which the Company is repurchased.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 1,089	$ 1,089
Expired employee share options	13,673	13,673
Treasury shares transactions	349	-
	$ 15,111	$ 14,762

Note: Such capital surplus 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.

For the year ended December 31, 2023, the Company transferred treasury shares to employees and recognized the remuneration cost of $349 thousand according to the evaluation report issued by the professional actury. The remuneration cost from employee share options was $349 thousand for the year ended December 31, 2023.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made 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 special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 20(e) on compensation of employees and remuneration of directors and supervisors.

The Company's dividend policy is to take into consideration the Company's industrial environment and growth phases, future demands of funds, long-term financial planning, and then propose the type and amount of dividends issued by the Company. Cash dividends to be distributed per year shall not be less than 10% of the total amount of dividends to be distributed.

The type and ratio of such dividends to be distributed may depend on the actual profits and capital conditions of the year, and be decided through the shareholders'meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. 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 Company held shareholders' meetings on June 1, 2022, where the deficit compensation for 2021 was passed as follows:

	Deficit Compensation
Legal reserve to offset the deficit	$ 412

The appropriations of earnings for 2022, which were approved in the shareholders' meetings on June 15, 2023, respectively, were as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 1,215	
Special reserve (reversal)	(6,104)	
Cash dividends	15,000	$ 0.15

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	($ 14,482)	($ 134,925)
Exchange differences on translation of the financial statements of foreign operations	(8,393)	120,443
Balance at December 31	($ 22,875)	($ 14,482)

Exchange differences on translation of foreign operations' net assets denominated in functional currencies into the Company's presentation currency (NTD) are directly recognized in other comprehensive income as exchange differences on translation of financial statements of foreign operations. The cumulative exchange differences on translation of financial statements of foreign operations are reclassified to profit or loss upon disposal of foreign operations.

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	($ 69,560)	($ 1,043)
Recognized for the year		
Unrealized gain (loss)		
Share of subsidiaries accounted for using the equity method	28,886	(68,517)
Balance at December 31	($ 40,674)	($ 69,560)

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares on January 1, 2023	2,000
Decrease during the period	(409)
Number of shares on December 31, 2023	1,591

For the purpose of encouraging our employees and to build cohesion among the employees, on March 18, 2021, the Company's board of directors passed the resolution to buy back up to 2,000 thousand shares listed on the Taiwan Stock Exchange in order to transfer the shares to employees. The period of repurchase is between March 19, 2021 and May 18, 2021 with the buyback price ranging from $8.5 to $17.2. If the share price is less than the lower limit of the buyback price range, the Company would continue buying back the shares.

The Company transferred 409 thousand shares of treasury stock to its employees for the year ended December 31, 2023. Refer to Note 23 for information about the employee share options.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

19. REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 9)	$ 48,921	$ 95,259	$ 56,021
Contract liabilities－current			
Sale of goods	$ 3,727	$ 1,882	$ 11,976

The changes in the contract liability balances primarily result from the timing difference between the Company's satisfaction of performance obligation and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the beginning of the year		
Sale of goods	$ 1,882	$ 11,976

b. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Smart Power Management Devices	$ 203,869	$ 229,391
Touch Display and Peripherals of Arcade Games	198,642	276,190
	$ 402,511	$ 505,581

c. Contracts that have not been fully completed

The year expected to recognize revenue in relation to the unsatisfied performance obligations is as follows:

	December 31	
	2023	2022
Sale of goods		
－Fulfillment in 2023	$ -	$ 1,882
－Fulfillment in 2024	3,727	-
	$ 3,727	$ 1,882

20. NET PROFIT

Net profit consisted of following items:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	$ 2,260	$ 260
Bank deposits	722	20
	$ 2,982	$ 280

b. Other income

	For the Year Ended December 31	
	2023	**2022**
Contract liabilities transferred to other income	$ -	$ 23
Others	690	609
	$ 690	$ 632

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	**2022**
An analysis of depreciation by function		
Operating expenses	$ 1,092	$ 1,128
Non-operating expenses	86	86
	$ 1,178	$ 1,214
An analysis of amortization by function		
Operating expenses	$ 239	$ 182

d. Employee benefits expenses

	For the Year Ended December 31	
	2023	**2022**
Post-employment benefits (Note 17)		
Defined contribution plans	$ 1,579	$ 1,426
Defined benefit plans	123	84
	1,702	1,510
Salary expenses	42,240	41,842
Labor and health insurance expenses	3,542	3,446
Remuneration of directors	441	198
Other employee benefits	539	591
Total Employee benefits expenses	$ 48,464	$ 47,587
An analysis of employee benefits expenses by function		
Selling and marketing expenses	$ 10,706	$ 12,688
General and administrative expenses	20,118	19,955
Research and development expenses	17,640	14,944
	$ 48,464	$ 47,587

