YUAN High-Tech Development Co., Ltd.
Financial Report and Independent Auditors' Review Report
2023 and 2022
(Stock Code: 5474)

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

YUAN High-Tech Development Co., Ltd.

Financial Report and Independent Auditors' Review Report for the Years Ended December 31, 2023 and 2022

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CPA's Audit Report

(113) Cai-Shen-Bao-Zi No. 23004811

To YUAN High-Tech Development Co., Ltd.,

Opinions

The Balance Sheet as of December 31, 2023 and 2022, the Comprehensive Income Statement, the Statement of Changes in Equity and Cash Flow Statement for the period from January 1 to December 31, 2023 and 2022, as well as the Notes to the Financial Statements (including a summary of material accounting policies) of YUAN High-Tech Development Co., Ltd. (hereinafter referred to as YUAN Company), have been reviewed by us.

According to our review results, we have determined that the foregoing financial statements have been prepared in all material respec ts in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards endorsed by the Financial Supervisory Commission (FSC), International Accounting Standard, IFR IC Interpretations, and SIC Interpretations, with a fair presentation of the financial position as of December 31, 2023 and 2022, the financial performance and the cash flows for the period from January 1 to December 31, 2023 and 2022 of YUAN High Tech Development Co., Ltd.

Basis for Audit Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. Personnel of our affiliated firm subject to independence standards has maintained their independence from YUAN Company in accordance with the R.O.C. Statement of Ethics, and performed other obligations hereof. We believe that we have obtained sufficient and appropriate evidence as the basis for the audit opinion.

Key Audit Matters

Key audit matters refer to the most important matters to the audit of 2023 financial statements of YUAN Company in the professional judgement according to our professional judgment. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of 2023 financial statements of YUAN Company are as follows:

Closing of Operating Revenue

Explanations

For the accounting policy of recognition of revenue, please refer to Note IV (XXIV), for accounting items of operating revenue and its explanations, please refer to Note VI (XV), and the amount of 2023 operating revenue is NT$1,180,609.

The sales mode of YUAN Company is that the operating revenue is recognized upon warehouse shipments of processing plant, and the revenue is recognized upon shipment by the processing plant (control of inventory is transferred to client). The Company mainly relies on the statements or other information provided by the warehouse custodian of the processing plant as the basis for the recognition of revenue based on the inventory changes in the warehouse of the processing plant, and the point of sales recognition varies according to the conditions of the customer agreement. These recognized revenue processes typically involve many manual operations and may result in inappropriate revenue recognition or inconsistencies between the inventory custody entity and the number of books on file. Because the daily sales volume of Y UAN Company is large and the impact of the transaction amount on the financial statements before and after the end of the financial statements is material, we have listed the closing of sales revenue as one of the most important matters to be audited.

Major Audit Procedures

The following is a summary of the corresponding procedures that have been implemented by the CPA for the specific aspects described in the key audit matters:

1. Understand the business model of YUAN Company and evaluate the rationality of its cycle system of operating revenue.
2. Run a closing test for the transactions of operating revenue for a certain period before and after the closing date, including supporting documents for verification of warehouse shipments at processing plants, and records of inventory movements recorded in the appropriate period.
3. Perform field observation on inventory quantities and check with the inventory quantities recorded in the accounts. In addition, track the reasons for the discrepancies between the inventory observation and the quantities recorded in accounts, and test the reconciling items prepared by YUAN Company to confirm that material differences are recorded in the accounts.

Assessment on Valuation Loss of Allowance Inventories

Explanations

For the accounting policy of inventory valuation, please refer to Note IV (X) of the Financial Report for details; For the accounting estimates and assumption uncertainty of inventory valuation, please refer to Note V (II) of the Financial Report for details; For the description of inventory accounting items, please refer to Note VI (IV) of the Financial Report for details. The balance of loss on inventory valuation and allowance inventories as of December 31, 2023 is NT$ 434,918 and NT$ 43,989, respectively.

YUAN Company mainly manufactures and sells computer multimedia peripheral video converters, interface cards and other related products, which are subject to rapid changes in technology and market price volatility, resulting in a higher risk of inventory price loss or obsolescence. The normal sales of inventory is measured by the cost and net realizable value, whichever is lower; for the inventory that is individually identified as obsolete and damaged, the net realizable value is included in the loss. The above mentioned valuation loss of allowance inventories mainly comes from the inventory measured by the cost and net realizable value, whichever is lower, and inventory items individually identified as obsolete or damaged. Due to the large amount of inventories and the large number of items, and the net realizable value of individually identified obsolete or damaged inventory items often involves management judgment based on actual conditions, and it is also an area that needs to be judged in the audit, the CPA's assessment of the inventory valuation loss of the Company is listed as one of the most important matters to be audited.

Major Audit Procedures

The following is a summary of the corresponding procedures that have been implemented by the CPA for the specific aspects described in the key audit matters:

1. Obtain the provisioning policy of loss allowance for falling price of inventories of YUAN Company, unanimously adopt this policy during the period of comparison of financial statement, and evaluate the reasonableness of its provisioning policy.
2. Obtain a detailed list of the net realizable value of cost of inventories and the amount of slow moving losses, review the relevant supporting documents, recalculate their accuracy, and evaluate the basis and reasonableness of the management's estimate of the net realizable value.
3. Check the relevant information obtained during the process of inventory counting, and ask the management and personnel related to inventory about details of inventory slow moving, surplus, older inventory, obsolete or damaged items that are omitted from the inventory.

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

To ensure that the Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standard, International Accounting Standard, IFRIC Interpretations, and SIC Interpretations as endorsed and issued by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Financial Statements.

In preparing the financial statements, the management's responsibilities also include assessing the Company's ability as a going concern, disclosing relevant matters, and adopting the accounting basis for a going concern, unless the management intends to liquidate the Company or cease to operate, or there is no practical alternative other than liquidation or closure.

The governing body (including audit committee) of YUAN Company is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high degree of assurance, but there is no assurance that the audit performed in accordance with the Auditing Standards of the Republic of China will detect any material misrepresentations in the financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. Because fraud may involve collusion, forgery, intentional omission, misrepresentation or transgression of internal control, the risk of failure to detect the material misrepresentation due to fraud is higher than that of due to error.
2. Obtain the necessary understanding of the internal control related to the audit to

design the appropriate audit procedures under the circumstances, provided that the purpose is not to express an opinion on the effectiveness of the internal control of YUAN Company.

3. Evaluate the appropriateness of accounting policies adopted by management as well as the reasonableness of accounting estimate and related disclosures.
4. Draw conclusions as to the appropriateness of the adopting basis for a going concern adopted by the management, and whether there is any material uncertainty on events or circumstances that may raise material concerns about the ability for a going concern of YUAN Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. We draw our conclusion on the basis of the audit evidence obtained as of the audit report date. However, future events or circumstances may cause YUAN Company to cease to have the ability for a going concern.
5. Evaluate the overall expression, structure and contents of the Financial Statements (including relevant Notes), and whether the Financial Statements fairly present relevant transactions and items.

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 of the Republic of China, 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.

We decide on the key audit matters of 2023 financial statements of YUAN Company from the matters communicated with the governance body. We specify these matters in the audit report, unless certain matters that are allowed for public disclosure by law, or in rare cases, we decide not to communicate certain matters in the audit report, because the negative impact of this communication can reasonably be expected to exceed the public interest improved.

PwC Taiwan

Feng, Min-Chuan

CPA

Hsu, Yung-Chien

Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.
Approval Document No.: Jin-Guan-Zheng-Liu-Zi No.0960038033
Securities and Exchange Commission of the Ministry of Finance
Approval Document No.: (84) Taiwan-Finance-Securities-(VI)-13377

March 4, 2024

Yuan High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Assets	Note	December 31, 2023 Amount		%	December 31, 2022 Amount		%
	Current assets							
1100	Cash and cash equivalents	VI(I)	$	518,406	23	$	456,030	21
1150	Net notes receivable	VI(II)		-	-		3,552	-
1170	Net accounts receivable	VI(II)(III)		9,175	-		84	-
130X	Inventories	VI(IV)		390,929	18		353,293	17
1470	Other current assets	VI(III)		145,883	7		122,981	6
11XX	**Total current assets**			1,064,393	48		935,940	44
	Non-current assets							
1600	Property, plant and equipment	VI(V)		7,578	-		11,252	1
1755	Right-of-use assets	VI(VI)		16,238	1		19,352	1
1760	Net amount of investment properties	VI(VIII)		1,100,855	49		1,101,006	52
1780	Intangible assets			4,266	-		4,108	-
1840	Deferred income tax assets	VI(XXI)		22,590	1		25,179	1
1900	Other non-current assets	VI(X)		16,191	1		17,810	1
15XX	**Total non-current assets**			1,167,718	52		1,178,707	56
1XXX	**Total assets**		$	2,232,111	100	$	2,114,647	100

(Continued on the next page)

Yuan High-Tech Development Co., Ltd.
Balance Sheet
December 31, 2023 and 2022

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Liabilities					
	Current liabilities					
2130	Contract liabilities - current	VI(XV)	$ 20,506	1	$ 28,498	1
2150	Notes payable		65,195	3	29,665	1
2170	Accounts payable		101,319	5	56,197	3
2200	Other payables	VI(IX)	94,297	4	97,404	5
2230	Current tax liabilities		61,673	3	50,943	2
2250	Liability provision - current	VI(XI)	21,728	1	23,424	1
2280	Lease liabilities - current		10,806	-	14,572	1
2300	Other current liabilities		2,183	-	1,699	-
21XX	**Total current liabilities**		377,707	17	302,402	14
	Non-current liabilities					
2550	Liability provision - non-current	VI(XI)	40,356	2	43,799	2
2570	Deferred income tax liabilities	VI(XXI)	538	-	1,186	-
2580	Lease liabilities - non-current		5,508	-	4,889	1
2600	Other non-current liabilities		2,409	-	2,386	-
25XX	**Total non-current liabilities**		48,811	2	52,260	3
2XXX	**Total liabilities**		426,518	19	354,662	17
	Equity					
	Share capital	VI(XII)				
3110	Share capital of common stock		403,559	18	403,559	19
	Capital reserve	VI(XIII)				
3200	Capital reserve		793	-	793	-
	Retained earnings	VI(XIV)				
3310	Legal capital reserve		314,398	14	282,637	13
3350	Unappropriated earnings		1,125,139	51	1,111,292	53
	Other equity					
3500	Treasury shares	VI(XII)	(38,296)	(2)	(38,296)	(2)
3XXX	**Total equity**		1,805,593	81	1,759,985	83
3X2X	**Total liabilities and equity**		$ 2,232,111	100	$ 2,114,647	100

