XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Xavi Technologies Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Xavi Technologies Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public 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 judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2023 consolidated financial statements are stated as follows:

Valuation of inventory

Description

Refer to Notes 4(11), 5 and 6(4) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and loss on inventory valuation.

The Group's main inventories are digital audio and video products, broadband communication products, wireless products and artificial intelligence IoT products. The production replacement speed continues to accelerate under the increasingly shorter technology innovation cycle in the network communication product market, and the selling prices fluctuate because of changes in supplies from upstream suppliers and market competition. As a result, the carrying amount of inventories may exceed their net realisable value. Given that the Group's measurement of net realisable value for inventories that were damaged from ordinary use, obsolete or without market sales value involves management's subjective judgement, the valuation of inventories has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed whether the Group's accounting policies comply with the relevant standards and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, sales expenses and obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
2. Obtained the net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

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Recognition of sales revenue

Description

Refer to Notes 4(27) and 6(14) of the consolidated financial statements for the accounting policy and disclosures in relation to the revenue recognition.

The Group is primarily engaged in the sales of network communication products and its maintenance and repair services. Given that the sales revenue recognition of major customers could have a significant impact on the financial statements, and sales revenue has a high level of inherent risk, the recognition of sales revenue transactions from top ten customers has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the basic information of the top ten customers to assess the existence of those customers.
2. Obtained an understanding and assessed the internal control procedures for top ten customers and verified the effectiveness of internal controls over revenue recognition, including testing the credit granting procedure and selecting samples to verify sales orders and delivery notes to ascertain the validity of sales revenue transactions.
3. Performed substantive tests by selecting samples of sales revenue transactions and verified the transactions against supporting documents to ascertain the validity of sales transactions. Also, checked whether there were any unusual collections and sales returns and discounts after the balance sheet date.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Xavi Technologies Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

Liang, Hua-Ling   Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 11, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 759,594	30	$ 219,692	6
1110	Financial assets at fair value through profit or loss - current	6(2)	43,303	2	86,850	2
1150	Notes receivable, net	6(3)	-	-	108	-
1170	Accounts receivable, net	6(3)	311,433	12	1,454,382	37
1180	Accounts receivable - related parties	7	16,318	1	16,323	-
1200	Other receivables		209,669	8	211,606	5
1210	Other receivables - related parties	7	-	-	17	-
130X	Inventories	6(4)	810,114	32	1,572,827	40
1410	Prepayments		84,560	3	73,172	2
1470	Other current assets	8	3,233	-	17,310	-
11XX	**Total current assets**		2,238,224	88	3,652,287	92
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	5,460	-	7,800	-
1600	Property, plant and equipment, net	6(5)	249,870	10	273,014	7
1755	Right-of-use assets	6(6)	36,590	1	31,181	1
1780	Intangible assets		2,011	-	3,476	-
1840	Deferred income tax assets	6(20)	12,656	1	11,230	-
1900	Other non-current assets	8	6,395	-	6,134	-
15XX	**Total non-current assets**		312,982	12	332,835	8
1XXX	**Total assets**		$ 2,551,206	100	$ 3,985,122	100

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XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(7)	$ 432,000	17	$ 580,000	15
2120	Financial liabilities at fair value through profit or loss - current	6(2)	10,431	1	14,642	1
2130	Contract liabilities - current	6(14)	133,383	5	253,085	6
2150	Notes payable		2,587	-	8,581	-
2170	Accounts payable		382,705	15	1,241,813	31
2180	Accounts payable - related parties	7	2,698	-	8,831	-
2200	Other payables	6(8)	388,740	15	463,926	12
2220	Other payables - related parties	7	30,115	1	11,633	-
2230	Income tax liabilities		37,225	2	35,846	1
2280	Lease liabilities - current	7	21,568	1	18,832	1
2300	Other current liabilities		4,798	-	7,231	-
21XX	**Total current liabilities**		1,446,250	57	2,644,420	67
	Non-current liabilities					
2570	Deferred tax liabilities	6(20)	253	-	253	-
2580	Non-current lease liabilities	7	15,269	-	12,681	-
25XX	**Total non-current liabilities**		15,522	-	12,934	-
2XXX	**Total liabilities**		1,461,772	57	2,657,354	67
	Equity					
	Share capital	6(11)				
3110	Common stock		769,956	30	768,196	19
3140	Advance receipts for share capital		778	-	-	-
	Capital surplus	6(12)				
3200	Capital surplus		184,807	8	182,925	4
	Retained earnings	6(13)				
3310	Legal reserve		58,298	2	31,991	1
3320	Special reserve		32,474	1	75,872	2
3350	Unappropriated retained earnings		75,993	3	301,258	8
	Other equity interest					
3400	Other equity interest		(32,872)	(1)	(32,474)	(1)
31XX	**Equity attributable to owners of the parent**		1,089,434	43	1,327,768	33
3XXX	**Total equity**		1,089,434	43	1,327,768	33
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,551,206	100	$ 3,985,122	100

The accompanying notes are an integral part of these consolidated financial statements.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Sales revenue	6(14) and 7	$ 2,868,678	100	$ 6,006,058	100
5000	Operating costs	6(4)(18)(19) and 7	(2,638,896)	(92)	(5,296,997)	(88)
5900	Net operating margin		229,782	8	709,061	12
	Operating expenses	6(18)(19) and 7				
6100	Selling expenses		(70,979)	(2)	(112,933)	(2)
6200	General and administrative expenses		(100,043)	(4)	(145,680)	(2)
6300	Research and development expenses		(143,293)	(5)	(165,423)	(3)
6450	Expected credit (loss) gain	12(2)	(5,834)	-	2,143	-
6000	Total operating expenses		(320,149)	(11)	(421,893)	(7)
6900	Operating (loss) profit		(90,367)	(3)	287,168	5
	Non-operating income and expenses					
7100	Interest income	6(15)	17,546	1	4,111	-
7010	Other income	6(16) and 7	8,933	-	5,443	-
7020	Other gains and losses	6(17)	30,205	1	19,344	-
7050	Finance costs	7	(11,386)	-	(19,869)	-
7000	Total non-operating income and expenses		45,298	2	9,029	-
7900	**(Loss) profit before income tax**		(45,069)	(1)	296,197	5
7950	Income tax expense	6(20)	(20,991)	(1)	(35,366)	(1)
8200	**(Loss) profit for the year**		($ 66,060)	(2)	$ 260,831	4
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain on defined benefit plan	6(9)	$ 389	-	$ 2,240	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(398)	-	43,398	1
8300	**Total other comprehensive (loss) incomefor the year**		($ 9)	-	$ 45,638	1
8500	**Total comprehensive (loss) income for the year**		($ 66,069)	(2)	$ 306,469	5
	(Loss) profit attributable to:					
8610	Owners of the parent		($ 66,060)	(2)	$ 260,831	4
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 66,069)	(2)	$ 306,469	5
	(Loss) earnings per share (in NTD dollars)	6(21)				
9750	Basic (loss) earnings per share		($ 0.86)		$ 3.73	
9850	Diluted (loss) earnings per share		($ 0.86)		$ 3.65	