As of December 31, 2023 and 2022, there were 47 and 45 employees, respectively, in the Company.

e. Compensation of employees and remuneration of directors and supervisors

In compliance with the Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at the rates from 4% to 8% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. However, if the Company has accumulated any deficit, the profit should be set aside for offsetting the losses.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which was approved by the Company's board of directors on March 12, 2024 and March 14, 2023, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	6%	6%
Remuneration of directors	3%	3%

Amount

	For the Year Ended December 31	
	2023	**2022**
	Cash	**Cash**
Compensation of employees	$ 881	$ 399
Remuneration of directors	440	200

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

There was 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 year ended December 31, 2022.

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

f. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gain	$ 191,656	$ 172,975
Foreign exchange loss	(189,734)	(191,315)
Net gain (loss) on foreign currency exchange	$ 1,922	($ 18,340)

21. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 3,306	$ 262
Adjustments for prior year	-	(175)
Deferred tax		
In respect of the current year	(1,260)	(317)
Income tax expense (benefit) recognized in profit or loss	$ 2,046	($ 230)

A reconciliation of accounting profit and income tax expense (benefit) recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	$ 13,365	$ 6,057
Income tax expense calculated at the statutory rate	$ 2,673	$ 1,212
Nondeductible expenses in determining taxable income	260	344
Tax-exempt income	(1,629)	(1,872)
Additional income tax under the Alternative Minimum Tax Act	249	261
Income tax on unappropriated earnings	102	-
Adjustments for deferred income tax	391	-
Adjustments for prior years' income tax	-	(175)
Income tax expense (benefit) recognized in profit or loss	$ 2,046	($ 230)

b. Current tax assets and liabilitie

	December 31	
	2023	2022
Current tax assets		
Income tax refund receivable	$ -	$ 80
Current tax liabilities		
Income tax payable	$ 3,114	$ 202

c. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Bad debts over limit	$ 2,306	$ 84	$ 2,390
Others	15	3	18
Loss carryforwards	712	(712)	-
	$ 3,033	($ 625)	$ 2,408
Deferred tax liabilities			
Temporary differences			
Investment income on subsidiaries	$ 291,586	($ 1,598)	$ 289,988
Others	1,738	(287)	1,451
	$ 293,324	($ 1,885)	$ 291,439

For the Year Ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Bad debts over limit	$ 2,542	($ 236)	$ 2,306
Others	519	(504)	15
Loss carryforwards	2,795	(2,083)	712
	$ 5,856	($ 2,823)	$ 3,033
Deferred tax liabilities			
Temporary differences			
Investment income on subsidiaries	$ 295,401	($ 3,815)	$ 291,586
Others	1,063	675	1,738
	$ 296,464	($ 3,140)	$ 293,324

d. Income tax assessments

The Company's tax returns for all years through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

The net profit 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 used in the computation of basic earnings per share	$ 11,319	$ 6,287

The weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,089	100,000
Effect of potentially dilutive ordinary shares:		
Compensation of employees	64	53
Weighted average number of ordinary shares used in the computation of diluted earnings per share	100,153	100,053

If the Company settles the bonuses or remuneration paid to in cash or shares, the Company presumed that the entire amount of the bonus or remuneration would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as 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.

23. SHAR-BASED PAYMENT ARRANGEMENTS

Treasury shares transferred to employees for the first time

The Company granted employee share options for 173 thousand treasury shares to employees on August 4, 2023. Recipients of the options include employees of the Group who meet specific criteria.

The information on the employee share options for the treasury shares is as follows:

	For the Year Ended December 31, 2023	
Employee Share Options	Number of Shares (In Thousands)	Weighted-average Exercise Price (NT$)
Granted this period	173	$ 12.34
Exercised during this period	(173)	12.34
Circulation at the end of the period	-	
Exercisable at the end of the period	-	

The Company set August 4, 2023 as the employee stock subscription date. Employees executed the subscription for treasury shares from August 29 to September 1, 2023.

The Black-Scholes valuation model was used for the share options granted to employees in August 2023, and the input values used in the valuation model are as follows:

	2023 August
Share price at grant date	NT$13.25
Exercise price	NT$12.34
Expected volatility	31.03%
Duration	29 days
Risk-free rate	0.99%
Weighted average fair value of the stock options in the current period	NT$1.05

Expected volatility is based on historical stock price volatility over the past six months.

