KYE Systems Corp. and Subsidiaries

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

TABLE OF CONTENTS

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

For the year of 2023 (from January 1 to December 31, 2023), the companies which shall be included in the consolidated financial report of affiliates prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those which shall be included in the consolidated financial report of the parent company and subsidiaries pursuant to IFRS 10, and the relevant information which shall be disclosed in the consolidated financial report of affiliates has been disclosed in the foregoing consolidated financial report of the parent company and subsidiaries. Therefore, no separate consolidated financial report of affiliates has been prepared.

Very truly yours,

KYE SYSTEMS CORP.

By

SHIH-KUN TSO

March 12, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
KYE Systems Corp.

Opinion

We have audited the accompanying consolidated financial statements of KYE Systems Corp. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. Such matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinion on these matters.

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

Occurrence of Recognition of Operating Revenue

At the year ended December 31, 2023, the Group's revenue decreased compare to the year ended December 31, 2022. In 2023, among part of the Group's customers have substantial growth in operating revenue than previous year. Since the amount and proportion are significant, therefore, consider the recognition of operating revenue growth with customers sales, which have substantial growth in operating revenue than previous year as a key audit matter. Please refer to Notes 4 and 22 to the consolidated financial statements for the relevant accounting policy.

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

Other Matter

We have also audited the parent company only financial statements of KYE Systems Corp. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audits resulting in this independent auditors’ report are Yao-Lin Huang and Han-Ni Fang

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 883,381	25	$ 1,102,008	32
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,010	-	1,085	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	37,165	1	36,459	1
Financial assets at amortized cost - current (Notes 4 and 6)	376,548	11	-	-
Notes and accounts receivables (Notes 4, 9, 22 and 28)	83,002	2	60,267	2
Finance lease receivable - current (Notes 4 and 10)	-	-	1,099	-
Other receivables (Notes 4 and 28)	7,811	-	2,916	-
Current tax assets (Notes 4 and 24)	-	-	13,596	-
Inventories (Notes 4 and 11)	158,633	4	229,246	6
Other current assets	56,081	2	60,329	2
Total current assets	1,603,631	45	1,507,005	43
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	118,571	3	98,796	3
Investments accounted for using the equity method (Notes 4 and 13)	399,620	11	409,990	12
Property, plant and equipment (Notes 4, 14 and 29)	618,043	17	644,673	18
Right-of-use assets (Notes 4 and 15)	63,008	2	4,775	-
Investment properties (Notes 4, 16 and 29)	640,162	18	694,414	20
Deferred tax assets (Notes 4 and 24)	90,833	3	99,033	3
Other non-current assets (Note 4)	21,765	1	29,525	1
Total non-current assets	1,952,002	55	1,981,206	57
TOTAL	$ 3,555,633	100	$ 3,488,211	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes and accounts payables (Notes 18 and 28)	$ 19,721	1	$ 46,462	1
Other payables (Note 19)	65,014	2	60,242	2
Current tax liabilities (Notes 4 and 24)	10,551	-	-	-
Lease liabilities - current (Notes 4 and 15)	27,825	1	5,670	-
Current portion of long-term borrowings (Notes 17 and 29)	86,584	2	19,337	1
Other current liabilities	47,105	1	45,243	1
Total current liabilities	256,800	7	176,954	5
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 29)	226,975	6	314,496	9
Deferred tax liabilities (Notes 4 and 24)	15,291	1	15,288	1
Lease liabilities - non-current (Notes 4 and 15)	35,598	1	335	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	2,069	-	5,283	-
Other non-current liabilities - others (Note 4)	2,938	-	3,739	-
Total non-current liabilities	282,871	8	339,141	10
Total liabilities	539,671	15	516,095	15
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	2,215,285	62	2,215,285	63
Capital reserves	227,216	6	270,903	8
Retained earnings				
Legal reserves	451,653	13	448,031	13
Special reserves	639,147	18	609,031	17
Unappropriated earnings (Notes 4, 8 and 13)	75,387	2	36,216	1
Total retained earnings	1,166,187	33	1,093,278	31
Other equity (Notes 4, 8 and 13)	(623,882)	(17)	(639,147)	(18)
Total equity attributable to owners of the Company	2,984,806	84	2,940,319	84
NON-CONTROLLING INTERESTS	31,156	1	31,797	1
Total equity	3,015,962	85	2,972,116	85
TOTAL	$ 3,555,633	100	$ 3,488,211	100