The accompanying notes are an integral part of these consolidated financial statements.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital			Retained Earnings				
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
2022									
Balance at January 1, 2022		$ 695,466	$ -	$ 25,740	$ 17,176	$ 60,795	$ 172,399	($ 75,872)	$ 895,704
Profit for 2022		-	-	-	-	-	260,831	-	260,831
Other comprehensive income for 2022	6(9)	-	-	-	-	-	2,240	43,398	45,638
Total comprehensive income		-	-	-	-	-	263,071	43,398	306,469
Appropriations of 2021 earnings	6(13)								
Legal reserve		-	-	-	14,815	-	(14,815)	-	-
Special reserve		-	-	-	-	15,077	(15,077)	-	-
Cash dividends		-	-	-	-	-	(104,320)	-	(104,320)
Cash capital increase	6(11)	72,730	-	147,739	-	-	-	-	220,469
Share-based payments	6(10)	-	-	9,446	-	-	-	-	9,446
Balance at December 31, 2022		$ 768,196	$ -	$ 182,925	$ 31,991	$ 75,872	$ 301,258	($ 32,474)	$ 1,327,768
2023									
Balance at January 1, 2023		$ 768,196	$ -	$ 182,925	$ 31,991	$ 75,872	$ 301,258	($ 32,474)	$ 1,327,768
Loss for 2023		-	-	-	-	-	(66,060)	-	(66,060)
Other comprehensive income (loss) for 2023	6(9)	-	-	-	-	-	389	(398)	(9)
Total comprehensive loss		-	-	-	-	-	(65,671)	(398)	(66,069)
Appropriations of 2022 earnings	6(13)								
Legal reserve		-	-	-	26,307	-	(26,307)	-	-
Special reserve		-	-	-	-	(43,398)	43,398	-	-
Cash dividends		-	-	-	-	-	(176,685)	-	(176,685)
Share-based payments	6(10)	-	-	1,284	-	-	-	-	1,284
Exercise of employee share options	6(11)	1,760	778	598	-	-	-	-	3,136
Balance at December 31, 2023		$ 769,956	$ 778	$ 184,807	$ 58,298	$ 32,474	$ 75,993	($ 32,872)	$ 1,089,434

The accompanying notes are an integral part of these consolidated financial statements.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 45,069)	$ 296,197
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(18)	92,252	88,700
Amortization	6(18)	2,766	2,756
Expected credit loss (gain)	12(2)	5,834	(2,143)
Net (gain) loss on financial assets and liabilities at fair value - others	6(2)(17)	(17,973)	7,415
Net gain on financial assets and liabilities at fair value - derivative	6(2)(17)	(6,683)	(42,019)
Share-based payments	6(10)	1,284	9,446
Interest income	6(15)	(17,546)	(4,111)
Interest expense		11,386	19,869
Dividend income	6(16)	(438)	(3,115)
Gain on disposal of property, plant and equipment	6(17)	(124)	(512)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - derivative instruments		3,398	54,238
Notes receivable		107	(108)
Accounts receivable		1,137,115	(643,930)
Accounts receivable - related parties		20	(14,163)
Other receivables		3,568	(193,169)
Other receivables - related parties		17	31,482
Inventories		761,926	(10,801)
Prepayments		(11,806)	24,131
Other current assets		13,964	(5,169)
Changes in operating liabilities			
Contract liabilities - current		(119,699)	217,522
Notes payable		(5,924)	(3,188)
Accounts payable		(854,955)	(216,021)
Accounts payable - related parties		(6,191)	(138,027)
Other payables		(73,694)	141,873
Other payables - related parties		18,845	1,002
Other current liabilities		(2,433)	(19,997)
Net defined benefit liability		(55)	(16)
Cash inflow (outflow) generated from operations		889,892	(401,858)
Interest received		17,546	4,111
Dividends received		438	3,115
Interest paid		(11,900)	(19,099)
Income tax paid		(19,390)	(38,866)
Net cash flows from (used in) operating activities		876,586	(452,597)

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XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets and liabilities at fair value through profit or loss - others		($ 3)	($ 2,199)
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss - others		62,937	3,029
Acquisition of property, plant and equipment		(53,275)	(127,880)
Proceeds from disposal of property, plant and equipment		3,994	5,850
Acquisition of intangible assets		(1,306)	(2,808)
Decrease (increase) in refundable deposits		96	(30)
Decrease (increase) in other non-current assets		83	(2,168)
Net cash flows from (used in) investing activities		12,526	(126,206)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(22)	(148,000)	490,000
Repayment of lease liabilities	6(22)	(21,496)	(20,760)
Cash dividends paid	6(13)	(176,685)	(104,320)
Cash capital increase	6(11)	-	220,469
Exercise of employee share options		3,136	-
Net cash flows (used in) from financing activities		(343,045)	585,389
Effect of exchange rate changes		(6,165)	1,066
Net increase in cash and cash equivalents		539,902	7,652
Cash and cash equivalents at beginning of year	6(1)	219,692	212,040
Cash and cash equivalents at end of year	6(1)	$ 759,594	$ 219,692

The accompanying notes are an integral part of these consolidated financial statements.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

XAVi Technologies Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in June 1997 and commenced its operations in October 1997. The Company has been a listed company since August 2004. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research and development, manufacture and sales of network communication products, etc. As of December 31, 2023, Chicony Electronics Co., Ltd. holds a 40.46% equity interest in the Company and is the Company's ultimate parent company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments 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'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the Group's financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit assets/liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated.

(c) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
The Company	Directmax International Ltd. (Directmax)	Overseas investment	100%	100%	-
The Company	XAVi Technologies (Thailand) Co., Ltd.	Manufacturing, puchases, and sales of network communication products	100%	100%	Note
Directmax International Ltd. (Directmax)	XAVi Overseas Ltd. (XAVi Overseas)	Overseas investment	100%	100%	-
Directmax International Ltd. (Directmax)	Systemax Development Ltd. (Systemax)	Purchases and sales of network communication products	100%	100%	-
Directmax International Ltd. (Directmax)	XAVi Technologies (Suzhou) Co., Ltd.	Manufacturing, puchases, and sales of network communication products	100%	100%	-

Note: The Company increased THB25,000 thousand of capital during the second quarter of 2022.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

Machinery and equipment	1~10 years
Office equipment	1~10 years
Other equipment	1~5 years

(13) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

Accounts and notes payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Financial liabilities at fair value through profit or loss

A. They are financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
   (a) Hybrid (combined) contracts; or
   (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
   (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value. Any changes in the fair value are recognised in profit or loss.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises an expense when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(26) <u>Dividends</u>

Cash dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders or resolved by the more than half of the directors present at the meeting where more than two-thirds of the directors are present. Cash dividends are recorded as liabilities. Stock dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