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng　　Manager: Lin, Hung-Pei　　Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Comprehensive Income Statement
From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand
(Except for earnings per share in NT$)

	Item	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating income	VI(XV)	$ 1,180,609	100	$ 1,372,773	100
5000	Operating costs	VI(IV)	(605,067)	(51)	(714,505)	(52)
5900	Gross profit		575,542	49	658,268	48
	Operating expenses	VI(X)(XIX)				
6100	Selling and marketing expenses		(61,324)	(5)	(51,297)	(4)
6200	Administrative expenses		(101,579)	(9)	(111,384)	(8)
6300	R&D expenses		(172,226)	(15)	(157,570)	(11)
6450	Expected credit impairment (loss) income	XII(II)	(1,010)	-	2,513	-
6000	Total operating expenses		(336,139)	(29)	(317,738)	(23)
6900	Operating profit		239,403	20	340,530	25
	Non-operating income and expenses					
7100	Interest income	VI(XVI)	4,361	-	1,438	-
7010	Other income	VI(XVII)	18,800	2	18,275	1
7020	Other gains and losses	VI(XVIII)	(1,853)	-	22,885	2
7050	Finance costs		(364)	-	(373)	-
7000	Total non-operating income and expenses		20,944	2	42,225	3
7900	**Net income before tax**		260,347	22	382,755	28
7950	Income tax expenses	VI(XXI)	(58,809)	(5)	(68,451)	(5)
8200	**Net profit in the current period**		$ 201,538	17	$ 314,304	23
8311	Remeasurements of defined benefit plans	VI(X)	($ 6,067)	-	$ 4,135	-
8349	Income tax related to items not reclassified	VI(XXI)	1,213	-	(827)	-
8300	**Other comprehensive income, net**		($ 4,854)	-	$ 3,308	-
8500	**Total comprehensive income for the period**		$ 196,684	17	$ 317,612	23
	Earnings per share	VI(XXII)				
9750	Basic earnings per share		$ 5.07		$ 7.91	
9850	Diluted earnings per share		$ 5.06		$ 7.88	

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng Manager: Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Statement of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	Share capital of common stock	Capital reserve	Retained earnings: Legal capital reserve	Retained earnings: Unappropriated earnings	Treasury shares	Total equity
2022							
Balance as of January 1, 2022		$ 403,559	$ 793	$ 244,090	$ 1,031,012	($ 38,296)	$ 1,641,158
Net profit in the current period		-	-	-	314,304	-	314,304
Other Comprehensive Income		-	-	-	3,308	-	3,308
Total comprehensive income for the period		-	-	-	317,612	-	317,612
Appropriation and distribution of earnings of 2021:	VI(XIV)						
Provision for legal surplus reserve		-	-	38,547	(38,547)	-	-
Cash dividends		-	-	-	(198,785)	-	(198,785)
Balance as of December 31, 2022		$ 403,559	$ 793	$ 282,637	$ 1,111,292	($ 38,296)	$ 1,759,985
2023							
Balance as of January 1, 2023		$ 403,559	$ 793	$ 282,637	$ 1,111,292	($ 38,296)	$ 1,759,985
Net profit in the current period		-	-	-	201,538	-	201,538
Other Comprehensive Income		-	-	-	(4,854)	-	(4,854)
Total comprehensive income for the period		-	-	-	196,684	-	196,684
Appropriation and distribution of earnings of 2022:	VI(XIV)						
Provision for legal surplus reserve		-	-	31,761	(31,761)	-	-
Cash dividends		-	-	-	(151,076)	-	(151,076)
Balance as of December 31, 2023		$ 403,559	$ 793	$ 314,398	$ 1,125,139	($ 38,296)	$ 1,805,593

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng President:Lin, Hung-Pei Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Cash Flow Statement
From January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	From January 1 to December 31, 2023	From January 1 to December 31, 2022
Cash flows from operating activities			
Current net profit before tax		$ 260,347	$ 382,755
Adjustments			
Income and expenses			
Depreciation expenses	VI(V)(VI)(VIII)(XIX)	19,416	21,136
Amortization expenses	VI(XIX)	3,624	3,657
Expected credit impairment loss (reversal gain)	XII(II)	1,010	(2,513)
Interest income	VI(XVI)	(4,361)	(1,438)
Gains on disposals of property, plant and equipment	VI(XVIII)	(10)	-
Interest expense		364	373
Changes in assets/liabilities relating to operating activities			
Net changes in assets related to operating activities			
Decrease in notes receivable		3,552	6,068
Decrease (increase) in accounts receivable		(10,101)	34,298
Decrease (increase) in inventories		(37,636)	22,538
Decrease (increase) in other current assets		(22,902)	55,747
Increase in other non-current assets		(4,415)	(13,547)
Net change in liabilities related to operating activities			
Decrease in contract liabilities - current		(7,992)	(14,655)
Increase (decrease) in notes payable		35,530	(23,931)
Increase (decrease) in accounts payable		45,122	(18,133)
Decrease in other payables		(3,107)	(1,846)
Increase (decrease) in other current liabilities		484	(1,884)
Increase (decrease) in liability provision		(5,139)	952
Increase in other non-current liabilities		-	3,360
Cash inflow from operating activities		273,786	452,937
Interest received		4,361	1,438
Interest paid		(364)	(373)
Income tax paid		(44,925)	(58,297)
Net cash inflow from operating activities		232,858	395,705
Cash flows from investing activities			
Acquisition of property, plant and equipment	VI(V)	(560)	(2,571)
Proceeds from disposals of property, plant and equipment		10	-
Purchase of intangible assets		(3,782)	(4,682)
Increase in refundable deposits		(33)	(302)
Net cash outflow from investment activities		(4,365)	(7,555)
Cash flows from financing activities			
Repayment of leasing principal	VI(XXIII)	(15,064)	(13,600)
Increase in guarantee deposits		23	2,042
Cash dividends	VI(XIV)	(151,076)	(198,785)
Net cash outflow from financing activities		(166,117)	(210,343)
Increase in cash and cash equivalents for the current period		62,376	177,807
Balance of cash and cash equivalents at the beginning of period		456,030	278,223
Balance of cash and cash equivalents at the end of the period		$ 518,406	$ 456,030

The notes to the financial statements attached hereto are part of this financial report and shall be referred to accordingly.

Chairman: Chao, Hsi-Cheng   Manager: Lin, Hung-Pei   Accounting Manager: Lo, Chia-Ling

YUAN High-Tech Development Co., Ltd.
Notes to the Financial Report
2023 and 2022

Unit: NT$ thousand
(unless otherwise specified)

I. Company History

YUAN High-Tech Development Co., Ltd. (hereinafter referred to as "the Company") was established in October, 1990 in the Republic of China, and is mainly engaged in the manufacturing, processing and trading of computer multimedia peripheral video converters and interface cards, electronic and computer parts, general import and export business of the aforementioned products, and the distribution and bidding business of the aforementioned products on behalf of domestic manufacturers.

II. Date and Procedures for Adoption of the Financial Report

This financial report was approved and promulgated by the Board of Directors on March 4, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the application of new and amended International Financial Reporting Standards ("IFRSs") as endorsed and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The following table lists the newly issued, amended and revised IFRSs and interpretations as endorsed and promulgated by the FSC in 2023:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IAS 1 - Disclosure Initiative-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
Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules	May 23, 2023

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(II) The impact of newly issued and amended IFRS endorsed by FSC but yet has not been adopted by the Company

The following table lists the newly issued, amended and revised IFRSs and interpretations as endorsed by the FSC in 2024:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
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 IAS7 and IFRS7 - Supplier Finance Arrangements	January 1, 2024

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(III) The impact of IFRS published by the IASB but not yet endorsed by the FSC

The following table lists the newly issued, amended and revised IFRSs and interpretations published by the IASB but not yet endorsed by the FSC:

Newly Issued, Amended, and Revised Standards and Interpretations	The effective date published by International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be decided by IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendment of IAS 21 - Lack of Exchangeability	January 1, 2025

The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The main accounting policies adopted in the preparation of this financial report are described below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(I) Statement of Compliance

This financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as International Financial Reporting Standard, International Accounting Standard, IFRIC Interpretations, and SIC Interpretations (hereinafter referred to as "IFRSs") as endorse d and issued by the Financial Supervisory Commission.

(II) Basis of Preparation

1. Except for the following important items, this financial report is prepared at historical cost:

   A defined benefit liability is recognized as the net value of the pension fund assets minus the present value of the defined benefit obligation.

2. The preparation of financial report in compliance with IFRSs requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Please refer to Note V for items involving in a higher degree of judgment or complexity or items involving in significant assumptions and estimates to the financial report.

(III) Translation of foreign currency

The items presented in the financial report of the Company are measured at the currency (i.e., functional currency) of the main economic environment in which the Company operating. This financial report is presented in the functional currency of the Company, New Taiwan Dollar.

Transaction in foreign currencies and balances

1. Transaction in foreign currencies are translated into functional currencies at the spot exchange rate on the trading day or the measurement date, and the translation differences generated by such transactions are recognized as profit or loss for the current period.
2. The balance of monetary assets and liabilities in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation differences generated by such adjustment shall be recognized as profit and loss for the current period.
3. If the balance of non-monetary assets and liabilities in foreign currencies is not measured at fair value, it shall be measured at the historical exchange rate of the initial trading day.
4. All other exchange gains and losses shall be presented under "Other gains and losses" in the Income Statement.