For the year ended December 31, 2023, the abovementioned employee share options for the treasury shares were exercised by employees, resulting in the originally recognized capital surplus-employee share options of $182 thousand being transferred to capital surplus-treasury shares transactions. The transfer price is the same with the average price at which the Company purchased treasury shares.

Treasury shares transferred to employees for the second time

The Company granted employee share options for 236 thousand treasury shares to employees on November 1, 2023. Recipients of the options include employees of the Group who meet specific criteria.

The information on the employee share options for the treasury shares is as follows:

	For the Year Ended December 31, 2023	
Employee Share Options	**Number of Shares (In Thousands of Units)**	**Weighted-average Exercise Price (NT$)**
Granted this period	236	$ 12.34
Exercised during this period	(236)	12.34
Circulation at the end of the period	-	
Exercisable at the end of the period	-	

The Company set November 1, 2023 as the employee stock subscription date. Employees executed the subscription for treasury shares from November 14 to November 17, 2023.

The Black-Scholes valuation model was used for the share options granted to employees in November 2023, and the input values used in the valuation model are as follows:

	2023 November
Share price at grant date	NT$12.90
Exercise price	NT$12.34
Expected volatility	32.69%
Duration	17 days
Risk-free rate	0.94%
Weighted average fair value of the stock options in the current period	NT$0.71

Expected volatility is based on historical stock price volatility over the past six months.

For the year ended December 31, 2023, the abovementioned employee share options for the treasury shares were exercised by employees, resulting in the originally recognized capital surplus-employee share options of $167 thousand being transferred to capital surplus-treasury shares transactions. The transfer price is the same with the average price at which the Company purchased treasury shares.

24. 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 shareholders through the optimization of the debt and equity balance.

25. FINANCIAL INSTRUMENTS

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

The management of the Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

b. Fair value of financial instruments that are 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 FVTPL				
Domestic unlisted shares	$ -	$ -	$ 1,270	$ 1,270
Mutual funds	13,200	-	-	13,200
Total	$ 13,200	$ -	$ 1,270	$ 14,470

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares and emerging market shares	$ 19,287	$ -	$ -	$ 19,287
Domestic unlisted shares	-	-	1,384	1,384
Mutual funds	15,200	-	-	15,200
Total	$ 34,487	$ -	$ 1,384	$ 35,871

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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

For the Year Ended December 31, 2023

Financial Assets	FVTPL Equity Instruments
Balance at January 1	$ 1,384
Recognized in profit or loss	(114)
Balance at December 31	$ 1,270

For the Year Ended December 31, 2022

Financial Assets	FVTPL Equity Instruments
Balance at January 1	$ 1,503
Recognized in profit or loss	(119)
Balance at December 31	$ 1,384

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair value of domestic unlisted shares was based on the investees' current net value, and are determined using the market approach where the inputs are values of same type of company, and operation of investees.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 14,470	$ 35,871
Financial assets at amortized cost (Note 1)	232,069	220,878
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	322,291	354,967

Note 1: The balances included financial assets measured at amortized cost, which comprise cash, time deposits with original maturities of more than 3 months, accounts receivable, accounts receivable from related parties, other receivables and other receivables from related parties.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payable, accounts payable, accounts payable to related parties, other payables and other payables to related parties.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, mutual funds, accounts receivable and accounts payable. The financial management department of the Company monitors and manages the financial risks relating to the operations of the Company based on the degree and breadth of risks in the domestic and international financial markets. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Information about financial risk was as follows:

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other prices.

There were no changes to the Company's exposure to market risks or the manner in which these risks were managed and measured.

Sensitivity analysis assessed the impact of a reasonably possible change in foreign currency or interest rate within one year. The sensitivity analysis contents of foreign currency and interest rate were listed below:

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Company was mainly exposed to the USD, EUR, HKD and RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The following table indicated an increase (decrease) in profit before income tax with the functional currency strengthening 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on profit before income tax and the balances below would be negative.

	USD Impact		**EUR Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Profit or loss	$ 9,047	$ 8,544	($ 858)	($ 609)

	HKD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	(\$ 1)	\$ 1	(\$ 5)	\$ 14

The above was mainly derived from bank deposits, accounts receivable and accounts payable denominated in USD, EUR, HKD and RMB at the end of the reporting period by the Company.