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

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides OEM services for communication products. Relevant revenue is recognised when the services are rendered.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $810,114.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 1,110	$ 694
Checking accounts and demand deposits	674,079	201,359
Time deposits	84,405	17,639
	$ 759,594	$ 219,692

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward foreign exchange contracts	$ -	$ 926
Listed stocks	72,621	100,600
Convertible bonds	-	22,770
	72,621	124,296
Valuation adjustment	(29,318)	(37,446)
	$ 43,303	$ 86,850
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward foreign exchange contracts	$ 10,431	$ 14,642
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 30,000	$ 30,000
Valuation adjustment	(24,540)	(22,200)
	$ 5,460	$ 7,800

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2023	2022
Equity instruments	$ 19,682	($ 9,856)
Debt instruments	631	11
Beneficiary certificates	(2,340)	2,430
Derivative instruments	6,683	42,019
	$ 24,656	$ 34,604

B. Details of the transactions and contract information related to derivative financial liabilities which were not accounted for using hedge accounting are as follows:

	December 31, 2023	
Derivative financial liabilities	Contract amount (notional principal)	Expiry date
Current items:		
Forward foreign exchange contracts		
- Buy USD sell THB	14,000 thousand	2024.1.8-2024.2.20

	December 31, 2022	
Derivative financial liabilities	Contract amount (notional principal)	Expiry date
Current items:		
Forward foreign exchange contracts		
- Buy USD sell RMB	7,000 thousand	2023.1.19-2023.6.21
- Buy USD sell THB	8,000 thousand	2023.1.19-2023.2.28

Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to buy (sell) forward foreign exchange to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 108
Accounts receivable	$ 332,000	$ 1,469,128
Less: Allowance for uncollectible accounts	(20,567)	(14,746)
	$ 311,433	$ 1,454,382

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	receivable
Not past due	$ 270,182	$ -	$ 1,363,296	$ 108
1 - 30 days	31,008	-	95,420	-
31 - 60 days	1,437	-	76	-
61 - 90 days	10,413	-	-	-
Over 90 days	18,960	-	10,336	-
	$ 332,000	$ -	$ 1,469,128	$ 108

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $825,076.

C. The Group has no accounts receivable pledged to others.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was approximate to the carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 881,543	$ (318,526)	$ 563,017
Work in progress	162,822	(35,201)	127,621
Finished goods	122,309	(2,833)	119,476
	$ 1,166,674	$ (356,560)	$ 810,114

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,057,208	($ 168,152)	$ 889,056
Work in progress	336,515	(13,592)	322,923
Finished goods	371,846	(10,998)	360,848
	$ 1,765,569	($ 192,742)	$ 1,572,827

B. The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	$ 2,459,779	$ 5,171,714
Loss on physical inventory	182,918	119,715
Others	(3,801)	5,568
	$ 2,638,896	$ 5,296,997

Other related losses and gains include (gain) loss on inventory, disposal, and scrap revenue.

(5) Property, plant and equipment

	2023			
	Machinery equipment	Office equipment	Other equipment	Total
At January 1				
Cost	$ 539,423	$ 60,577	$ 41,262	$ 641,262
Accumulated depreciation	(294,089)	(37,489)	(36,670)	(368,248)
	$ 245,334	$ 23,088	$ 4,592	$ 273,014
Opening net book amount	$ 245,334	$ 23,088	$ 4,592	$ 273,014
Additions	46,618	4,170	2,487	53,275
Disposals	(2,050)	(663)	(1,157)	(3,870)
Depreciation charge	(61,720)	(6,760)	(2,363)	(70,843)
Net exchange differences	(1,897)	98	93	(1,706)
Closing net book amount	$ 226,285	$ 19,933	$ 3,652	$ 249,870
At December 31				
Cost	$ 539,647	$ 60,954	$ 35,128	$ 635,729
Accumulated depreciation	(313,362)	(41,021)	(31,476)	(385,859)
	$ 226,285	$ 19,933	$ 3,652	$ 249,870

	2022			
	Machinery equipment	Office equipment	Other equipment	Total
At January 1				
Cost	$ 427,499	$ 47,685	$ 40,964	$ 516,148
Accumulated depreciation	(236,858)	(31,923)	(33,834)	(302,615)
	$ 190,641	$ 15,762	$ 7,130	$ 213,533
Opening net book amount	$ 190,641	$ 15,762	$ 7,130	$ 213,533
Additions	111,696	13,032	1,214	125,942
Disposals	(5,338)	-	-	(5,338)
Depreciation charge	(57,445)	(6,699)	(3,783)	(67,927)
Net exchange differences	5,780	993	31	6,804
Closing net book amount	$ 245,334	$ 23,088	$ 4,592	$ 273,014
At December 31				
Cost	$ 539,423	$ 60,577	$ 41,262	$ 641,262
Accumulated depreciation	(294,089)	(37,489)	(36,670)	(368,248)
	$ 245,334	$ 23,088	$ 4,592	$ 273,014

A. The Group has no property, plant and equipment pledged to others.

B. The Group has no interest capitalised for the years ended December 31, 2023 and 2022.

(6) Lease transactions－lessee

A. The Group leases various assets including buildings and structures. Rental contracts are typically made for periods of 1 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. Short-term leases with a lease term of 12 months or less comprise parking and office spaces, etc. Low-value assets comprise multifunction printers. These leases are not included in right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings and structures	$ 36,590	$ 31,181

	Year ended December 31	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings and structures	$ 21,409	$ 20,773

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $26,658 and $0, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 352	$ 420
Expense on short-term lease contracts	23,931	28,234
Expense on leases of low-value assets	204	110

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $45,983 and $49,524, respectively.

(7) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 432,000	1.68%~1.69%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 580,000	1.44%~2.00%	None

A. Refer to Note 9 for details of guarantee notes issued for the above borrowings as of December 31, 2023 and 2022.

B. The Group has signed an agreement to offset financial assets and liabilities with financial institutions. The agreement meets the offsetting criteria of IAS 32, the financial assets and liabilities are offset and reported in the net amount in the balance sheet. Details of the offset as of December 31, 2023 are as follows:

Description	Gross amounts of recognised financial assets/liabilities	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts presented in the balance sheet
December 31, 2023			
Bank deposit/Bank borrowings	TWD 284,685	TWD 284,685	$ -

The Group had not signed an agreement to offset financial assets and liabilities with financial institutions as of December 31, 2022.