(IV) The classification criteria for assets and liabilities whether are current or non-current

1. An asset that meets any of the following conditions shall be classified as current asset:

(1) The asset is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(2) The liability is held primarily for trading purposes;
(3) The asset is expected to be realized within 12 months after the balance sheet date; and
(4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to pay off a liability at least 12 months after the balance sheet date.

The Company classifies all assets that do not meet the foregoing conditions as non-current.

2. A liability that meets any of the following conditions shall be classified as current liability:

(1) The liability is expected to be paid off in the normal operating cycle;
(2) The liability is held primarily for trading purposes;
(3) The liability is expected to be paid off within 12 months after the balance sheet date; and
(4) The liability of which the settlement term cannot be deferred unconditionally to at least 12 months after the balance sheet date. However, the terms of a liability which may result in the settlement of an equity instrument at the option of the counterparty will not affect its classification.

The Company classifies all liabilities that do not meet the foregoing conditions as non-current.

(V) Cash equivalents

Cash equivalents refer to short terminvestments with highly liquidity that can be converted into quota cash at any time with little risk of change in value. Time deposits that meet the foregoing definition and are held for the purpose of meeting short-term cash commitments in operation are classified as cash equivalents.

(VI) Accounts and notes receivable

1. Accounts and notes receivable refer to the accounts and notes which have the right to unconditionally receive the consideration for the transfer of goods or services in accordance with the contract.
2. The Company measures the short term accounts and notes receivable without interest paid at the original invoice value, due to the little effect from discount.
3. The Company's expected factoring receivables are operated for the purpose of selling, and shall be measured at fair value subsequently, with changes recognized as profit and loss for the current period.

(VII) Impairments of financial assets

At each balance sheet date, the Company, taking into account all reasonable and verifiable information (including forward-looking information) regarding financial assets measured at amortized cost, and accounts receivable with material financial components, measures the loss allowance by the expected credit loss in 12 months for those without credit risk increased significantly since the initial recognition, and measures the loss allowance by the expected credit loss during the duration for those with credit risk increased significantly since the initial recognition. For accounts receivable that do not contain a material financial component, the Company measures the loss allowance by the expected credit loss during the duration.

(VIII) Derecognition of financial assets

The Company will derecognize a financial asset if:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The Company transfers the contractual rights to receive cash flows from the financial asset and virtually has transferred all the risks and rewards of the ownership of the financial asset.
3. The Company transfers the contractual rights to receive cash flows from the financial asset without retaining control over the financial asset.

(IX) Lessor's lease transaction - operating lease

The deduction of any inducement given to the lessee from the lease income of an operating lease shall be recognized as the current profit or loss by the straight-line method during the lease term.

(X) Inventories

Inventory shall be measured at the lower of cost or net realized value, and the cost is determined by weighted average method. The costs of finished goods and work in process include raw materials, direct labor, other direct costs and manufacturing overhead related to production, but does not include borrowing costs. The item by item comparison method is adopted for the lower of comparative cost and net realized value. The net realized value refers to the balance of the estimated selling price in the normal course of business minus the estimated cost to be invested until completion and estimated costs required to complete the sale.

(XI) Property, plant and equipment

1. Property, plant and equipment are accounted for on the basis of acquisition cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replacement shall be derecognized. All other maintenance costs shall be recognized as current profit or loss when incurred.
3. Property, plant and equipment shall be subsequently measured by the cost model, and shall be depreciated by the straight-line method based on the estimated service life except for land. If each item of property, plant and equipment is material, it shall be depreciated separately.

4. The Company reviews each asset's residual values, service lives and depreciation methods at the end date of each fiscal year. If expected values of residual values and service lives differ from the previous estimates or there has been a material change in the expected consumption pattern of the future economic benefits contained in the asset, it shall be treated in accordance with the provisions of the IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for changes in accounting estimates since the date of the change. The service life of each asset is as follows:

Machinery equipment	2 to 5 Years
Transportation equipment	5 Years
Office equipment	3 to 5 Years

(XII) Lessee's lease transaction - right-of-use assets/lease liabilities

1. The leased assets shall be recognized as the right-of-use assets and lease liabilities on the date when they are available to the Company. When the lease contract is a short-term lease or a lease of an underlying asset of low value, the lease payment shall be recognized as expense during the lease period by straight-line method.
2. The lease liabilities shall be recognized at the present value of the unpaid lease payments at the commencement date of lease discounted at the Company's interest rate on the increment loan. A lease payment is a fixed payment minus any lease inducement that may be received.

   The lease liabilities shall be measured by the interest method and the amortized cost method subsequently, and the provision for interest expense shall be made during the lease term. When the lease term or lease payment changes not due to the contract modification, the lease liability will be reassessed and the remeasurement amount will be adjusted to the right-of-use asset.

3. The right-of-use assets shall be recognized at cost on the commencement date of lease, and the cost shall include:
   (1) The initial measurement amount of the lease liability;
   (2) Any lease payment paid on or before the commencement date.

   The right-of-use assets shall be measured by the cost model subsequently, and the provision for depreciation expense shall be made on the earlier of the expiry date of the asset's service life or the expiry date of the lease term. When the lease liability is reassessed, the right-of-use assets will be adjusted to any remeasurement of the lease liability.

4. For a lease modification that reduces the scope of the lease, lessee will reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between the carrying amount and the remeasurement amount of the lease liability in the profit and loss.

(XIII) Investment properties

Investment properties shall be recognized at acquisition cost, and measured by the cost model subsequently. Except for land, investment property shall be depreciated by the straight-line method according to the estimated service life, which is 10-20 years.

(XIV) Intangible assets

Computer software

Computer software shall be recognized at acquisition cost, and amortized over an estimated service life of 1 - 5 years by the straight-line method.

(XV) Impairment of non-financial assets

On the balance sheet date, the Company estimates the recoverable amount of the assets with an indication of impairment, and recognizes the impairment loss when the recoverable amount is lower than the book value. The recoverable amount refers to the fair value of an asset minus the cost of disposal or its use value, whichever is higher. When the impairment of an asset recognized in previous years does not exist or decreases, the impairment loss shall be reversed, provided that the increase in the carrying amount of the asset resulting from the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

(XVI) Accounts and notes payable

1. Accounts and notes payable are debts incurred for the purchase of raw materials, goods or services on credit and notes payable incurred either arising from business or not arising from business.
2. The Company measures the short-term accounts and notes payable without interest paid at the original invoice value, due to the little effect from discount.

(XVII) Derecognition of financial liabilities

The Company derecognizes financial liabilities when its contractual obligations specified have been performed, canceled or due.

(XVIII) Offsetting of financial assets and liabilities

The Company may offset the financial assets and financial liabilities against each other and present them net in the balance sheet only when it has a legally enforceable right to offset the recognized amount of financial assets and liabilities, and intends to close on a net basis or realize assets and pay off liabilities at the same time.

(XIX) Liability provision

Provision for liabilities (including warranties and provisions for liabilities arising from litigation) shall be recognized when the Company has a current legal or constructive obligation arising from a past event, and it is likely that the Company will have to discharge resources with economic benefit in the future to fulfill the obligation, the amount of such obligation can be reliably estimated. The provision for liabilities shall be measured by the best estimated present value of the expenditure required to fulfill the obligation at the balance sheet date, with a pre-tax discount rate which reflects the current market assessment of the time value of money and the specific risk of the liability. The amortization of the discount shall be recognized as interest expense. No provision for liabilities shall be recognized for future operating losses.

(XX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits shall be measured at the undiscounted amount expected to be paid and shall be recognized as expenses when the services are provided.

2. Pension

(1) Defined contribution plans

For a defined contribution plan, the amount of the pension fund to be contributed shall be recognized as the current pension cost on an accrual basis. Contributions paid in advance shall be recognized as assets to the extent refundable cash or reduced future payments.

(2) Defined benefit plans

A. Net obligations under defined benefit plans shall be calculated by discounting the amount of future benefits earned by the employee from the current or past services, and by present value of defined benefit obligations less the fair value of plan assets at the balance sheet date. Net obligations under defined benefit plan shall be calculated on an annually basis by actuaries using the projected unit benefit method. The discount rate adopted shall be the market yield (at the balance sheet date) of government bonds in the same currency and period as the defined benefit plan at the balance sheet date.

B. The remeasurement amount generated by the defined benefit plan shall be recognized in other comprehensive income for the period in which it is incurred and expressed in retained earnings.

3. Employees compensation and remuneration to directors

Employees compensation and remuneration to directors shall be recognized as expenses and liabilities where there are legal or constructive obligations and the amounts can be reasonably estimated. If there is a difference between the actual amount distributed and the accrued amount resolved subsequently, it shall be treated as a change in accounting estimate. In addition, if employees' compensation is issued in stock, the number of shares shall be calculated based on the closing price of the day prior to the resolution of the board of directors.

(XXI) Income tax

1. Income tax expense includes current and deferred income taxes. Income tax shall be recognized in profit and loss, except that income tax related to items included in other comprehensive income or directly included in equity shall be separately included in other comprehensive income or directly included in equity.
2. The Company shall calculate the current income tax on the basis of the tax rates that are legislated or substantially legislated at the balance sheet date by the country in which the Company operates and generates its taxable income. Management shall evaluate on a regularly basis the status of income tax returns in respect of applicable income tax regulations and, where applicable, estimate income tax liabilities based on the taxes expected to be paid to tax authorities. The expense of income tax imposed on undistributed earnings under the Income Tax Act shall not be recognized according to the actual distribution of undistributed earnings until the next year of the year in which the surplus is generated after the earnings distribution plan is approved by the shareholders' meeting.
3. Deferred income tax shall be recognized on the basis of temporary differences between the tax basis of assets and liabilities and their carrying amounts on the balance sheet, using the balance sheet method. Deferred tax is subject to the tax rate (and tax law) that is legislated or substantially legislated at the balance sheet date and is expected to apply at the time of realization of the relevant deferred tax asset or settlement of the deferred tax liability.
4. Deferred income tax assets shall be recognized to the extent that temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets shall be reassessed on each balance sheet date.
5. The Company shall offset the current income tax assets and current income tax liabilities against each other only when it has the legal enforcement power to offset the recognized current income tax assets and liabilities against each other and intends to repay them on a net basis or realize assets and pay off liabilities at the same time. The Company shall offset the deferred income tax assets and liabilities against each other only when it has the legal enforcement power to offset the current income tax assets and the current income tax liabilities against each other, and the deferred income tax assets and liabilities are generated by the same taxpayer, or by different taxpayers, levied by the same tax authority, provided that each taxpayer intends to repay them on a net basis or realize assets and pay off liabilities at the same time.
6. Unused income tax credits transferred in later period arising from research and development expenditure shall be recognized as income tax assets to the extent that future tax income is likely to be available for the use of the unused income tax credit.