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
－Financial assets	\$ 94,689	\$ 29,765
Cash flow interest rate risk		
－Financial assets	86,519	95,222

Sensitivity analysis

A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2023 would increase/decrease by \$216 thousand, which was mainly attributable to the Company's exposure to interest rates on its non-derivative financial instruments (mainly demand deposits) at the end of the reporting period.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2022 would increase/decrease by \$238 thousand, which was mainly attributable to the Company's exposure to interest rates on its non-derivative financial instruments (mainly demand deposits) at the end of the reporting period.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities and mutual funds.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If prices of equity securities and mutual funds had been 5% higher/lower, the profit before income tax for the year ended December 31, 2023 would have been higher/lower by $724 thousand, as a result of the fair value changes of financial assets at FVTPL.

If prices of equity securities and mutual funds had been 5% higher/lower, the profit before income tax for the year ended December 31, 2022 would have been higher/lower by $1,794 thousand, as a result of the fair value changes of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's credit risk was concentrated on its major customers, accounting for 57% and 78% of the total accounts receivable as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

The Company have supported the company's operations and mitigated the impact of cash flow fluctuations for the objective of liquidity risk by maintaining sufficient bank deposits and bank loan facilities, and continuously monitoring projected and actual cash flows to align maturities of financial assets and liabilities. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities all amounted to $0 thousand.

The following tables detailed the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 3,564	$ 42,531	$ 275,611	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 41,762	$ 51,480	$ 261,725	$ -	$ -

26. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties and relationships

Related Parties	Relationships with the Company
AHOKU Atlantic	Subsidiary
AHOKU Techland Electronics Ltd. ("AHOKU Techland")	Sub-subsidiary
ACPA Technology	Subsidiary
Kunshan ACPA Electronics Co., Ltd. ("Kunshan ACPA")	Sub-subsidiary
Shanghai ACPA Electronics Co., Ltd. ("Shanghai ACPA")	Sub-subsidiary
APEX POLICY LIMITED ("APEX Company") (Hong Kong)	Other related party
Li, Kuang-Chieh	Other related party

b. Operating revenue

Account Items	Related Party Category	For the Year Ended December 31	
		2023	2022
Revenue from sales of goods	Other related party	$ 878	$ 1,950

The transaction terms to related parties were determined in accordance with mutual agreement.

c. Purchase of goods

Related Party Name	For the Year Ended December 31	
	2023	2022
AHOKU Atlantic	$ 318,950	$ 399,265

The purchase price of the Company to AHOKU Atlantic for goods was calculated at 60% to 95% of the Company's resale price, and the payment terms are non-periodical settlement.

d. Marketing expenses

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Li, Kuang-Chieh	$ 11,206	$ 10,930
Other related party	1,670	801
	$ 12,876	$ 11,731

The marketing expenses are mainly the commissions, which are paid by the Company to Li, Kuang-Chieh, and service fees, which the Company entrusts the related party to handle customs affairs. The commissions and service fees paid by the Company to related parties were determined in accordance with mutual agreement, and the payment terms are non-periodical settlement.

e. Non-operating revenue

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	$ 251	$ 234
Sub-subsidiaries	-	61
	$ 251	$ 295

The non-operating income was mainly the commission income from entrusting the Company to purchase raw materials, which was calculated at 5% to 12% of the Company's purchase price.

f. Accounts receivable

Related Party Category	**December 31** **2023**	**2022**
Subsidiaries	$ 32	$ -
Sub-subsidiaries	-	6
	$ 32	$ 6

g. Accounts payable

Related Party Name	**December 31** **2023**	**2022**
Accounts payable		
AHOKU Atlantic	$ 315,310	$ 351,518

The outstanding accounts payable to related parties were unsecured.

h. Other payables

Related Party Name	**December 31** **2023**	**2022**
Li, Kuang-Chieh	$ 4,178	$ 1,590
Subsidiaries	300	101
	$ 4,478	$ 1,691

Other payables are mainly the freight fees paid by the subsidiary for the Company, the commission fees paid to Li, Kuang-Chieh, and the import and export expenses incurred by the subsidiaries in handling customs affairs for the Company.

i. Prepayments

Related Party Name	**December 31** **2023**	**2022**
Prepayments		
AHOKU Atlantic	$ 3,111	$ 3,377

j. Compensation of key management personnel

The compensation of directors and key management personnel for the years ended December 31, 2023 and 2022 was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 7,260	$ 6,750