(8) Other payables

	December 31, 2023	December 31, 2022
Wages, salaries and bonuses payable	$ 100,903	$ 100,803
Employees' compensation and directors' and supervisors' remuneration payable	-	42,448
Testing expenses payable	143,888	190,308
Payables for freight and customs fees	20,813	30,746
Processing expenses payable	14,675	14,072
Others	108,461	85,549
	$ 388,740	$ 463,926

(9) Pensions

A. Defined benefit plans

(a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 16,618)	($ 16,700)
Fair value of plan assets	21,666	21,304
Net defined benefit asset	$ 5,048	$ 4,604

(c) Movements in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
2023			
Balance at January 1	($ 16,700)	$ 21,304	$ 4,604
Interest (expense) income	(201)	256	55
	(16,901)	21,560	4,659
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	106	106
Experience adjustments	283	-	283
	283	106	389
Pension fund contribution	-	-	-
Paid pension	-	-	-
Balance at December 31	($ 16,618)	$ 21,666	$ 5,048

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
2022			
Balance at January 1	($ 17,336)	$ 19,684	$ 2,348
Interest (expense) income	(121)	137	16
	(17,457)	19,821	2,364
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,483	1,483
Change in financial assumptions	570	-	570
Experience adjustments	187	-	187
	757	1,483	2,240
Pension fund contribution	-	-	-
Paid pension	-	-	-
Balance at December 31	($ 16,700)	$ 21,304	$ 4,604

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.20%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 247)	$ 255	$ 218	($ 214)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 272)	$ 281	$ 244	($ 238)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $0.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years.The analysis of timing of the future pension payment was as follows:

Within 1 year	$	4,495
1-2 years		418
2-5 years		3,252
Over 5 years		5,887
	$	14,052

B. Defined contribution plans

(a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) XAVi Technologies (Suzhou) Co., Ltd. has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $37,107 and $30,067, respectively.

(10) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
First employee stock options	2021.8.31	910	4 years	Note
Cash capital increase reserved for employee preemption	2022.12.1	503	-	

Note: Stocks options are 50% vested after two years from the grant date and 100% vested after three years from the grant date.

B. Details of the share-based payment arrangements are as follows:

(a) First employee stock options

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	802	$ 15.00	894	$ 15.00
Options exercised	(234)	13.40	-	-
Options expired	(127)	-	(92)	-
Options outstanding at December 31	441	13.40	802	15.00
Options exercisable at December 31	103	13.40	-	-

(b) Cash capital increase reserved for employee preemption

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	-	-	503	26.00
Options exercised	-	-	(499)	26.00
Options expired	-	-	(4)	-
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

C. As of December 31, 2023 and 2022, the exercise prices of stock options outstanding was $13.4 and $15 (in dollars), respectively; the weighted-average remaining contractual period was 1.25 years and 2.25 years, respectively.

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free rate	Fair value per unit (in dollars)
First employee stock options	2021.8.31	$ 15.95	$ 15	34.49%	3.25 years	0.00%	0.27%	$ 4.3229
Cash capital increase reserved for employee preemtion	2022.12.1	41.60	26	34.94%	0.02 years	0.00%	0.84%	15.6042

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2023	2022
Equity-settled	$ 1,284	$ 9,446

(11) Share capital

A. As of December 31, 2023, the Group’s authorised capital was $1,000,000 and the paid-in capital was $769,956, consisting of 76,996 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share.

Movements in the number of the Group’s ordinary shares outstanding are as follows (shares in thousands):

	2023	2022
At January 1	76,820	69,547
Cash capital increase	-	7,273
Employee stock options exercised	176	-
At December 31	76,996	76,820

B. On October 31, 2023, the Board of Directors of the Company resolved the first subscription of issued new shares resulting from the exercise of employee stock options in 2021. Each unit can be used to subscribe 1 thousand ordinary shares. There were 176 units exercised to subscribe 176 thousand shares at $13.4 (in dollars) per share. The effective date of the capital increase was on November 1, 2023 and the registration was completed on November 24, 2023.

C. On September 22, 2022, the Board of Directors of the Company resolved to increase its cash capital by issuing common shares amounting to 7,273 thousand shares before initial public offering. Before the listing, the weighted average price of bidding auction was NT$32.95 (in dollars) per share and the offering price of public subscription was NT$26 (in dollars) per share, the total issuance amount amounted to $223,469. The offering price for issuing new shares amounting to $3,000 was an additional paid-in capital used as a deduction of capital surplus. The effective date was set on December 13, 2022. All proceeds from shares issued have been collected and the registration for the change had been completed.

D. The proceeds from shares collected amounting to $778 was recorded as advance receipts for share capital as the registration for the conversion of employee stock options exercised into new shares issued has not yet been completed as of December 31, 2023 and will be transferred to ordinary share and capital surplus according to the nature after the Board of Directors resolves the effective date of the capital increase and the registration is completed.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit after tax, if any, shall first be used to offset prior years' operating losses (including the adjustment of unappropriated earnings) and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital. After that, special reserve shall be set aside or reversed in accordance with related regulations issued by the Competent Authority. The remainder, if any, along with accumulated unappropriated earnings at the beginning of the year (including the adjustment of unappropriated earnings) shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders. Effective from June 4, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy should be formulated by considering both the capital requirements of the new products and the increase in return on stockholders' equity. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and cash dividends shall account for at least 10% of the total dividends distributed. The above restrictions will not be applicable if total amount of stockholders' dividends is less than $0.5 (in dollars) per share. However, cash dividends shall account for at least 10% of the total dividends distributed but the actual distribution ratio is subject to the resolution of the shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve of $5,672 on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. Distribution of retained earnings:

(a) Details of the distribution of 2022 and 2021 earnings as approved at the shareholders' meeting on May 26, 2023 and June 9, 2022, respectively, are as follows:

	Years ended December 31,			
	2023		2022	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 26,307		$ 14,815	
(Reversal of) special reserve appropriated	(43,398)		15,077	
Cash dividends	176,685	$ 2.30	104,320	$ 1.50

(b) Events after the Balance Sheet Date

The deficit compensation for 2023 as proposed by the Board of Directors on March 11, 2024 is as follows:

	Year ended December 31, 2023	
	Amount	Dividend per share (in dollars)
Legal reserve	$ -	
Special reserve	398	
Cash dividends	-	$ -

(14) Operating revenue

A. Disaggregation of revenue from contracts with customers:

Year ended December 31, 2023	Taiwan	Asia	Total
Revenue from contracts with customers			
Sales of goods			
Digital audio and video products	$ 148,016	$ -	$ 148,016
Broadband communication products	1,063,019	-	1,063,019
Wireless products	576,803	-	576,803
Artificial intelligence IoT products	930,320	9,616	939,936
Others	29,276	18,283	47,559
Sales of services	93,345	-	93,345
	$ 2,840,779	$ 27,899	$ 2,868,678

Year ended December 31, 2022	Taiwan	Asia	Total
Revenue from contracts with customers			
Sales of goods			
Digital audio and video products	$ 1,087,882	$ -	1,087,882
Broadband communication products	3,301,111	-	3,301,111
Wireless products	476,896	-	476,896
Artificial intelligence IoT products	944,610	6,301	950,911
Others	17,981	851	18,832
Sales of services	170,426	-	170,426
	$ 5,998,906	$ 7,152	$ 6,006,058

B. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 133,383	$ 253,085	$ 35,955

The contract liability balances at the beginning of 2023 and 2022 have all been recognised as operating revenue for the years ended December 31, 2023 and 2022.