(XXII) Share capital

1. Common stock is classified as equity, and the incremental costs directly attributable to the issuance of new shares or stock options shall be included as price deduction in equity with the net amount after deduction of income tax.

2. When the Company repurchases its outstanding shares, it recognizes the consideration paid, including any directly attributable incremental costs, as a reduction of shareholders' equity on a net after-tax basis. When the repurchased shares are subsequently re-issued, the difference between the book value and the consideration received after deducting any directly attributable increment costs and income tax effects of the repurchased shares shall be recognized as an adjustment of shareholders' equity.

(XXIII) Dividend distribution

Cash dividends distributed to the Company's shareholders shall be recognized in the financial report when the dividends distribution are approved by resolution of the shareholders' meeting or by special resolution of the Board of Directors. Cash dividends distribution shall be recognized as liabilities, while stock dividends distributed to the shareholders of the Company shall be recognized as stock dividends to be distributed when the distribution is resolved at the Company's stockholders' meeting, and recognized as ordinary shares on the base date of issue of new shares.

(XXIV) Recognition of revenue

1. Merchandise sales

(1) The Company develops, manufactures and sells computer multimedia peripheral video converters, interface cards and other related products, and recognizes the sales revenue when the control of the products is transferred to the customer, that is, when the products are delivered to the customer, the customer has the discretion over the distribution and price of the products, and the Company has no outstanding performance obligations that may affect the customer's acceptance of the products. The delivery of products shall be deemed to have occurred only when the products are shipped to the designated location, the risk of obsolescence and loss has been transferred to the customer and the customer has accepted the products pursuant to the sales contract or there is objective evidence that all acceptance criteria have been met.

(2) Sales allowances granted to customers are generally calculated on a 12-month cumulative sales basis. The Company estimates sales allowances using the expected value approach based on historical experience. Revenue recognized is limited to the portion of the sales that is highly likely not to be materially reversed in the future and shall be updated on each balance sheet date. Estimated sales allowance payable to customer in relation to sales as at the balance sheet date shall be recognized as a refund liability. Payment terms for sales transactions are usually 30 to 60 days due from the date of shipment. The Company will not adjust the transaction price to reflect the time value of currency if the time interval between the transfer of the promised goods to the customer and the payment by the customer has not exceeded one year.

(3) The Company provides standard warranty for the products sold, shall be obligated to refund for product defects, and shall recognize liability provisions at the time of sales.

(4) Accounts receivable shall be recognized when the goods are delivered to the customer, since the Company has an unconditional right to the contract price from that point on and can collect consideration from the customer only after the lapse of time.

2. Acquisition costs of customer contracts

The incremental costs incurred by the Company in obtaining the customer contracts are expected to be recoverable. However, as the contract period is less than one year, such costs shall be recognized as expenses when incurred.

(XXV) Operating segments

Information about the Company's operating segments is reported in a manner consistent with internal management reports provided to principal operating decision maker. The principal operating decision maker is responsible for allocating resources to the operating segments and evaluating their performance. The principal operating decision maker of the Company is identified as the Board of Directors.

V. Major sources of uncertainty in major accounting judgments, estimates and assumptions

At the time of the preparation of this financial report, management has used its judgment in determining the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations concerning future events according to the current conditions as at the balance sheet date. Significant accounting estimates and assumptions made that may differ from actual results will be continuously evaluated and adjusted taking into account historical experience and other factors. Such estimates and assumptions are subject to the risk of a material adjustment of the carrying amounts of assets and liabilities in the following fiscal year. The Company has taken into account the economic impact of the COVID-19 outbreak in its significant accounting judgments and will continue to evaluate the impact on its financial position and financial performance. Please refer to the following descriptions of the uncertainties in significant accounting judgments, estimates and assumptions:

(I) Significant judgments adopted for accounting policies

None.

(II) Significant accounting estimates and assumptions

Valuation of inventory

Since inventories are valued at the lower of cost and net realized value, the Company must use judgment and estimation to determine the net realized value of inventories at the balance sheet date. Due to rapid changing technology, the Company evaluates the amount of inventory for normal wear and tear, obsolescence, or without market value at the balance sheet date and offsets the cost of inventory to net realized value. This inventory valuation is based primarily on product demand estimates for specific periods in the future and may be subject to material change.

As of December 31, 2023, the carrying amount of the Company’s inventory is NT$ 390,929.

VI. Description of Material Accounting Items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 1,112	$ 1,005
Check deposits and current deposits	410,069	318,925
Time deposits	107,225	136,100
	$ 518,406	$ 456,030

1. The Company transacts with financial institutions of high credit quality, and transacts with a variety of financial institutions to diversify credit risk; therefore, the probability of counterparty's default is remote.
2. The Company has not pledged any cash and cash equivalents.

(II) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 3,552
Accounts receivable	$ 10,194	$ 93
Less: allowance for loss	(1,019)	(9)
	$ 9,175	$ 84

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023	December 31, 2022	
	Accounts receivable	Accounts receivable	Notes receivable
Not overdue	$ 10,054	$ 93	$ 3552
Within 30 days	106		-
31-90 days	18		-
91-180 days	-		-
More than 181 days	16		-
	$ 10,194	$ 93	$ 3552

The above aging analysis is based on the number of days overdue.

2. Balances of accounts receivable and notes receivable as of December 31, 2023 and 2022 were generated by contracts with customer, and the balance of accounts receivable under contracts with customer as of January 1, 2022 was NT$ 44,689.
3. Without regard to collateral held or other credit enhancements, the maximum exposure amount representing most the credit risk of the Company's notes receivable as of December 31, 2023 and 2022 is NT$ 0 and NT$ 3,552, and the maximum exposure amount representing most the credit risk of the Company's accounts receivable as of December 31, 2023 and 2022 is NT$ 9,175 and NT$ 84, respectively.
4. Please refer to Note XII (II) for information on the credit risks.

(III) Transfer of financial assets

Transferred financial assets derecognized as a whole

The Company entered into an account receivable factoring agreement with EnTie Commercial Bank Co., Ltd., Taipei Fubon Commercial Bank Co., Ltd., CTBC Bank Co., Ltd., and Cathay United Bank Co., Ltd. on August 4, 2023, September 22, 2023, December 30, 2022, and September 18, 2023 respectively. The Company is contractually free from the risk of non-collection of such transferred receivables and is only liable for losses arising from commercial disputes, and the Company has no ongoing involvement in such transferred receivables. Therefore, the Company derecognizes such factoring accounts receivable. The relevant information regarding those outstanding accounts receivable is as follows:

	Amount of factoring accounts receivable	Derecognition amount	Unused amount
December 31, 2023	$ 121,547	$ 121,547	$ 306,320
December 31, 2022	$ 105,824	$ 105,824	$ 390,893

The foregoing derecognition amounts are unadvanced and presented as "other current assets". The Company transacts its factoring accounts receivable with financial institutions of high credit quality, and transacts with a variety of financial institutions to diversify credit risk; therefore, the probability of counterparty's default is remote.

(IV) Inventories

	December 31, 2023		
	Costs	Loss allowance for falling price	Carrying amount
Raw material	$ 369,507	($ 21,960)	$ 347,547
Work in process	60,909	(21,723)	39,186
Finished products	4,502	(306)	4,196
Total	$ 434,918	($ 43,989)	$ 390,929

	December 31, 2022		
	Costs	Loss allowance for falling price	Carrying amount
Raw material	$ 335,062	($ 18,753)	$ 316,309
Work in process	54,369	(19,942)	34,427
Finished products	3,117	(560)	2,557
Total	$ 392,548	($ 39,255)	$ 353,293

Inventory cost recognized as expense and loss in the current period:

	2023	2022
Cost of inventory sold	$ 595,361	$ 715,758

Loss from falling price (Recovery gain)	4,734	(2,724)
Loss from scrap	4,972	1,471
	$ 605,067	$ 714,505

Due to disposed inventories recognized as loss from falling price in 2022, the recovery gain of inventories of the Company is generated.

(V) Property, plant and equipment

	2023			
	Machinery equipment	Transportation equipment	Office equipment	Total
January 1				
Costs	$ 8,150	$ 5,706	$ 12,033	$ 25,889
Accumulated depreciation	(3,410)	(4,280)	(6,947)	(14,637)
	$ 4,740	$ 1,426	$ 5,086	$ 11,252
January 1	$ 4,740	$ 1,426	$ 5,086	$ 11,252
Additions	93	-	467	560
Disposal cost	(1,152)	(430)	(2,585)	(4,167)
Accumulated depreciation disposed of	1,152	430	2,585	4,167
Depreciation expenses	(1,650)	(407)	(2,177)	(4,234)
December 31	$ 3,183	$ 1,019	$ 3,376	$ 7,578
December 31				
Costs	$ 7,091	$ 5,276	$ 9,915	$ 22,282
Accumulated depreciation	(3,908)	(4,257)	(6,539)	(14,704)
	$ 3,183	$ 1,019	$ 3,376	$ 7,578

	2022					
	Land	Land improvement	Machinery equipment	Transportation equipment	Office equipment	Total
January 1						
Costs	$ 1,078,743	$ 114	$ 6,584	$ 5,706	$ 12,161	$ 1,103,308
Accumulated depreciation	-	(3)	(2,588)	(3,224)	(4,941)	(10,756)
	$ 1,078,743	$ 111	$ 3,996	$ 2,482	$ 7,220	$ 1,092,552
January 1	$ 1,078,743	$ 111	$ 3,996	$ 2,482	$ 7,220	$ 1,092,552
Additions	-	-	2,171	-	400	2,571
Reclassification	(1,078,743)	(101)	-	-	-	(1,078,844)
Disposal cost	-	-	(604)	-	(528)	(1,132)
Accumulated depreciation disposed of	-	-	604	-	528	1,132
Depreciation expenses	-	(10)	(1,427)	(1,056)	(2,534)	(5,027)
December 31	$ -	$ -	$ 4,740	$ 1,426	$ 5,086	$ 11,252
December 31						
Costs	$ -	$ -	$ 8,150	$ 5,706	$ 12,033	$ 25,889
Accumulated depreciation	-	-	(3,410)	(4,280)	(6,947)	(14,637)
	$ -	$ -	$ 4,740	$ 1,426	$ 5,086	$ 11,252

The real property, plant and equipment of the Company have not been provided as guarantee.