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

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 22 and 28)				
Sales revenue	$ 766,870	100	$ 1,018,366	100
Other operating revenue	2,679	-	2,309	-
Total operating revenues	769,549	100	1,020,675	100
OPERATING COST				
Cost of goods sold (Notes 4, 11, 23 and 28)	478,921	62	731,981	72
GROSS PROFIT	290,628	38	288,694	28
OPERATING EXPENSES (Notes 9, 20, 23 and 28)				
Selling and marketing expenses	76,326	10	76,383	7
General and administrative expenses	200,760	26	199,717	20
Research and development expenses	6,597	1	2,099	-
Expected credit loss (gain)	313	-	(621)	-
Total operating expenses	283,996	37	277,578	27
PROFIT FROM OPERATIONS	6,632	1	11,116	1
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 23, 28 and 30)	44,497	6	44,082	4
Share of profit or loss of associates (Notes 4 and 13)	14,706	2	(4,355)	-
Interest income	34,454	4	9,191	1
Interest expenses	(8,112)	(1)	(5,716)	(1)
Total non-operating income and expenses	85,545	11	43,202	4
PROFIT BEFORE INCOME TAX	92,177	12	54,318	5
INCOME TAX EXPENSE (Notes 4 and 24)	20,604	3	522	-
NET PROFIT FOR THE YEAR	71,573	9	53,796	5

(Continued)

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 20)	$ 776	-	$ 5,313	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	21,061	3	(76,641)	(8)
Share of other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	(3,595)	(1)	(1,021)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 24)	(791)	-	24,984	2
	17,451	2	(47,365)	(5)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(675)	-	69,940	7
Share of other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	(932)	-	(64)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 24)	116	-	(12,217)	(1)
	(1,491)	-	57,659	6
Other comprehensive income for the year, net of income tax	15,960	2	10,294	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 87,533	11	$ 64,090	6
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 72,201	9	$ 54,408	5
Non-controlling interests	(628)	-	(612)	-
	$ 71,573	9	$ 53,796	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 88,174	11	$ 64,269	6
Non-controlling interests	(641)	-	(179)	-
	$ 87,533	11	$ 64,090	6

(Continued)

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.33		$ 0.25	
Diluted	$ 0.33		$ 0.25	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent Company									
			Retained Earnings			Other Equity				
	Shares Capital	Capital Reserves	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operation	Unrealized Profit/Loss on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 2,215,285	$ 309,638	$ 442,525	$ 559,471	$ 55,066	$ (66,113)	$ (601,087)	$ 2,914,785	$ 31,960	$ 2,946,745
Appropriation of 2021 earnings:										
Legal reserves	-	-	5,506	-	(5,506)	-	-	-	-	-
Special reserves	-	-	-	49,560	(49,560)	-	-	-	-	-
Changes in associates accounted for using the equity method	-	5,571	-	-	-	-	-	5,571	16	5,587
Cash dividends distributed from capital surplus	-	(44,306)	-	-	-	-	-	(44,306)	-	(44,306)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	54,408	-	-	54,408	(612)	53,796
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,250	57,175	(51,564)	9,861	433	10,294
Total comprehensive income in 2022	-	-	-	-	58,658	57,175	(51,564)	64,269	(179)	64,090
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(22,442)	-	22,442	-	-	-
BALANCE, DECEMBER 31, 2022	2,215,285	270,903	448,031	609,031	36,216	(8,938)	(630,209)	2,940,319	31,797	2,972,116
Appropriation of 2022 earnings:										
Legal reserves	-	-	3,622	-	(3,622)	-	-	-	-	-
Special reserves	-	-	-	30,116	(30,116)	-	-	-	-	-
Changes in associates accounted for using the equity method	-	619	-	-	-	-	-	619	-	619
Cash dividends distributed from capital surplus	-	(44,306)	-	-	-	-	-	(44,306)	-	(44,306)
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	72,201	-	-	72,201	(628)	71,573
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	622	(1,480)	16,831	15,973	(13)	15,960
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	72,823	(1,480)	16,831	88,174	(641)	87,533
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	86	-	(86)	-	-	-
BALANCE, DECEMBER 31, 2023	$ 2,215,285	$ 227,216	$ 451,653	$ 639,147	$ 75,387	$ (10,418)	$ (613,464)	$ 2,984,806	$ 31,156	$ 3,015,962