(15) Interest income

	Year ended December 31	
	2023	2022
Interest income	$ 17,546	$ 4,111

(16) Other income

	Year ended December 31	
	2023	2022
Dividend income	$ 438	$ 3,115
Other income	8,495	2,328
	$ 8,933	$ 5,443

(17) Other gains and losses

	Year ended December 31	
	2023	2022
Gain on disposals of property, plant and equipment	$ 124	$ 512
Net currency exchange gain (loss)	6,065	(14,811)
Net gain on financial assets or liabilities at fair value through profit or loss - derivatives	6,683	42,019
Net gain (loss) on financial assets or liabilities at fair value through profit or loss - others	17,973	(7,415)
Others	(640)	(961)
	$ 30,205	$ 19,344

(18) Expenses by nature

	Year ended December 31, 2023		
	Cost	Expenses	Total
Employee benefit expense	$ 207,157	$ 214,998	$ 422,155
Depreciation	75,219	17,033	92,252
Amortisation on intangible assets	553	2,213	2,766

	Year ended December 31, 2022		
	Cost	Expenses	Total
Employee benefit expense	$ 365,661	$ 285,425	$ 651,086
Depreciation	69,374	19,326	88,700
Amortisation on intangible assets	1,149	1,607	2,756

(19) Employee benefit expense

	Year ended December 31, 2023		
	Cost	Expenses	Total
Wages and salaries	$ 172,365	$ 178,793	$ 351,158
Labour and health insurance fees	3,026	13,600	16,626
Pension costs	23,123	13,984	37,107
Other personnel expenses	8,643	8,621	17,264
	$ 207,157	$ 214,998	$ 422,155

	Year ended December 31, 2022		
	Cost	Expenses	Total
Wages and salaries	$ 319,346	$ 246,138	$ 565,484
Labour and health insurance fees	10,677	15,281	25,958
Pension costs	16,782	13,285	30,067
Other personnel expenses	18,856	10,721	29,577
	$ 365,661	$ 285,425	$ 651,086

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 12% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.

B. Employees' compensation and directors' remuneration were not accrued as the Company incurred loss before tax for the year ended December 31, 2023.

For the year ended December 31, 2022, employees' compensation was accrued at $39,183, while directors' remuneration was accrued at $3,265. The aforementioned amounts were recognised in salary expenses.

C. Employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors amounted to $39,183 and $3,265, respectively, and were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Group as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 18,272	$ 47,976
Tax on undistributed earnings	4,095	697
Prior year income under (over) estimation	50	(6,886)
Total current tax	22,417	41,787
Deferred tax:		
Origination of temporary differences	(1,426)	(6,421)
Income tax expense	$ 20,991	$ 35,366

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	($ 13,660)	$ 106,761
Effect from items adjusted in accordance with tax regulation	11,713	(26,443)
Temporary differences not recognised as deferred tax assets	18,793	(38,763)
Prior year income tax under (over) estimation	50	(6,886)
Tax on undistributed earnings	4,095	697
Income tax expense	$ 20,991	$ 35,366

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023		
	At January 1	Recognised in profit or loss	At December 31
Deferred tax assets:			
Unrealised exchange loss	$ 8,432	($ 1,350)	$ 7,082
Unrealised financial asset evaluation loss	2,743	(657)	2,086
Allowance for doubtful accounts in excess of tax limit	-	3,432	3,432
Unrealised pension contribution	55	1	56
	11,230	1,426	12,656
Deferred tax liabilities:			
Gains on investments in foreign investees accounted for using the equity method	(253)	-	(253)
	$ 10,977	$ 1,426	$ 12,403

	2022		
	At January 1	Recognised in profit or loss	At December 31
Deferred tax assets:			
Unrealised exchange loss	$ 3,984	$ 4,448	$ 8,432
Unrealised financial asset evaluation loss	299	2,444	2,743
Allowance for doubtful accounts in excess of tax limit	471	(471)	-
Unrealised pension contribution	55	-	55
	4,809	6,421	11,230
Deferred tax liabilities:			
Gains on investments in foreign investees accounted for using the equity method	(253)	-	(253)
	$ 4,556	$ 6,421	$ 10,977

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax liabilities were $235,203 and $329,167, respectively.

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(21) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	($ 66,060)	76,849	($ 0.86)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 260,831	69,925	$ 3.73
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	1,563	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 260,831	71,488	$ 3.65

(22) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Payments of lease liabilities	Total
At January 1	$ 580,000	$ 31,513	$ 611,513
Changes in cash flow from financing activities	(148,000)	(21,496)	(169,496)
Additions for the year	-	26,658	26,658
Changes in other non-cash items	-	(15)	(15)
Impact of changes in foreign exchange rate	-	177	177
At December 31	$ 432,000	$ 36,837	$ 468,837

	2022		
	Short-term borrowings	Payments of lease liabilities	Total
At January 1	$ 90,000	$ 50,241	$ 140,241
Changes in cash flow from financing activities	490,000	(20,760)	469,240
Impact of changes in foreign exchange rate	-	2,032	2,032
At December 31	$ 580,000	$ 31,513	$ 611,513

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The parent company of the Group is Chicony Electronics Co., Ltd., which owns 40.46% of the Group's shares. The remaining 59.54% of the shares are widely held.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chicony Electronics Co., Ltd.	Parent company
Chicony Power Technology Co., Ltd.	Equity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Equity controlled by the same parent company
Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Equity controlled by the same parent company
Chicony America Inc. (CAI)	Equity controlled by the same parent company
Chicony Global Inc. (CGI)	Equity controlled by the same parent company
Chicony Overseas Inc. (COI)	Equity controlled by the same parent company
Chicony Electronics (Thailand) CO., Ltd. (CET)	Equity controlled by the same parent company

(3) Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2023	2022
Sales of goods:		
Parent company	$ -	$ 3,973
Equity controlled by the same parent company	9,616	6,301
	$ 9,616	$ 10,274

	Year ended December 31	
	2023	2022
Sales of services:		
Parent company	$ 1,064	$ -
Equity controlled by the same parent company	14,781	-
	$ 15,845	$ -

Goods and services are sold and provided based on the price lists in force and terms that would be available to third parties.

B. Purchases:

	Year ended December 31	
	2023	2022
Purchases of goods:		
Equity controlled by the same parent company	$ 5,414	$ 8,317

Goods are purchased from related parties and non-related parties based on general purchase terms and conditions.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Parent company	$ 129	$ 4,185
CAI	9,060	12,138
Chicony Electronics (Suzhou) Co., Ltd.	5,356	-
CET	1,773	-
	16,318	16,323
Other receivables:		
Equity controlled by the same parent company	-	17
	$ 16,318	$ 16,340

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. Other receivables arise mainly from payments on behalf of related parties.

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable:		
CET	$ 2,698	$ 8,831
Other payables:		
Parent company	902	1,506
Chicony Electronics (Suzhou) Co., Ltd.	28,078	7,271
CET	1,010	2,856
Equity controlled by the same parent company	125	-
	30,115	11,633
	$ 32,813	$ 20,464

The accounts payable arise mainly from purchase transactions. The accounts payable bear no interest. Other payables mainly pertain to management service expense, collections on behalf of related parties, operating leases, payments on behalf of related parties, etc.