(VI) Leasing transaction - lessee

1. The underlying assets leased by the Company are buildings, with a general lease term between 1 and 2 years. The lease agreements are negotiated individually and contain a variety of terms and conditions. There are no restrictions other than that the leased assets may not be used as guaranteed for loan.
2. Information on the book value and recognized depreciation expenses of the right-of-use assets is as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 16,238	$ 19,352

	2023	2022
	Depreciation expenses	Depreciation expenses
Buildings	$ 15,031	$ 15,962

3. The increase of the Company's right-of-use assets for the years ended December 31, 2023 and 2022 is NT$ 11,917 and NT$ 18,228, respectively.
4. Information on the profit and loss relating to the lease contract is as follows:

	2023	2022
Items affecting current profit and loss		
Interest expense on lease liabilities	$ 308	$ 370
Expenses attributable to short-term lease contract	333	918

5. The total lease cash outflow of the Company for the years ended December 31, 2023 and 2022 is NT$ 15,705 and NT$ 14,888, respectively.

(VII) Lease transactions - lessor

1. The underlying assets rented out by the Company include land and buildings, with a general lease term between 1 and 9 years. Lease agreements are negotiated individually and contain a variety of terms and conditions. In order to preserve the use of the leased assets, the lessee is usually required not to use the leased assets as guarantee for loan or to provide salvage value guarantee.
2. For the rental income recognized by the Company under operating lease agreement for the years ended December 31, 2023 and 2022, please refer to Note VI(VIII), on which there is no variable lease payment.
3. The maturity date analysis of the lease payment made by the Company under operating lease is as follows:

	December 31, 2023	December 31, 2022
2023	$ -	$ 11,867
2024	11,106	11,106
2025	10,158	10,158
2026	10,158	10,158
2027	10,158	10,158
2028	10,158	10,158
After 2029	22,855	22,855
	$ 74,593	$ 86,460

(VIII) Investment Properties

	2023		
	Land	Buildings and structures	Total
January 1			
Costs	$ 1,100,263	$ 23,653	$ 1,123,916
Accumulated depreciation	-	(22,910)	(22,910)
	$ 1,100,263	$ 743	$ 1,101,006
January 1	$ 1,100,263	$ 743	$ 1,101,006
Depreciation expenses	-	(151)	(151)
December 31	$ 1,100,263	$ 592	$ 1,100,855
December 31			
Costs	$ 1,100,263	$ 23,653	$ 1,123,916
Accumulated depreciation	-	(23,061)	(23,061)
	$ 1,100,263	$ 592	$ 1,100,855

	2022		
	Land	Buildings and structures	Total
January 1			
Costs	$ 21,520	$ 23,538	$ 45,058
Accumulated depreciation	-	(22,749)	(22,749)
	$ 21,520	$ 789	$ 22,309
January 1	$ 21,520	$ 789	$ 22,309
Reclassification	1,078,743	101	1,078,844
Depreciation expenses	-	(147)	(147)
December 31	$ 1,100,263	$ 743	$ 1,101,006
December 31			
Costs	$ 1,100,263	$ 23,653	$ 1,123,916
Accumulated depreciation	-	(22,910)	(22,910)
	$ 1,100,263	$ 743	$ 1,101,006

1. Rental income and direct operating expenses of investment properties:

	2023	2022
Rental income from investment properties (Note)	$ 11,919	$ 9,207
Direct operating expenses incurred in investment properties with rental income in the current period	$ 1,609	$ 1,678

Note: Accounted for "Other income".

2. The fair value of the investment properties held by the Company as of December 31, 2023 and 2022 is NT$ 1,311,940 and NT$ 1,332,837, respectively. The fair value is based on the evaluation of the transaction prices of similar properties in the vicinity of the related assets and belongs to the third level fair value.
3. The Company's investment properties are not provided as collateral.
4. In order to enhance the efficiency and revitalize the assets, the Board of Directors resolved on April 14, 2022 to lease all the land in Neihu to Gramus International Co., Ltd. Due to the change in the purpose of holding the property from self-use to rental and receiving rental income, the lands are reclassified from property, plant and equipment to investment properties in accordance with IAS 40, Accounting for Investment Property.

(IX) Other payables

	December 31, 2023	December 31, 2022
Wages payable	$ 77,993	$ 76,548
Remuneration payable to directors	5,424	7,974
Remuneration payable to employees	5,424	7,974
Commission payable	877	877
Other expense payables	4,579	4,031
	$ 94,297	$ 97,404

(X) Pension

1. (1) In accordance with the provisions of the Labor Standards Act, the Company has formulated a retirement plan with defined benefits, which applies to the seniority of all regular employees prior to the implementation of the Labor Pension Act on July 1, 2005, and to the subsequent seniority of employees who choose to continue to apply the Labor standards Act after the implementation of the Labor Pension Act. If an employee is eligible for retirement, the pension payment shall be based on his/her seniority and the average salary of the six months prior to his/her retirement. Two bases will be given for each year of service up to 15 years (inclusive), and one base will be given for each year of service exceeding 15 years, subject to a maximum of 45 accumulated bases. The Company allocates

2% of the total salary per month to the retirement fund, which is deposited in a special account at the Bank of Taiwan in the name of the Supervisory Committee of Labor Retirement Reserve. In addition, before the end of each fiscal year, the Company shall estimate the balance of the special account for the retirement reserve fund for the employees referred to in the preceding paragraph. If the balance is insufficient to cover the estimated pension amount of the employees eligible for retirement in the following year, the Company will allocate the balance in a lump sum before the end of March next year.

(2) The amounts recorded in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	($ 46,192)	($ 39,210)
Fair value of plan assets	48,879	45,138
Net defined benefit assets	$ 2,687	$ 5,928

(3) Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2023			
Balance as of January 1	($ 39,210)	$ 45,138	$ 5,928
Current service cost	(246)	-	(246)
Interest (expenses) income	(470)	542	72
	(39,926)	45,680	5,754
Remeasurements:			
Changes in financial assumptions impact	(6,266)	199	(6,067)
Pension contribution	-	3,000	3,000
Balance as of December 31	($ 46,192)	$ 48,879	$ 2,687

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance as of January 1	($ 39,750)	$ 38,975	($ 775)
Current service cost	(427)	-	(427)
Interest (expenses) income	(239)	234	(5)
	(40,416)	39,209	(1,207)
Remeasurements:			

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Changes in financial assumptions impact	1,206	-	1,206
Experience adjustments	-	2,929	2,929
	1,206	2,929	4,135
Pension contribution	-	3,000	3,000
Pension payment	-	-	-
Balance as of December 31	($ 39,210)	$ 45,138	$ 5,928

(4) The fund assets of the defined benefit retirement plan of the Company are entrusted and operated by Bank of Taiwan within the proportion and amount of the entrusted operation items determined in the annual investment and utilization plan of this fund year in accordance with items in Article VI of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (Depositing in financial institutions at home and abroad, investing in listed, OTC or private equity securities and inv esting in securitized merchandises of domestic and foreign real estate, etc.), and relevant application is supervised by Labor Funds Supervisory Committee. The minimum income of the annual account distribution from the use of the funds shall not be less than the income calculated at the interest rate of two year term deposits of local banks, or, if there is any deficiency, it shall be supplemented by the State Treasury after being approved by the Regulator. Since the Company has no right to participate in the operation and management of the Fund, it is unable to disclose the classification of the fair value of the plan assets in accordance with Paragraph 142 of IAS 19. For the fair value of the Fund's total assets constituted on December 31, 2023 and 2022, p lease refer to the annual utilization report on labor retirement fund announced by the government.

(5) The actuarial assumptions relating to the pensions are summarized as follows:

	2023	2022
Discount Rate	1.20%	1.20%
Future salary increase rate	2.50%	2.50%

Assumptions for future mortality are estimated on the basis of the 6th Experience Life Table of the Life Insurance Industry.

The present value of defined benefit obligations affected by changes in major actuarial assumptions adopted is analyzed as follows:

	Discount Rate	Future salary increase rate

	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Impact on the present value of defined welfare obligations	($ 496)	$ 504	$ 383	($ 380)
December 31, 2022				
Impact on the present value of defined welfare obligations	($ 490)	$ 499	$ 394	($ 391)

The sensitivity analysis described above is to analyze the effects of single assumption change based on under the circumstances that other assumptions remain unchanged. In practice, many changes of assumptions may be linked. Sensitivity analysis is consistent with the methodology used to calculate the net pension liabilities of the balance sheet.

The methodology and a ssumptions used to prepre the sensitivity analysis in this period are the same as that of previous period.

(6) The Company's projected contribution to retirement plan for 2024 is NT$ 174.

(7) As of December 31, 2023, the weighted average duration of the retirement plan is 5 years. The maturity analysis of pension payments is as follows:

Next 1 year	$ 7,137
Next 2 to 5 years	31,383
Next 6 years or more	4,543
	$ 43,063

2. (1) Since July 1, 2005, the Company has established a defined contribution retirement plan for employees of Taiwan nationality in accordance with the Labor Pension Act. The Company contributes 6% of the monthly salary as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance, Ministry of Labor for employees every month in respect of the employee's choice to apply the labor pension system stipulated in the Labor Pension Act. The employee's pension shall be paid by monthly or in a lump sum based on his/her special pension account and accumulated income.