The compensation of directors and key management personnel was determined by the Remuneration Committee in accordance with the personal performance evaluation and market trends.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Company's functional currency and the exchange rates between the foreign currencies and respective functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets				
Monetary items				
USD	$ 4,588	30.705	(USD:NTD)	$ 140,897
EUR	505	33.98	(EUR:NTD)	17,160
HKD	3	3.929	(HKD:NTD)	12
RMB	238	4.311	(RMB:NTD)	1,026
Financial liabilities				
Monetary items				
USD	10,480	30.705	(USD:NTD)	321,841
RMB	214	4.311	(RMB:NTD)	923

December 31, 2022

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets				
Monetary items				
USD	$ 6,028	30.71	(USD:NTD)	$ 185,120
EUR	372	32.72	(EUR:NTD)	12,172
HKD	8	3.938	(HKD:NTD)	32
RMB	238	4.4094	(RMB:NTD)	1,049
Financial liabilities				
Monetary items				
USD	$ 11,592	30.71	(USD:NTD)	$ 355,990
HKD	13	3.938	(HKD:NTD)	51
RMB	302	4.4094	(RMB:NTD)	1,332

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	unrealized net foreign exchange gains (losses)	Exchange Rate	unrealized net foreign exchange gains (losses)
USD	30.705 (USD:NTD)	$ 2,860	30.71 (USD:NTD)	($ 9,844)
EUR	33.98 (EUR:NTD)	-	32.72 (EUR:NTD)	472
HKD	3.929 (HKD:NTD)	-	3.938 (HKD:NTD)	(1)
RMB	4.311 (RMB:NTD)	(27)	4.4094 (RMB:NTD)	(15)
		$ 2,833		($ 9,388)

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: None.

2) Endorsement/guarantee provided: None.

3) Marketable securities held (excluding investment in subsidiaries and associates): See Table 1 below.

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

6) Disposal of individual real properties 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: See Table 2 below.

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

9) Trading in derivative instruments: None.

10) Information on investees: See Table 4 below.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investees, investment gain (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: See Table 5 below.

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:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 2 below.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: See Table 2 below.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

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: See Table 6 below.

TABLE 1

AHOKU ELECTRONIC COMPANY

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

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares (Units)/ Par Value	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
AHOKU Electronic	Unlisted common stock							
	Powerchip Technology Corporation	—	Financial assets at FVTPL	96,066	$ 1,270		$ 1,270	
	Beneficiary certificates							
	Fubon No.2 Real Estate Investment Trust	—	Financial assets at FVTPL	1,000,000	$ 13,200		$ 13,200	
AHOKU Atlantic	Beneficiary certificates							
	SinoPac-High Yield Dim Sum Bond Fund- C	—	Financial assets at FVTPL	185,198	$ 46,391		$ 46,391	
	Bonds							
	Citi- SOCGEN Bond- Societe Generale	—	Financial assets at FVTOCI	USD 3,157 thousand	$ 96,947		$ 96,947	
	Citibank- C Bond	—	Financial assets at FVTOCI	USD 2,962 thousand	90,949		90,949	
	Citibank- DB Bond- Deutsche Bank	—	Financial assets at FVTOCI	USD 1,961 thousand	60,203		60,203	
	Citibank- SOFTBK Bond-SoftBank	—	Financial assets at FVTOCI	USD 1,373 thousand	42,143		42,143	
	Citibank- HSBC Bond- HSBC Bank	—	Financial assets at FVTOCI	USD 1,304 thousand	40,032		40,032	
	Citibank- PEMEX Bond- Petróleos Mexicanos	—	Financial assets at FVTOCI	USD 909 thousand	27,909		27,909	
	Citibank- BNP Bond- BNP Paribas	—	Financial assets at FVTOCI	USD 804 thousand	24,686		24,686	
	Citibank- UBS Bond- UBS	—	Financial assets at FVTOCI	USD 790 thousand	24,254		24,254	
	Citibank- SANTAN Bond- Banco Santander	—	Financial assets at FVTOCI	USD 734 thousand	22,538		22,538	

(Continued)

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares (Units)/ Par Value	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
	Bonds							
	Citibank- NATIXIS Bond-Natixis	—	Financial assets at FVTOCI	USD 499 thousand	$ 15,310		$ 15,310	
	Citibank- MQGAU Bond- Macquarie Bank	—	Financial assets at FVTOCI	USD 463 thousand	14,201		14,201	
	Citibank- ING GROEP NV Bond- ABN AMRO Bank	—	Financial assets at FVTOCI	USD 365 thousand	11,207		11,207	
	Citibank- VTB BANK Bond	—	Financial assets at FVTOCI	USD 466 thousand	-		-	(Note 4)
	Citibank- CS Bond-Credit Suisse	—	Financial assets at FVTOCI	USD 570 thousand	-		-	(Note 5)
			Subtotal		$ 470,379		$ 470,379	

Note 1: The marketable securities stated in this table are defined as shares, bonds, and beneficiary certificates in the scope of IFRS9 "Financial Instruments," and the marketable securities derived from the above-mentioned items.