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

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 92,177	$ 54,318
Adjustments for		
Depreciation expense	50,121	47,902
Interest income	(34,454)	(9,191)
Reversal of write-down of inventory	(24,460)	(7,937)
Share of loss (profit) of associates	(14,706)	4,355
Gain on disposal of investment properties	(8,820)	-
Impairment loss recognized on non-financial assets	8,276	-
Interest expense	8,112	5,716
Amortization expense	7,363	4,496
Dividend income	(3,765)	(1,794)
Gain on disposal of investments	(3,022)	(6,377)
Unrealized loss on foreign currency exchange, net	2,813	3,556
Expected credit loss recognized (reversal) on accounts receivables	313	(621)
Loss (gain) on disposal and obsolescence of property, plant and equipment, net	(91)	42
Loss on fair value changes of financial assets at fair value through profit or loss	75	426
Changes in operating assets and liabilities		
Notes and accounts receivable	(23,810)	52,395
Other receivables	(4,962)	(518)
Inventories	95,403	135,117
Other current assets	4,261	54,932
Notes and accounts payable	(27,021)	2,552
Other payables	4,863	(12,500)
Other current liabilities	2,214	(51,709)
Net defined benefit liabilities	(2,399)	(16,645)
Cash generated from operations	128,481	258,515
Interest received	31,006	8,004
Dividends received	3,043	1,794
Income tax received (paid)	12,122	(3,112)
Net cash generated from operating activities	174,652	265,201
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(382,022)	-
Proceeds from disposal of investment properties	61,585	-
Proceeds from capital reduction of investments accounted for using equity method	20,910	-
Payments for property, plant and equipment	(4,445)	(6,316)
Decrease in refundable deposits	4,400	3,212
Increase in other non-current assets	(4,006)	(9,734)
Dividends received from associates	3,889	1,945

(Continued)

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

	2023	2022
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 1,199	$ 4,536
Decrease in finance lease receivables	1,102	7,580
Proceeds from disposal of property, plant and equipment	417	94
Acquisition of investment properties	-	(128,998)
Acquisition of investments accounted for using the equity method	-	(80,000)
Net cash inflow on disposal of investments accounted for using the equity method	-	12,048
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	6,577
Net cash used in investing activities	(296,971)	(189,056)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(44,306)	(44,306)
Repayment of the principal portion of lease liabilities	(26,154)	(29,056)
Repayments of long-term borrowings	(20,274)	(10,000)
Interest paid	(8,093)	(5,607)
Increase (decrease) in deposits received	(840)	1,503
Net cash used in financing activities	(99,667)	(87,466)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	3,359	40,965
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(218,627)	29,644
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,102,008	1,072,364
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 883,381	$ 1,102,008

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 12, 2024.

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

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

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group financial position and financial performance.

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of above standards and interpretations on the Group financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment.

See Note 12 “Subsidiaries”, Table 5 “Information of Investee Companies” and Table 6 “Information on Investments in Mainland China” for the detailed information of subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the financial statements of the Company’s foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company’s entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Investments in associates

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

The Group uses the equity method to account for its investments in associates.

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, The Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

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

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

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

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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

j. Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets (excluding goodwill)

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Provisions

Provisions, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

n. Leases

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance lease, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

2) The Group as lessee

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

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

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and petty cash	$ 2,401	$ 2,480
Checking accounts and demand deposits	413,321	455,842
Cash equivalents		
Time deposits	267,500	434,446
Repurchase agreements collateralized by commercial papers	200,159	209,240
	$ 883,381	$ 1,102,008

As of December 31, 2023, the Group held time deposits with original maturities of more than three months of $376,548 thousand, which were recognized as financial assets at amortized cost - current. The market rate intervals of time deposits and recognized as financial assets at amortized cost - current at the end of the year were as follows:

	December 31	
	2023	2022
Time deposits	1.09%-5.63%	1.44%-4.93%
Financial assets at amortized cost - current	1.40%-5.65%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed ordinary shares	$ 1,010	$ 1,085

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Current		
Investments in equity instruments measured at fair value through other comprehensive income		
Domestic listed ordinary shares	$ 37,165	$ 36,459
Non-current		
Investments in equity instruments measured at fair value through other comprehensive income		
Foreign unlisted ordinary shares	$ 76,609	$ 70,369
Domestic unlisted ordinary shares	27,054	13,260
Domestic unlisted preference shares	9,100	9,100
Domestic listed ordinary shares	5,808	6,067
	$ 118,571	$ 98,796

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

In May 2023, the Group sold its shares in Dynamic Medical Technologies Inc. in order to adjust investment portion. The shares sold had a fair value of $1,199 thousand and its related unrealized valuation gain of $86 thousand was transferred from other equity to retained earnings.