(2) The pension costs recognized by the Company under the foregoing pension plan for the years ended December 31, 2023 and 2022 are NT$ 7,479 and NT$ 6,968, respectively.

(XI) Liability provision

	Repair and warranty	Litigation compensation	Total
Balance as of January 1, 2023	$ 65,371	$ 1,852	$ 67,223
Reversal in provision for liabilities during the current period	(5,139)	-	(5,139)
Balance as of December 31, 2023	$ 60,232	$ 1,852	$ 62,084

	Repair and warranty	Litigation compensation	Total
Balance as of January 1, 2022	$ 64,419	$ 1,852	$ 66,271
Increase in provision for liabilities during the current period	952	-	952
Balance as of December 31, 2022	$ 65,371	$ 1,852	$ 67,223

The analysis of liability provision is as follows:

	December 31, 2023	December 31, 2022
Current	$ 21,728	$ 23,424
Non-current	$ 40,356	$ 43,799

1. Repair and warranty

The provision for liabilities of repair and warranty of the Company's are mainly related to the sales of computer multimedia peripheral video converters and interface cards, etc., and are estimated based on the historical repair and warranty information of such products. The Company expects that such liability provision will occur over the next three years.

2. Litigation compensation

In a patent infringement dispute with Societa Italiana per lo Sviluppo dell'Elettronica S.p.A, the German court ruled on January 9, 2013 that the Company had infringed the German Patent No. EP402973 of Sisvel, and the Company shall: (1) bear the court fees of the second instance; (2) bear the reasonable legal fees of Sisvel; (3) indemnify Sisvel for any loss incurred as a result of the infringement. The calculation of actual damages shall be based on royalty, and the actual sales figures of the Company shall be used as the basis for royalty calculation. Since the whole case has been concluded, the Company has made a liability provision of NT$1,852 according to the judgment.

(XII) Share capital

1. The authorized capital of the Company is NT$800,000, which is divided into 80,000 shares with a face value of NT$10 per share. As of December 31, 2023, the paid in capital is NT$403,559. The payments of all shares issued by the Company have been received.
2. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows (Unit: thousand shares)

	2023	2022
January 1 (i.e. December 31)	39,757	39,757

3. Treasury shares

(1) The reasons for the recovery of shares and the number:

		December 31, 2023	
Name of the holding company	Reasons for recovery	Number of shares	Carrying amount
The Company	Shares transferred to employees	599,000	$ 38,296

		December 31, 2022	
Name of the holding company	Reasons for recovery	Number of shares	Carrying amount
The Company	Shares transferred to employees	599,000	$ 38,296

(2) It is stipulated by the Securities and Exchange Act that the proportion of the number of shares repurchased by a company shall not exceed 10% of the total number of shares issued by such company, and the total amount of shares repurchased shall not exceed the retained earnings plus the premium of issued shares and the realized capital reserve.

(3) The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act, and no shareholders are entitled to their rights until the shares have been transferred.

(4) In accordance with the provisions of the Securities and Exchange Act, shares repurchased for the purpose of transferring shares to employees shall be transferred within five years from the date of repurchase. If the shares are not transferred within the time limit, the Company shall be deemed to have not issued shares, and shall go through the alteration registration to cancel the shares. For the purpose of maintaining the Company's credit and shareholders' equity, the Company shall go through the alteration registration and cancellation of shares within six months from the date of repurchase.

(XIII) Capital reserve

In accordance with the Company Act, the surplus from the issuance of shares in excess of par value and the capital reserves from the receipt of donations shall be used to cover losses, and shall be distributed as new shares or distributed in cash to shareholders according to their original shareholding ratio when the Company has no accumulated losses. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the foregoing capital reserve is appropriated to capital, the total amount shall not exceed 10% of the paid-in capital each year. The Company shall not appropriate capital reserve to capital if the loss is still not covered after appropriating capital surplus to capital deficiency.

(XIV) Retained earnings

1. In accordance with the Articles of Incorporation, if there is earnings in the annual total account, in addition to paying all taxes in accordance with the law, the earnings shall be used to make up the loss of the previous year first, and 10% shall be set aside as the legal surplus reserve. If there is surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting. When the surplus is distributed by cash dividends, the Company shall authorize the Board of Directors to adopt a special resolution and report to the shareholders' meeting in accordance with laws and regulations. The amendment to the Articles of Incorporation was completed on July 20, 2021.
2. The Company's dividend policy is as follows: At the end of each fiscal year, the Company's Board of Directors shall make a proposal for the earnings distribution or loss recovery plan, and dividends shall be distributed in the form of cash dividends in part or in whole, of which stock dividends shall not exceed 90% of the dividends distributed for the current fiscal year.
3. The legal surplus reserve shall be exclusively used to cover accumulated deficit, to issue new shares or distribute cash to shareholders in proportion to their original shareholding ratio, provided that legal surplus reserve used for the issue of new shares or cash distributed to shareholders shall be limited to the portion in excess of 25% of the paid-in capital.
4. When distributing the earnings, in accordance with the regulations, the Company shall set aside special surplus reserve from the debit balance of other equity items at the balance sheet date in the current year. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. The resolution on earnings distribution for 2022 resolved by the shareholders' meeting on June 20, 2023 and the resolution on earnings distribution for 2021 resolved by at shareholders' meeting on June 14, 2022 are as follows:

	2022		2021	
	Amount	Dividends Per Share (NT$)	Amount	Dividends Per Share (NT$)
Legal capital reserve	$ 31,761		$ 38,547	
Cash dividends	151,076	$ 3.8	198,785	$ 5
	$ 182,837		$ 237,332	

6. The Surplus Earnings Distribution Plan in 2023 of the Company, as proposed by the Board of Directors on March 4, 2024, is as follows:

	2023	
	Amount	Dividends Per Share (NT$)
Legal capital reserve	$ 19,669	
Cash dividends	139,150	$ 3.5
	$ 158,819	

The distribution proposal of surplus earnings in 2023 mentioned above has not been resolved by the shareholders' meeting as of March 4, 2024.

(XV) Operating income

	2023	2022
Income from contracts with customers	$ 1,180,609	$ 1,372,773

1. Disaggregation of income from contracts with customers

The income of the Company is derived from the rendering of goods that are transferred at a certain point and can be broken down by the following main product lines:

	2023	2022
Sales income		
Computer multimedia peripheral video Converters and interface cards, etc.	$ 1,178,669	$ 1,361,434
Others	1,940	11,339
Total	$ 1,180,609	$ 1,372,773

2. Contract liabilities

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities - advances on sales	$ 20,506	$ 28,498	$ 43,153

3. Contract liabilities at the beginning of period recognized as income in the current period

	2023	2022
The beginning balance of contract liabilities is recognized as income in the current period		
Advances on sales	$ 18,789	$ 28,890

(XVI) Interest income

	2023	2022
Interest on bank deposits	$ 4,361	$ 1,438

(XVII) Other income

	2023	2022
Rental income	$ 11,919	$ 9,207
Other income - others	6,881	9,068
	$ 18,800	$ 18,275

(XVIII) Other gains and losses

	2023	2022
Foreign exchange gains (losses)	($ 1,863)	$ 25,340
Miscellaneous disbursements	-	(2)
Other losses	-	(2,453)
Gains on disposals of property, plant and equipment	10	-
	($ 1,853)	$ 22,885

(XIX) Additional information on the nature of expense

	2023	2022
Employee benefit expenses	$ 242,997	$ 235,975
Depreciation expenses of right-of-use assets	15,031	15,962
Depreciation expenses of real property, plant and equipment	4,234	5,027
Depreciation expenses of investment properties - buildings and structures	151	147
Amortization expense of intangible assets	3,624	3,657
	$ 266,037	$ 260,768

(XX) Employee benefit expenses

	2023	2022
Salary expenses	$ 212,346	$ 205,265
Labor and health insurance expenses	15,520	13,432
Pension expenses	7,653	7,400
Other employment costs	7,478	9,878
	$ 242,997	$ 235,975

1. In accordance with the Articles of Incorporation, the Company shall, after deducting the accumulated losses based on the current year's profits, if there is still earnings, allocate no less than 2% as employee compensation and no more than 2% as remuneration to directors.
2. For the years ended December 31, 2023, and 2022, the estimated remuneration of the Company for employees was NT$5,424 and NT$7,974, respectively, and the estimated remuneration for directors and supervisors was NT$5,424 and NT$7,974, res pectively. The amounts mentioned above were recorded as salary expenses.

   The amounts are estimated at 2% based on the profits for the year ended December 31, 2023. The estimated amount is in line with the amount actually distributed by the Board of Directors and paid in cash.

   The compensation for employees and remuneration to directors resolved by the Board of Directors for 2022 are consistent with the amounts recognized in the financial report of 2022.

   Information on remuneration for employees and directors approved by the Board of directors of the Company is available at the Market Observation Post System.