E. Service purchase and other expenses

	December 31, 2023	December 31, 2022
Parent company	$ 3,894	$ 3,123
Equity controlled by the same parent company	28,802	33,118
	$ 32,696	$ 36,241

Purchases of services pertain to the expenses arising from management service rendered by the above related parties to the Group.

F. Dividend income

	Year ended December 31	
	2023	2022
Chicony Power Technology Co., Ltd.	$ 207	$ 2,606

G. Lease transactions－lessee

(a) As of December 31, 2023, the main lease contracts signed between the Group and related parties are as follows:

Lessor	Leased assets	Rent payment and calculation	Lease period
Parent company	Buildings and structures	$ 449 (tax included) /per month	2020.10.1~2023.9.30
Parent company	"	$ 104 (tax included) /per month	2020.10.1~2023.9.30
Parent company	"	$ 558 (tax included) /per month	2023.10.1~2026.9.30
Parent company	"	$ 7 (tax included) /per month	Less than one year
Equity controlled by the same parent company	"	CNY 317 /per month	Less than one year
Equity controlled by the same parent company	"	THB 1,193 /per month	2021.1.15~2024.12.31
Equity controlled by the same parent company	"	USD 23 /per month	Less than one year

(b) The Group's rental expenses during the year derived from renting offices and plant from related parties are as follows:

	December 31, 2023	December 31, 2022
Parent company	$ 62	$ 62
Equity controlled by the same parent company	21,474	17,639
	$ 21,536	$ 17,701

(c) Lease liability

i. Outstanding balance

	December 31, 2023	December 31, 2022
Parent company	$ 17,119	$ 4,723
Equity controlled by the same parent company	12,786	25,236
	$ 29,905	$ 29,959

ii. Interest expense

	Year ended December 31	
	2023	2022
Parent company	$ 98	$ 88
Equity controlled by the same parent company	196	305
	$ 294	$ 393

H. Property transaction

	Year ended December 31, 2023		Year ended December 31, 2022	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Other related parties	$ -	$ -	$ 15	$ 15

(4) Key management compensation

	Year ended December 31	
	2023	2022
Salaries and other short-term employee benefits	$ 14,915	$ 23,455
Post-employment benefits	4,214	2,164
	$ 19,129	$ 25,619

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Bank deposits (shown as 'other current assets')	$ 3,233	$ 17,310	Guarantee for acceptance bill
Refundable deposits (shown as 'other non-current assets')	1,347	1,448	Deposits and guarantee for plant and operating leases
	$ 4,580	$ 18,758	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTSs

As of December 31, 2023 and 2022, the guarantee notes issued by the Group for bank borrowings and export bill negotiations amounted to $2,971,855 and $2,712,375, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The deficit compensation for 2023 was approved by the Board of Directors on March 11, 2024. Refer to Note 6(13).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 48,763	$ 94,650
Financial assets at amortised cost		
Cash and cash equivalents	759,594	219,692
Notes receivable	-	108
Accounts receivable (including related parties)	327,751	1,470,705
Other receivables (including related parties)	209,669	211,623
Guarantee deposits paid	1,347	1,448
Other current assets	3,233	17,310
	$ 1,350,357	$ 2,015,536
Financial liabilities		
Financial liabilities mandatorily measured at fair value through profit or loss	$ 10,431	$ 14,642
Financial liabilities at amortised cost		
Short-term borrowings	432,000	580,000
Notes payable	2,587	8,581
Accounts payable (including related parties)	385,403	1,250,644
Other accounts payable (including related parties)	418,855	475,559
Lease liabilities	36,837	31,513
	$ 1,286,113	$ 2,360,939

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by the finance and accounting department under policies approved by the Board of Directors. The finance and accounting department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Group operates internationally and is exposed to exchange rate risk arising from various currencies, primarily with respect to the USD and THB. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 56,156	30.7050	$ 1,724,270
USD:CNY	2,375	7.0945	72,924
USD:THB	1,060	34.2041	32,547
THB:NTD	52,377	0.8977	47,019
Financial liabilities			
Monetary items			
USD:NTD	$ 21,764	30.7050	$ 668,264
USD:CNY	3,437	7.0945	105,533
USD:THB	10,684	34.2041	328,052

	December 31, 2022				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	61,051	30.7300	$	1,876,097
USD:CNY		9,461	6.9667		290,737
THB:NTD		171,545	0.8903		152,727
Financial liabilities					
Monetary items					
USD:NTD	$	20,996	30.7300	$	645,207
USD:CNY		24,079	6.9667		739,948
USD:THB		15,899	34.5170		488,576

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to $6,065 and ($14,811), respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023				
	Sensitivity analysis				
	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	17,243	$	-
USD:CNY	1%		729		-
USD:THB	1%		325		-
THB:NTD	1%		470		-
Financial liabilities					
Monetary items					
USD:NTD	1%	$	6,683		-
USD:CNY	1%		1,055		-
USD:THB	1%		3,281		-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 18,761	$ -
USD:CNY	1%	2,907	-
THB:NTD	1%	1,527	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 6,452	-
USD:CNY	1%	7,399	-
USD:THB	1%	4,886	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $383 and $800, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rates were denominated in NTD.

As of December 31, 2023 and 2022, if the borrowing interest rate had increased/decreased by 1% with all other variables held constant, the effect on interest expenses for the years ended December 31, 2023 and 2022 would be $4,320 and $5,800, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group manages credit risk of cash in banks and other financial instruments based on the Group's credit policy. Only rated banks with an optimal rating and financial institutions with investment grade are accepted.

iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	Expected loss rate	Total book value	Loss allowance
Individual	100%	$ 6,872	$ 6,872
Not past due	0%~1%	286,500	84
Up to 30 days past due	3%~10%	31,008	930
31 ~ 60 days past due	3%~35%	1,437	72
61 ~ 90 days past due	3%~35%	10,413	521
Over 90 days past due	100%	12,088	12,088
Total		$ 348,318	$ 20,567

December 31, 2022	Expected loss rate	Total book value	Loss allowance
Individual	100%	$ 7,945	$ 7,945
Not past due	0%~1%	1,379,620	418
Up to 30 days past due	3%~10%	95,420	3,990
31 ~ 60 days past due	3%~35%	76	3
61 ~ 90 days past due	3%~35%	-	-
Over 90 days past due	100%	2,390	2,390
Total		$ 1,485,451	$ 14,746

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 14,746	$ 16,776
Provision for impairment	5,834	-
Reversal of impairment loss	-	(2,143)
Effect of foreign exchange	(13)	113
At December 31	$ 20,567	$ 14,746

For provisioned loss in 2023 and 2022, the impairment losses arising from customers' contracts are ($5,834) and $2,143, respectively.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's finance and accounting department. The Group's finance and accounting department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Group finance and accounting department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity. As at December 31, 2023 and 2022, the Group held money market position of $801,787 and $305,848, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Expiring within one year	$ 2,194,215	$ 1,836,790