Note 2: The market price of beneficiary certificates and bonds were calculated based on the value of the net assets on December 31, 2023. Listed shares and emerging market shares were calculated based on the closing price on December 31, 2023. The fair value of unlisted shares were based on the investees' current net value, and were determined using the market approach.

Note 3: For information on the investments in subsidiaries refer to Tables 4 and 5.

Note 4: AHOKU Atlantic held the debt instruments measured at fair value through other comprehensive income, due to the conflict between Russia and Ukarine, Russia was subject to international economic sanctions and credit ratings were revoked by international credit rating agencies, resulting in credit impairment. AHOKU Atlantic recognized the impairment loss of $13,937 thousand for the year ended December 31, 2022.

Note 5: AHOKU Atlantic held the debt instruments measured at fair value through other comprehensive income for the year ended December 31, 2023, due to the acquisition of Credit Suisse Group AG by UBS Group AG and the write-down of Additional Tier 1 Capital Bonds issued by Credit Suisse Group AG, AHOKU Atlantic incurred the credit impairment of holding Credit Suisse Group AG bonds, and recognized the impairment loss of $29,560 thousand.

(Concluded)

AHOKU ELECTRONIC COMPANY

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)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AHOKU Electronic	AHOKU Atlantic	Investee company accounted for using equity method by AHOKU Electronic	Purchase	$ 318,950	99	Non-periodical payment	Note 1	Note 1	($ 315,310)	(100)	
AHOKU Atlantic	AHOKU Electronic	AHOKU Atlantic accounted for using equity method by investor company	Sale	318,950	100	Non-periodical collection	Note 1	Note 1	315,310	100	
	AHOKU Techland	Investee company accounted for using equity method by AHOKU Atlantic	Purchase	318,948	100	Offset between accounts receivable and payable per month	Note 2	Note 2	(156,790)	(91)	
AHOKU Techland	AHOKU Atlantic	AHOKU Techland accounted for using equity method by investor company	Sale	318,948	100	Offset between accounts receivable and payable per month	Note 2	Note 2	156,790	100	

Note1: It is calculated based on 60% to 95% of AHOKU Electronic selling price, and the payment for goods is monthly settlement and non-periodical payment.

Note 2: The purchase price of AHOKU Altantic tranferring the orders to AHOKU Techalnd is calculated based on 100% of the order price received by AHOKU Atlantic from AHOKU Electronic, and payment for goods is offset between accounts receivable and payable at the end of each month.

<u>**TABLE 3**</u>

AHOKU ELECTRONIC COMPANY

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	Nature of Relationship	Ending Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
AHOKU Atlantic	AHOKU Electronic	Parent company	$ 315,310	0.96	$ -	-	$ 827	$ -
AHOKU Techland	AHOKU Atlantic	Parent company	156,790	2.06	-	-	59,717	-

TABLE 4

AHOKU ELECTRONIC COMPANY

NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee (Note 1)	Share of Profit/Loss of Investee (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)	Carrying Amount (Note 1)			
AHOKU Electronic	AHOKU Atlantic	British Virgin Islands	Re-export trade of Smart Power Management Devices, Touch Display and Peripherals of Arcade Games	$ 90,665	$ 90,665	50,000	100	$ 1,422,613	($ 7,993)	($ 7,993)	
	ACPA Technology	New Taipei City	Sale of Circuit Protection Components	76,879	76,879	12,286,231	50	132,738	(7,951)	(5,347) (Note 2)	

Note 1: The amounts were calculated based on audited financial statements.
Note 2: The balance is the investment losses of $3,981 thousand calculated in proportion to the shareholding, deduct the amortization of investment premium of $1,366 thousand.
Note 3: Refer to Table 5 for information on investments in mainland China.