(XXI) Income tax

1. Income tax expenses

(1) Components of income tax expense

Current tax:	2023	2022
Income tax incurred in current period	$ 48,916	$ 72,000
Additional income tax on unappropriated earnings	6,739	7,407
Overvaluation of income tax in previous years	-	(15,548)
Total income tax in the period	55,655	63,859
Deferred income tax:		
Initial generation and reversal of temporary differences	3,154	4,592
Total deferred income tax	3,154	4,592
Income tax expenses	$ 58,809	$ 68,451

(2) Income tax related to other comprehensive income:

	2023	2022
Remeasurements of defined benefit	$ 1,213	($ 827)

2. Relationship between income tax expense and accounting profit

	2023	2022
Income tax of profit before tax calculated at the statutory tax rate	$ 52,070	$ 76,551
Tax effect of excluded items according to tax law	-	41
Overvaluation of income tax in previous years	-	(15,548)
Additional income tax on unappropriated earnings	6,739	7,407
Income tax expenses	$ 58,809	$ 68,451

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Temporary differences:				
- Deferred income tax assets:				
Doubtful debt expenses	$ -	$ 183	$ -	$ 1,83
Inventory price loss	7,850	947	-	8,797
Unrealized exchange losses	4,103	(2,649)	-	1,454
Unrealized repair costs	13,077	(1,028)	-	12,049
Unused vacation bonus	149	(42)	-	107
Sub-total	$ 25,179	($ 2,589)	$ -	$ 22,590
- Deferred tax liabilities:				
Pension	($ 1,186)	($ 565)	$ 1,213	($ 538)
Sub-total	($ 1,186)	($ 565)	$ 1,213	($ 538)
Total	$ 23,993	($ 3,154)	$ 1,213	$ 22,052

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Temporary differences:				
- Deferred income tax assets:				
Doubtful debt expenses	$ 550	($ 550)	$ -	$ -
Inventory price loss	8,395	(545)	-	7,850
Not actually contributed pension expenses	155	(155)	-	-

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Unrealized exchange losses	6,996	(2893)	-	4,103
Unrealized repair costs	12,885	192	-	13,077
Unused vacation bonus	431	(282)	-	149
Sub-total	$ 29,412	($ 4,233)	$ -	$ 25,179
- Deferred tax liabilities:				
Pension	$ -	($ 359)	($ 827)	($ 1,186)
Sub-total	$ -	($ 359)	($ 827)	($ 1,186)
Total	$ 29,412	($ 4,592)	($ 827)	$ 23,993

4. The Company’s profit-seeking enterprise income tax has been approved by the tax collection authority to the year 2021.

(XXII) Earnings per share

	2023		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common shareholders in the current period	$ 201,538	39,757	$ 5.07
Diluted earnings per share			
Net profit attributable to common shareholders in the current period	201,538	39,757	
Effect of potentially dilutive common shares			
Employees' compensation	-	69	
Impact of net current profit attributable to common shareholders plus potential common stocks	$ 201,538	39,826	$ 5.06

	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to common shareholders in the current period	$ 314,304	39,757	$ 7.91
Diluted earnings per share			
Net profit attributable to common shareholders in the current period	314,304	39,757	
Effect of potentially dilutive common shares			
Employees' compensation	-	132	
Impact of net current profit attributable to common shareholders plus potential common stocks	$ 314,304	39,889	$ 7.88

(XXIII) Changes in liabilities generated from financing activities

	2023	2022
	Lease liabilities	Lease liabilities
January 1	$ 19,461	$ 14,833
Changes in cash flow from financing	(15,064)	(13,600)
Other non-cash changes	11,917	18,228
December 31	$ 16,314	$ 19,461

VII. Related Party Transactions

(I) Parent company and ultimate controller: None.

(II) Information of remuneration to the main management

	2023	2022
Short-term employee benefits	$ 32,606	$ 38,529
Post-employment benefits	3,000	3,000
Total	$ 35,606	$ 41,529

VIII. Pledged Assets

None.

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

None.

X. Losses due to Major Disasters

None.

XI. Significant Events after the Balance Sheet Date

For the surplus earnings distribution plan for 2023 proposed by the Board of Directors on March 4, 2024, please refer to Note VI (XIV) for details.

XII. Others

(I) Capital management

The capital management the Company aims to ensure the Company's ability as a going concern, so as to maintain an optimal capital structure to reduce the cost of capital, and provide returns to shareholders. In order to maintain or restructure its capital structure, the Company may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company uses a debt-to-capital ratio to monitor its capital, which is calculated by dividing the total liabilities of the balance sheet by the total liabilities and equity.

The Company's strategy in 2022 remains the same as that in 2021, with a commitment to maintain a debt ratio below 40%-45%. The debt-to-capital ratio of the Company as of December 31, 2023 and 2022 is 19% and 17%, respectively.

(II) Financial instruments

1. Categories of financial instruments

As of December 31, 2023 and 2022, the carrying amounts of financial assets (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets of factoring receivables, and refundable deposits) classified as measured at amortized cost under IFRS 9 by the Company are NT$657,877 and NT$572,041 respectively, the carrying amounts of financial liabilities (including notes payable, accounts payable, other payables and guarantee deposits) classified as measured at amortized cost are NT$263,220 and NT$185,652, respectively, and the carrying amounts of lease liabilities are NT$16,314 and NT$19,461 as of December 31, 2023 and 2022, respectively.

2. Risk Management Policy

(1) The Company's daily operations are subject to a number of financial risks, including market risks (including exchange rate risks and interest rate risks), credit risks and liquidity risks. The Company adopts a comprehensive risk

management and control system to clearly identify, measure and control the risks described, seeking to mitigate the potential adverse impact on the Company's financial position and performance.

(2) Risk management shall be carried out by the Finance and Accounting Department of the Company in accordance with the policies approved by the Board of Directors. The Finance and Accounting Department of the Company is responsible for identifying, assessing and mitigating financial risks through close cooperation with the Company's internal operating units. The Board of Directors has established written principles for overall risk management and written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of surplus working capital.

3. The nature and extent of the material financial risk

(1) Market risks

Exchange rate risk

A. The Company is engaged in the business involved in several non-functional currencies (the functional currency of the Company is new Taiwan dollar), which are subject to exchange rate fluctuations. Information on assets and liabilities in foreign currency that are significantly affected by exchange rate fluctuations is as follows:

	December 31, 2023		
(Foreign currency: functional currency)	Foreign currency (NT$ thousand)	Exchange rate	Carrying amount (NT$)
Financial assets			
Monetary items			
USD:NTD	$ 8,253	30.71	$ 253,450
Financial liabilities			
Monetary items			
USD:NTD	$ 2,561	30.71	$ 78,648

	December 31, 2022		
(Foreign currency: functional currency)	Foreign currency (NT$ thousand)	Exchange rate	Carrying amount (NT$)
Financial assets			
Monetary items			
USD:NTD	$ 9,024	30.71	$ 277,127
Financial liabilities			
Monetary items			
USD:NTD	$ 1,266	30.71	$ 38,879

B. The aggregate amount of total conversion (losses) benefits (realized and unrealized) recognized by the Company for the year of 2023 and 2022 for the monetary items, which have been materially affected by exchange rate fluctuations, is (NT$1,863) and NT$25,340, respectively.

C. The impacts on foreign currency market risks of the Company due to material exchange rate fluctuations are analyzed as follows:

	2023		
	Sensitivity analysis		
(Foreign currency: functional currency)	Range of changes	Impacts on profit and loss	Impacts on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,045	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 629	$ -

	2022		
	Sensitivity analysis		
(Foreign currency: functional currency)	Range of changes	Impacts on profit and loss	Impacts on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,217	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 311	$ -

Cash flow and interest rate risks with fair value

A. The main interest bearing assets of the Company are cash (presented as "cash and cash equivalents"). As all the maturity dates are less than 12 months, there is no material risk of interest rate changes affecting the cash flow.

B. The Company does not use any financial instruments to hedge its interest rate risk.

(2) Credit risk

A. The credit risk of the Company is the risk of financial loss of the Company due to the failure of a customer or a counterparty of a financial instrument to fulfill its contractual obligations, which is mainly caused by the inability of the counterparty to repay the cash flow of accounts receivable payable on the terms of collection.

B. The Company establishes credit risk management from a corporate perspective. In accordance with the stated internal credit policy, each of the Company's operating units shall carry out the management and credit risk analysis of each new customer before establishing the payment and delivery terms and conditions with such customer. Internal risk control is to assess the credit quality of customers by taking into account their financial position, historical experience, and other factors.

C. The Company adopts IFRS 9 to provide the following assumptions as a basis for judging whether the credit risk of a financial instrument has increased significantly since the initial recognition:
When the contract payment is overdue for more than 30 days according to the agreed terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

D. The Company adopts IFRS 9 to provide assumptions that if the contract payment is overdue for more than 90 days according to the agreed terms, it is deemed to have breached the contract.

E. The Company groups the accounts receivable from customers according to the characteristics of customer ratings and customer types and adopts a simplified approach to estimate the expected credit losses based on a provision matrix.

F. The Company adjusts the loss rate based on historical and current information for a specific period by taking into account the forward-looking considerations for the future to estimate the allowance for losses on accounts receivable. The reserve matrices as of December 31, 2023 and 2022 are as follows:

	Not overdue	1 - 90 days overdue
December 31, 2023		
Expected loss rate	5.75%	5.75%
Total book value	$ 10,054	$ 124
Allowance for loss	996	7

	91-180 days overdue	More than 181 days overdue	Total
December 31, 2023			
Expected loss rate	37.50%	100%	
Total book value	$ -	$ 16	$ 10,194
Allowance for loss	-	16	1,019

	Not overdue	1 - 90 days overdue
December 31, 2022		
Expected loss rate	5.73%	5.75%
Total book value	$ 3,645	$ -
Allowance for loss	9	-

	91-180 days overdue	More than 181 days overdue	Total
December 31, 2022			
Expected loss rate	5.75%	100.00%	
Total book value	$ -	$ -	$ 3,645
Allowance for loss	-	-	9

G. The statement of changes in allowance loss of the Company's accounts receivable adopting simplified approach is as follows:

	2023	
	Accounts receivable	
January 1	$	9
Provision for the current period		1,010
December 31	$	1,019

	2022	
	Accounts receivable	
January 1	$	3,200
Reversal of impairment loss	(	2,513)
Amounts written off as uncollectible	(	678)
December 31	$	9

(3) Liquidity risk

A. The Company's Finance Department monitors the Company's working capital requirements to ensure that adequate funds are available to meet operational requirements.

B. The Company invests the remaining funds in interest-bearing demand deposits and time deposits (presented as "cash and contractual cash"). The instrument chosen by the Company has an appropriate maturity date or sufficient liquidity. The Company held the monetary market positions of NT$517,294 and NT$455,025 as of December 31, 2023 and 2022, respectively, which are expected to generate immediate cash flows to manage liquidity risk.

C. The following table shows the Company's non-derivative financial liabilities grouped according to their respective maturity dates, which are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amount of contract cash flow disclosed in the following table is the amount undiscounted.

December 31, 2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:				
Lease liabilities	$ 11,072	$ 5,601	$ -	$ -

December 31, 2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities:				
Lease liabilities	$ 14,863	$ 4,962	$ -	$ -

(III) Information on fair value

1. Please refer to Note VI.(VIII) for the details of fair value of investment properties measured at costs.
2. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables, are a reasonable approximation of their fair values.