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2023	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
Short-term borrowings	$ 433,297	$ -
Notes receivable	2,587	-
Accounts payable (including related parties)	385,403	-
Other payables (including related parties)	418,855	-
Lease liabilities	21,974	15,499
Derivative financial liabilities:		
Financial liabilities at fair value through profit or loss	$ 10,431	$ -

December 31, 2022	Less than 1 year	Over 1 year
Non-derivative financial liabilities:		
Short-term borrowings	$ 581,448	$ -
Notes receivable	8,581	-
Accounts payable (including related parties)	1,250,644	-
Other payables (including related parties)	475,559	-
Lease liabilities	19,053	12,750
Derivative financial liabilities		
Financial liabilities at fair value through profit or loss	$ 14,642	$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and convertible bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the Group's cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), short-term borrowings, notes payable, accounts payable to related parties and other payables (including related parties) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss				
Equity securities	$ 43,303	$ -	$ -	$ 43,303
Beneficiary certificates	5,460	-	-	5,460
	$ 48,763	$ -	$ -	$ 48,763
Liabilities				
Recurring fair value measurements				
Financial liabilities mandatorily measured at fair value through profit or loss				
Non-hedging derivatives				
Forward foreign exchange contracts	$ -	$ 10,431	$ -	$ 10,431

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss				
Equity securities	$ 64,933	$ -	$ -	$ 64,933
Debt securities	20,991	-	-	20,991
Beneficiary certificates	7,800	-	-	7,800
Non-hedging derivatives				
Forward foreign exchange contracts	-	926	-	926
	$ 93,724	$ 926	$ -	$ 94,650
Liabilities				
Recurring fair value measurements				
Financial liabilities mandatorily measured at fair value through profit or loss				
Non-hedging derivatives				
Forward foreign exchange contracts	$ -	$ 14,642	$ -	$ 14,642

(b) The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund	Convertible bonds
Market quoted price	Closing price	Net asset value	Closing

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The chief operating decision-maker operates business from a geographic perspective; geographically, the Group currently focuses on wholesale in Taiwan and Asia.

(2) Measurement of segment information

The Group's chief operating decision-maker assessed the performance of the operating segment based on the segment revenue and segment net operating profit in the consolidated financial report after adjustment. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2023	Taiwan	Asia	Others	Total
Revenue from external customers	$ 2,840,779	$ 27,899	$ -	$ 2,868,678
Segment profit	($ 5,882)	($ 12,763)	($ 71,722)	($ 90,367)

Year ended December 31, 2022	Taiwan	Asia	Others	Total
Revenue from external customers	$ 5,998,906	$ 7,152	$ -	$ 6,006,058
Segment profit	$ 5,435	$ 289,480	($ 7,747)	$ 287,168

(4) Reconciliation for segment income

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31	
	2023	2022
Reportable segments- (loss)/income	($ 90,367)	$ 287,168
Total non-operating income and expenses	45,298	9,029
(Loss) profit before tax	($ 45,069)	$ 296,197

(5) Information on products and services

Revenue from third parties is mainly derived from the sale of broadband communication products and artificial intelligence IoT products.

Details of revenue are as follows:

	Year ended December 31	
	2023	2022
Digital audio and video products	$ 148,016	$ 1,087,882
Broadband communication products	1,063,019	3,301,111
Wireless products	576,803	476,896
Artificial Intelligence IoT products	939,936	950,911
Others	140,904	189,258
	$ 2,868,678	$ 6,006,058

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 2,840,779	$ 32,557	$ 5,998,906	$ 19,295
Asia	27,899	255,914	7,152	288,458
	$ 2,868,678	$ 288,471	$ 6,006,058	$ 307,753

The Group's geographic revenue is calculated based on the location in which sales were generated. Non-current assets pertain to property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, excluding financial instruments and deferred tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	% of Net Revenue	Revenue	% of Net Revenue
A customer	$ 753,732	26%	$ 2,620,390	44%
B customer	634,011	22%	648,877	11%
C customer	422,183	15%	467,199	8%
D customer	363,468	13%	474,359	8%
E customer	154,388	5%	1,050,533	17%

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 1)	Balance at December 31, 2023 (Note 2)	Actual amount drawn down	Interest rate range	Nature of loan (Note 3)	Amount of transactions with the borrower (Note 4)	Reason for short-term financing	Allowance for uncollectible accounts	Collateral Name	Collateral Value	Limit on loans granted to a single party (Note 5)(Note 6)	Ceiling on total loans granted (Note 5)(Note 6)	Note
0	The Company	XAVi Technologies (Thailand)	Other receivables	Yes	$ 45,765	$ -	$ -	0.90%	2	-	Working capital	-	None	-	$ 435,774	$ 435,774	-
0	The Company	XAVi Technologies (Thailand)	"	"	313,524	245,640	184,230	1.00%~4.00%	1	1,236,859	-	-	None	-	544,717	1,089,434	-
0	The Company	XAVi Technologies (Suzhou)	"	"	304,750	-	-	0.90%	1	1,100,269	-	-	None	-	544,717	1,089,434	-
1	Directmax	The Company	"	"	97,290	92,115	92,115	0.00%	2	-	Working capital	-	None	-	USD 12,842	USD 12,842	-
2	Systemax	The Company	"	"	233,496	214,935	214,935	0.00%	2	-	"	-	None	-	USD 7,425	USD 7,425	-

Note 1: The accumulated maximum outstanding balance of loans to others as of the reporting month of the current period.

Note 2: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in installments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 3: The numbers filled in the column of 'Nature of loan' are as follows:

1. Business transaction.
2. Short-term financing.

Note 4: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 5: In accordance with the financing procedures of the Company, the ceiling on total loans granted is the Company's net asset value based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

1. The total financing amount to any individual party should not exceed 50% of the Company's net asset value and the amount of sales/purchases during the year for the purpose of business transactions.
2. The total financing amount to any individual party should not exceed 40% of the subsidiary's net asset value for the purpose of short-term financing.
3. For loans granted between foreign companies whose voting rights are 100% directly or indirectly held by the Company or loans granted to the Company by foreign companies whose voting rights are 100% directly or indirectly held by the Company, the loan amount is not subject to 40% of the creditor's net asset value based on the latest financial statements that are audited and attested or reviewed by the independent auditors. However, total loan amount should not exceed the creditor's net asset value based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The laon period should not exceed three years.

The restrictions on loans to any single party are as follows:

(1) The limit on loans granted to a single party for the purpose of business transactions is the creditor's net asset value based on the latest financial statements that are audited and attested or reviewed by the independent auditors, or the higher of sales or purchase amount with the creditor during the most recent year.

(2) The limit on loans granted to a single party for the purpose of short-term financing is the creditor's net asset value based on the latest financial statements that are audited and attested or reviewed by the independent auditors.