TABLE 5

AHOKU ELECTRONIC COMPANY

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company (Note 2)	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of December 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
AHOKU Techland Electronics Ltd.	Production and sales of Smart Power Management Devices, Touch Display and Peripherals of Arcade Games	HKD 50,000,000	c	$ 124,614	$ -	$ -	$ 124,614 (Note 5)	($ 9,285)	100%	($ 9,285)	$ 298,409	$ 32,083
Shanghai ACPA Electronics Co., Ltd.	Sales of Circuit Protection Components	USD 320,000	e	11,202	-	-	11,202	(33)	50%	(17)	75,501	
Kunshan ACPA Electronics Co., Ltd.	Production and sales of Circuit Protection Components	USD 4,200,000	e	134,530 (Note 6)	-	-	134,530	(10,501)	50%	(5,251)	163,204	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 270,346	$ 350,451 (USD 9,750,000 and HKD 13,000,000)	1,249,008 × 60% =749,405

Note 1: The way of investment in mainland China is as follows:

a. Investment in mainland China through remittance from a third region.

b. Indirect investment in mainland China through a subsidiary registered in a third region.

c. Indirect investment in mainland China through AHOKU Atlantic Inc. registered in a third region.

d. Direct investment in mainland China.

e. Others (including direct investment in mainland China through the Company’s domestic investee company).

Note 2: The amounts were calculated based on the investee’s audited financial statements.

Note 3: The limitation of the amount is in accordance with the provisions of the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area” which was passed on August 29, 2008.

Note 4: USD converted to NTD at US$1=NT$30.705and HKD converted to NTD at HK$1=NT$3.929.

Note 5: Accumulated outward remittance for investment from Taiwan as of December 31, 2023 excluded AHOKU Atlantic additional investment in AHOKU Techland with its earnings of $87,073 thousand.

Note 6: The amount was included that ACPA Technology Co., Ltd. converted the loan of previous years into equity in June 2020.

TABLE 6

AHOKU ELECTRONIC COMPANY

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Stockholder	Shares	
	Number of Shares Owned	Percentage of Ownership
Hao Han Investment Co., Ltd.	20,325,271	19.92%
Li, Wen-Han	9,009,103	8.83%
Li, Wan-Ting	8,991,519	8.81%
Li, Kuang-Hao	8,332,359	8.16%
Chen, Mei-Ling	6,237,651	6.11%

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Company's common stocks (including treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the parent company only financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

AHOKU ELECTRONIC COMPANY

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

AHOKU ELECTRONIC COMPANY

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

Item	Amount
Cash on hand	$ 67
Petty cash	5
Bank deposits	
Checking accounts	46
Time deposits	35,535
Demand deposits	22,830
Foreign currency deposits (Note 1)	28,108
	86,519
Total	$ 86,591

Note 1: Including US$760 thousand and the exchange rate was US$1=NT$30.705
EUR$141 thousand and the exchange rate was EUR$1=NT$33.98

STATEMENT 2

AHOKU ELECTRONIC COMPANY

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Units/Shares	Cost	Market Price (Note) Unit Price (NT$)	Market Price (Note) Total Amount
Beneficiary certificates				
Fubon No.2 Real Estate Investment Trust	1,000,000	$ 10,560	$13.20	$ 13,200
Domestic unlisted shares				
Powerchip Technology Corporation	96,066	-	13.22	1,270
		$ 10,560		$ 14,470

Note: The market price of beneficiary certificates was calculated based on the value of the net assets on December 31, 2023. The fair value of unlisted shares was based on the investees' current net value, and was determined using the market approach.

STATEMENT 3

AHOKU ELECTRONIC COMPANY

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Client Name	Description (Note 1)	Amount
Customer A	USD$466 thousand	$ 14,312
Customer B	EUR$363 thousand	12,340
Customer C	USD$264 thousand	8,121
Others (Note 2)		26,164
Subtotal		60,937
Less: Allowance for impairment loss		12,016
Net amount		$ 48,921

Note 1: The exchange rate was USD$1=NT$30.705；EUR$1=NT$33.98

Note 2: The amount of individual client included in others did not exceed 5% of the account balance.

AHOKU ELECTRONIC COMPANY

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

Item	Amount	
	Cost	Net Realizable Value (Note)
Merchandise	$ 239	$ 239
Raw materials	46	46
Total	$ 285	$ 285

Note: Net realizable value.