(IV) Other Matters

None.

XIII. Separately Disclosed Items

(I) Information on significant transactions

1. Lending of funds to others: None.
2. Endorsement/guarantee provided for others: None.
3. Marketable securities held at the end of year (excluding investments in subsidiaries, associates, and joint ventures): None.
4. Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at cost in excess of NT$300 million or 20% of paid-in capital: None.
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
7. Purchases or sales to related parties of at least NT$100 million or 20% of paid-in capital: None.
8. Accounts receivable from related parties equal to or in excess of NT$100 million or 20% of paid-in capital: None.
9. Engaged in derivatives trading: None.
10. The business relationship between the parent company and subsidiaries, and between subsidiaries, and significant transactions and amounts: None.

(II) Information on investees

None.

(III) Information on investments in mainland China

None.

(IV) Information on substantial shareholders

Information of major shareholders: Please refer to Schedule 1.

XIV. Segment Information

(I) General information

The Company operates in a single industry and has been identified as a single reporting segment by the operating decision maker, the Board of Directors, who evaluates performance of and allocates resources to the Company as a whole.

(II) Segment Information

1. The Company's operating segment profit and loss is measured at the pre-tax operating profit and loss and is used as a basis for performance evaluation. The accounting policies and estimates of the operating segment is the same as the summary of significant accounting policies and significant accounting estimates and assumptions set forth in Note IV and Note V.
2. The financial information presented to key operating decision makers is the same as and with the same measurement method as that in the consolidated income statement.

(III) Product and service specific information

The main business of the Company is the sales of TV cards, digital signal processors and other computer multimedia peripheral interface cards. Because it is a single product, there is no need to disclose the application of its product specific information.

(IV) Region specific information

The region specific information of the Company in 2023 and 2022 are as follows:

	2023		2022	
Region	Revenue	Non-current assets	Revenue	Non-current assets
Asia	$ 319,056	$ -	$ 1,014,356	$ -
America	627,252	-	113,918	-
Europe	93,968	-	81,200	-
Taiwan	138,396	1,145,128	160,937	1,153,528
Others	1,937	-	2,362	-
	$ 1,180,609	$ 1,145,128	$ 1,372,773	$ 1,153,528

(V) Important client information

Important client information of the Company in 2023 and 2022 are as follows:

Client Name	2023	2022
Company A	$ 548,847	$ 548,081
Company B	107,984	133,081
Company C	43,143	54,891
	$ 699,974	$ 736,053

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YUAN High-Tech Development Co., Ltd.

Information on substantial shareholders

December 31, 2023

Schedule 1

	Shares	
Name of substantial shareholders	Shares held	Ratio
Wei Sheng Investment Co., Ltd.	9,381,321	23.24%
Li, Shih-Chang	3,916,005	9.70%
Li, Shih-Kuei	3,174,000	7.86%
Xiang Li Investment Co., Ltd.	2,814,705	6.97%

Yuan High-Tech Development Co., Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023

Statement I | Unit: NT$ thousand

Item	Abstract		Amount
Cash on hand		$	1,072
Petty cash			40
Check deposits			128
Current deposits	$3,061 Exchange rate 30.71		409,941
Time deposits			107,225
		$	518,406

Yuan High-Tech Development Co., Ltd.
Statement of Inventories
December 31, 2023

Statement II | Unit: NT$ thousand

Item	Amount: Costs	Amount: Net realizable value	Abstract
Raw materials	$ 369,507	$ 379,483	Raw materials are valued at replacement cost as the net realizable value and work in process and finished goods are valued at net realizable value
Work in progress (semi finished)	60,909	57,408	
Finished products	4,502	45,329	
Total	434,918	$ 482,220	
Less: Price loss of allowance	(43,989)		
	$ 390,929		

Yuan High-Tech Development Co., Ltd.
Statement of Notes Payable
December 31, 2023

Statement III | Unit: NT$ thousand

Item	Amount	Remark
Company A	$ 22,132	
Company B	4,833	
Company C	4,712	
Company D	4,088	
Company E	3,825	
Company F	3,486	
Others	22,119	Balance of each sporadic supplier does not exceed 5% of the current account balance
	$ 65,195	

Yuan High-Tech Development Co., Ltd.
Statement of Accounts Receivable
December 31, 2023

Statement IV

Unit: NT$ thousand

Item	Amount	Remark
Company A	$ 21,169	
Company B	18,768	
Company C	14,585	
Company D	10,005	
Company E	5,424	
Others	31,368	Balance of each sporadic supplier does not exceed 5% of the current account balance
	$ 101,319	

Yuan High-Tech Development Co., Ltd.
Statement of Sales Income
From January 1 to December 31, 2023

Statement V   Unit: NT$ thousand

Item	Quantity		Amount
Computer multimedia peripheral video converters and interface cards, etc.	531,568 pcs	$	1,178,669
Other PC related products	265,065 pcs		1,940
Net sales income		$	1,180,609

Yuan High-Tech Development Co., Ltd.
Statement of Cost of Goods Sold
From January 1 to December 31, 2023

Statement VI | Unit: NT$ thousand

Item		Amount
Raw materials at beginning of period	$	335,062
Add: Incoming in the current period		460,316
Less: raw materials at end of period	(	369,507)
Scrap of raw materials	(	4,972)
Segment receiving	(	1,953)
Others	(	283)
Raw materials consumed in the current period		418,663
Production overheads - processing costs		85,006
Production costs		503,669
Add: work in process at beginning of period		54,369
Purchase in the current period		106,453
Others		1
Less: work in process at end of period	(	60,909)
Segment receiving	(	1,190)
Cost of finished products		602,393
Add: finished products at beginning of period		3,117
Less: finished products at end of period	(	4,502)
Segment receiving	(	508)
Cost of production and sales		600,500
Inventory price loss		4,734
Loss from scrap		4,972
Other operating costs	(	5,139)
Operating costs	$	605,067

Yuan High-Tech Development Co., Ltd.
Statement of Selling and Marketing Expenses
From January 1 to December 31, 2023

Statement VII

Unit: NT$ thousand

Item	Amount	Remark
Salary expenditure (including pension)	$ 26,091	
Travel expenditure	12,149	
Exhibition expenditure	11,017	
Others	12,067	Balance of each miscellaneous account does not exceed 5% of the current account balance
	$ 61,324	

Yuan High-Tech Development Co., Ltd.
Statement of General and Administrative Expenses
From January 1 to December 31, 2023

Statement VIII

Unit: NT$ thousand

Item	Amount	Remark
Salary expenditure (including pension)	$ 54,450	
Depreciation	17,601	
Others	29,528	Balance of each miscellaneous account does not exceed 5% of the current account balance
	$ 101,579	

Yuan High-Tech Development Co., Ltd.
Statement of Research and Development Expenses
From January 1 to December 31, 2023

Statement IX   Unit: NT$ thousand

Item	Amount	Remark
Salary expenditure (including pensions and overtime)	$ 139,458	
Insurance premium	12,677	
Others	20,091	Balance of each miscellaneous account does not exceed 5% of the current account balance
	$ 172,226	

Yuan High-Tech Development Co., Ltd.
Statement of Employee Benefits and Depreciation and Amortization Expenses by Function (continued)
From January 1 to December 31, 2023

Statement X | Unit: NT$ thousand

Classification \ Feature	2023 For operating costs	2023 For operation expenses	2023 Total	2022 For operating costs	2022 For operation expenses	2022 Total
Employee benefit expenses						
Salary expenses	$ -	$ 206,922	$ 206,922	$ -	$ 197,291	$ 197,291
Labor and health insurance expenses	-	15,520	15,520	-	13,432	13,432
Pension expenses	-	7,653	7,653	-	7,400	7,400
Remuneration Paid to Directors	-	5,424	5,424	-	7,974	7,974
Other employee benefit expenses	-	7,478	7,478	-	9,878	9,878
Depreciation expenses	-	19,416	19,416	-	21,136	21,136
Amortization expenses	-	3,624	3,624	-	3,657	3,657

Note:

1. The average number of employees in the current year and the previous year were 145 and 145, respectively, of which the number of directors who do not concurrently serve as employees were 4 and 4, respectively.
2. For companies whose shares are listed on the TWSE/TPEx, the following information should also be disclosed:
   (1) The average employee benefits expense for the current year is NT$1,685 ((Total employee benefit expenses for the current year Total Directors' remuneration) / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees)).
   The average employee benefits expense for the previous year is NT$1,617 ((Total employee benefit expenses for the previous year Total Directors' remuneration) / (Number of employees for the previous year - Number of Directors who do not concurrently serve as employees)).
   (2) The average employee salary expense for the current year is NT$1,468 (Total employee salary expenses for the current year / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees)).
   The average employee salary expense for the previous year was NT$1, 399 (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not concurrently serve as employees)).

Yuan High-Tech Development Co., Ltd.
Statement of Employee Benefits and Depreciation and Amortization Expenses by Function (continued)
From January 1 to December 31, 2023

Statement X

Unit: NT$ thousand

(3) Change in average employee salary expense is 4.9% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).

(4) The Audit Committee was established in June 2022, replacing the role of supervisors. Therefore, there were no supervisor's remuneration for the year 2023, whereas in the previous fiscal year, the supervisor's remuneration amounted to NT$2,990.

(5) The Company's remuneration policy:
The Company's remuneration policies, standards, portfolios and procedures for determining remuneration shall be implemented mainly following the Company's personnel rules and regulations and the Remuneration Committee Organizational Rules. Directors' compensation and employees' compensation shall be appropriated in proportion to the provisions of the Articles of Incorporation, approved by the Salary and Compensation Committee and submitted to the Board of Directors for approval before being reported to the Shareholders' Meeting. Remuneration for directors and managers is based on industry standards, taking into account individual performance, the Company's operating results and the reasonableness of the correlation with future risks. Remuneration for employees is allocated based on industry standards, the competitive position of the Company's talents in the industry, the Company's overall operating results and profitability, budget planning, performance review and eval uation of future operating risks.