4. Except for point 3, the loan period should not exceed one year.

Note 6: In accordance with the financing procedures of the subsidiary, the ceiling on total loans granted by the subsidiary is the subsidiary's net asset value based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

1. The ceiling on total loans granted or limit on loans granted to a single party for the purpose of short-term financing is 40% of the subsidiary's net asset value.
2. The limit on loans granted to a single party for the purpose of business transactions is 50% of the subsidiary's net asset value and the higher of sales or purchase amount with the subsidiary during the most recent year.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the year ended December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	The Company	XAVi Technologies (Suzhou) Co., Ltd.	2	$ 272,358	$ 64,860	$ 61,410	$ -	$ -	5.95%	$ 544,717	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the “Procedures for Provision of Endorsements and Guarantees” are as follows:

(1) The Company’s limit on total amount of endorsements/ guarantees shall not exceed 50% of net assets in latest audited or reviewed financial statements of the Company, and limit on endorsements/guarantees provided for a single party shall not exceed 50% of the total amount of endorsements/ guarantees.

(2) The subsidiary’s limit on total amount of endorsements/ guarantees shall not exceed the net assets in latest audited or reviewed financial statements of the subsidiary, and limit on endorsements/guarantees provided for a single party shall not exceed 50% of the total amount of endorsements/ guarantees.

(3) Limit on the total endorsements/guarantees of the Company and its subsidiaries as a whole shall not exceed 50% of net assets in latest audited or reviewed financial statements of the Company, and limit on endorsements/guarantees provided for a single party shall not exceed 50% of the total amount of endorsements/ guarantees.

(4) In addition to the limitations mentioned in the first three items, for the companies having business relationship with the endorser/guarantor, endorsements/guarantees to any single party should not exceed the higher amount of sales/purchase during the year for the purpose of business.

(5) Limit on the total endorsements/guarantees between companies that the Company directly or indirectly held 90% of voting shares shall not exceed 10% of net assets in latest audited or reviewed financial statements of the Company. However, the endorsements/guarantees between companies that the Company directly or indirectly held 100% of voting shares were not subjected.

(6) In addition to the limitations mentioned in the first five items, endorsements/ guarantees provided by the Company or its subsidiaries to the company whose net asset was lower than one half of its paid-in capital, the total amount of endorsements/guarantees shall not exceed the net assets in latest audited or reviewed financial statements of the Company and its subsidiaries.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)		Relationship with the securities issuer (Note 2)	General ledger account	Ending Balance				Footnote (Note 4)
					Number of shares/units	Book value (Note 3)	Ownership (%)	Fair value	
The Company	Common stock	Laster Tech Corporation Ltd.	None	Financial assets at fair value through profit or loss - current	821,681	$ 43,303	0.72	$ 43,303	-
"	Beneficiary certificates	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current	3,000,000	5,460	-	5,460	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance at December 31, 2023	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	XAVi Technologies (Suzhou)	Subsidiary of the Company	Purchases	$ 1,100,269	47	45~180 days after monthly billings	Note 1	45~180 days after monthly billings	$ -	-	
The Company	XAVi Technologies (Thailand)	Subsidiary of the Company	Purchases	1,236,859	53	45~180 days after monthly billings	Note 1	45~180 days after monthly billings	-	-	
XAVi Technologies (Thailand)	XAVi Technologies (Suzhou)	Subsidiary of the Company	Purchases	204,876	23	45~180 days after monthly billings	Note 1	45~180 days after monthly billings	(2,447)	2	
XAVi Technologies (Suzhou)	The Company	Subsidiary of the Company	Sales	(1,100,269)	83	45~180 days after monthly billings	Note 2	45~180 days after monthly billings	-	-	
XAVi Technologies (Thailand)	The Company	Subsidiary of the Company	Sales	(1,236,859)	99	45~180 days after monthly billings	Note 2	45~180 days after monthly billings	-	-	
XAVi Technologies (Suzhou)	XAVi Technologies (Thailand)	Subsidiary of the Company	Sales	(204,876)	16	45~180 days after monthly billings	Note 2	45~180 days after monthly billings	2,447	27	

Note 1: Purchases from related parties were basically the same as those from third parties.
Note 2: Sales to related parties were basically the same as those to third parties

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Other receivables								
XAVi Overseas	Directmax	Subsidiary of the Company	$ 119,182	-	$ -	-	$ -	$ -
Financing funds receivable								
Systemax	The Company	Subsidiary of the Company	214,935	-	-	-	-	-
The Company	XAVi Technologies (Thailand)	Subsidiary of the Company	184,230	-				

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
1	XAVi Technologies (Suzhou)	The Company	2	Sales revenue	$ 1,100,269	Note 4	38.35
1	XAVi Technologies (Suzhou)	XAVi Technologies (Thailand)	3	Sales revenue	204,876	Note 4	7.14
2	XAVi Technologies (Thailand)	The Company	2	Sales revenue	1,236,859	Note 4	43.12

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Goods are sold based on the price lists in force and terms that would be aGoods are sold based on the price lists in force and terms that would be available to third parties

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	Directmax International Ltd.	BVI	Overseas investment	$ 332,791	$ 332,791	7,750,000	100	$ 394,329	($ 94,945)	($ 94,945)	-
The Company	XAVi Technologies (Thailand) Co., Ltd.	Thailand	Manufacturing, puchases, and sales of network communication products	75,377	75,377	7,999,997	100	216,170	981	981	-
Directmax International Ltd.	XAVi Overseas Ltd.	BVI	Overseas investment	324,942	324,942	7,500,000	100	119,237	1	-	-
Directmax International Ltd.	Systemax Development Ltd.	BVI	Purchases and sales of network communication products	7,849	7,849	250,000	100	227,974	6,976	-	-

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
XAVi Technologies (Suzhou) Co., Ltd.	Manufacturing, purchases and sales of network communication products	$ 324,942	Note 1	$ 324,942	$ -	$ -	$ 324,942	($ 18,301)	100	($ 18,301)	$ 159,609	$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
XAVi Technologies Corp.	$ 324,942 (USD 10,000 thousand)	$ 324,942 (USD 10,000 thousand)	$ 653,660

Note 1: Investing in the investee in Mainland China through a wholly-owned subsidiary, Directmax International Ltd.
Note 2: Investment income (loss) was recognised based on the financial statements audited or reviewed by the parent company’s CPA.
Note 3: The numbers in this table are expressed in New Taiwan Dollars.

XAVI TECHNOLOGIES CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Name of major shareholders	Shares		
	Number of shares held (Ordinary shares)	Number of shares held (Preferred shares)	(%)
Chicony Electronics Co., Ltd.	31,155,440	-	40.43%
Li,Cih-Jing	5,018,798	-	6.51%

Note 1: (1) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form, which were registered and held by the shareholders above 5% in the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital, which was recorded on the financial statements, may differ from the actual number of shares in dematerialised form due to the difference in calculation basis.

(2) If the aforementioned data contains shares kept in the trust by the shareholders, the data was disclosed as a separate account of the client set by the trustee. As for the shareholder who reports share equity as an insider ,whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insiders, please refer to the Market Observation Post System.