AHOKU ELECTRONIC COMPANY

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2023		Additions in Investment		Decrease in Investment					Balance, December 31, 2023			Net Assets Value			
	Shares	Amount	Shares	Amount	Shares	Amount	Share of Profit or Loss of Subsidiaries and Associates	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gross Profit	Shares	Percentage of Ownership (%)	Amount	Unit Price	Total Amount	Collateral or Pledge	Note
Investments accounted for using equity method																
AHOKU Atlantic Inc. (“AHOKU Atlantic”)	50,000	$ 1,408,096	-	$ 28,886	-	$ -	($ 7,993)	($ 6,363)	($ 13)	50,000	100	$ 1,422,613	28,454.04	$ 1,422,702	None	Notes 1 and 2
ACPA Technology Co., Ltd.	11,928,377	143,677	357,854	16	-	(3,578)	(5,347)	(2,030)	-	12,286,231	50	132,738	9.78	120,206	None	Notes 1 and 3 and 4
		$ 1,551,773		$ 28,902		($ 3,578)	($ 13,340)	($ 8,393)	($ 13)	-		$ 1,555,351		$ 1,542,908		

Note 1: The amounts were calculated based on audited financial statements.

Note 2: Additions in investment were due to the recognition of unrealized gain on financial instruments of AHOKU Atlantic in proportion to the shareholding.

Note 3: Additions in investment were due to the recognition of cash dividends and remeasurement on defined benefit plans of ACPA Technology Co., Ltd. in proportion to the shareholding.

Note 4: Decrease in investment was due to the issuance of cash dividends in proportion to the shareholding.

STATEMENT 6

AHOKU ELECTRONIC COMPANY

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

Item	Quantity (Piece)	Amount
Revenue from sale of goods		
Smart Power Management Devices	976,144	$ 203,920
Touch Display and Peripherals of Arcade Games	42,606	198,642
		402,562
Less: Sales returns and allowances		51
		$ 402,511

STATEMENT 7

AHOKU ELECTRONIC COMPANY

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

Item	Amount
Raw materials used	
Raw materials, beginning of year	$ 73
Add: Raw materials purchased	4,189
Less: Raw materials, end of year	(46)
Raw materials transfer to merchandise	(4,216)
Raw materials used	-
Cost of merchandise	
Merchandise purchased	316,218
Add: Merchandise, beginning of year	346
Raw materials transfer to merchandise	4,216
Less: Merchandise, end of year	(239)
Transferred to operating expenses	-
	320,541
Operating costs	$ 320,541

AHOKU ELECTRONIC COMPANY

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

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Salary and wages	$ 9,432	$ 17,626	$ 15,274
Commission	11,277	-	-
Export fee	2,055	-	-
Professional fee	-	2,309	-
Insurance fee	1,088	1,488	1,340
Others (Note)	3,895	4,576	3,223
Total	$ 27,747	$ 25,999	$ 19,837

Note: The amount of each item in others did not exceed 5% of the account balance.

STATEMENT 9

AHOKU ELECTRONIC COMPANY

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefits						
Salary expenses	$ 42,240	$ -	$ 42,240	$ 41,842	$ -	$ 41,842
Labor and health insurance	3,542	-	3,542	3,446	-	3,446
Pension	1,702	-	1,702	1,510	-	1,510
Remuneration of directors	441	-	441	198	-	198
Others	539	-	539	591	-	591
	$ 48,464	$ -	$ 48,464	$ 47,587	$ -	$ 47,587
Depreciation expenses	$ 1,092	$ 86	$ 1,178	$ 1,128	$ 86	$ 1,214
Amortization expenses	$ 239	$ -	$ 239	$ 182	$ -	$ 182

Note 1: As of December 31, 2023 and 2022, the Company had 47 and 45 employees, respectively, both of which include 8 and 8 board of directors, not serving concurrently as employees, and of which the calculation basis were consistent with employee benefits.

Note 2: 1) Average employee benefits for the year ended December 31, 2023 was $1,231 thousand (Amounts of employee benefits for the year ended December 31, 2023 less amounts of remuneration of directors for the year ended December 31, 2023/number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023)

Average employee benefits for the year ended December 31, 2022 was $1,281 thousand (Amounts of employee benefits for the year ended December 31, 2022 less amounts of remuneration of directors for the year ended December 31, 2022/number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

2) Average salaries for the year ended December 31, 2023 was $1,083 thousand (Amounts of salaries for the year ended December 31, 2023/number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023)

Average salaries for the year ended December 31, 2022 was $1,131 thousand (Amounts of salaries for the year ended December 31, 2022/number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

3) Change of adjustments of average salaries was (5.24%) (Average salaries for the year ended December 31, 2023 less average salaries for the year ended December 31, 2022/average salaries for the year ended December 31, 2022)

4) The Company has established the Audit Committee, and the remuneration of independent directors has been included in the remuneration of the directors for disclosure.

5) In compliance with the Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates from 4% to 8% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. However, if the Company has accumulated any deficit, the profit should be set aside for offsetting the losses.