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

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLES

	December 31	
	2023	2022
Notes and accounts receivables		
At amortized cost		
Gross carrying amount	$ 83,603	$ 60,555
Less: Allowance for impairment loss	(601)	(288)
	$ 83,002	$ 60,267

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

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

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

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

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

December 31, 2023

	Account Age of No More Than 60 Days	Account Age of 61-90 Days	Account Age of 91-120 Days	Account Age of More Than 120 Days	Total
Expected credit loss rate	0%-1%	1%-5%	5%-10%	100%	
Gross carrying amount	$ 72,538	$ 11,012	$ 30	$ 23	$ 83,603
Loss allowance (Lifetime ECLs)	(244)	(331)	(3)	(23)	(601)
Amortized cost	$ 72,294	$ 10,681	$ 27	$ -	$ 83,002

December 31, 2022

	Account Age of No More Than 60 Days	Account Age of 61-90 Days	Account Age of 91-120 Days	Account Age of More Than 120 Days	Total
Expected credit loss rate	0%-1%	1%-5%	5%-10%	100%	
Gross carrying amount	$ 56,073	$ 4,417	$ 65	$ -	$ 60,555
Loss allowance (Lifetime ECLs)	(150)	(132)	(6)	-	(288)
Amortized cost	$ 55,923	$ 4,285	$ 59	$ -	$ 60,267

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 288	$ 3,028
Add: Net remeasurement of loss allowance	313	-
Less: Amounts written off	-	(2,164)
Less: Net remeasurement of loss allowance	-	(621)
Foreign exchange gains and losses	-	45
Balance at December 31	$ 601	$ 288

10. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	$ -	$ 1,102
Lease payments receivable	-	1,102
Less: Unearned finance income	-	(3)
Net investments in leases presented as finance lease receivables	$ -	$ 1,099
Carrying amount of finance lease receivables		
Current	$ -	$ 1,099

The Group has subleased the premises and buildings in Neihu District and the plant in Dongguan rented by them to other companies, with annual fixed lease payments of $3,807 thousand and $4,407 thousand. As the Group subleases them for all the remaining lease term of the main lease to the sublessee, the sublease contracts are classified as finance leases.

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The ranges of interest rates inherent in the finance leases were approximately 1.50% per annum as of December 31, 2022.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2023, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience, together with the value of collateral held over these finance lease receivables.

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 82,703	$ 121,968
Work in process	20,487	33,009
Raw materials	55,443	74,269
	$ 158,633	$ 229,246

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 503,381	$ 739,918
Reversal of write-downs of inventory	(24,460)	(7,937)
	$ 478,921	$ 731,981

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

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31, 2023	Proportion of Ownership (%) December 31, 2022	Remark
KYE	Genius Holding Co., Ltd.	Investment holdings	100.00	100.00	-
	Chung-Chiang Investment Co., Ltd.	Investment business	100.00	100.00	Note 1
	Hung-Cheng Investment Co., Ltd.	Investment business	100.00	100.00	-
	KYE International Corporation	Sales of computer peripherals, consumer electronics and video imaging products	100.00	100.00	-
	KYE Systems (Hong Kong) Corporation Limited	Sales of computer peripherals, consumer electronics and video imaging products	100.00	100.00	-
	Digilife Technologies Co., Ltd.	Design, processing and sales of digital video/audio products	94.61	94.61	-
KYE Systems (Hong Kong) Corporation Limited	Genius Labuan Inc.	Sales of computer peripherals, consumer electronics and video imaging products	100.00	100.00	-
Genius Holding Co., Ltd.	Globalink Holding Co., Ltd.	Investment holdings	100.00	100.00	-
	Moustek Investment Co., Ltd.	Investment holdings	-	100.00	Note 2
	KYE Trade (HK) Co., Ltd.	Sales of computer peripherals, consumer electronics and video imaging products	100.00	100.00	Note 3
	KYE Inc.	Investment holdings	100.00	100.00	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31, 2023	Proportion of Ownership (%) December 31, 2022	Remark
Digilife Technologies Co., Ltd.	Life Technologies Co., Ltd.	Investment holdings	100.00	100.00	-
	DIGILIFE PTY LTD	Tourism and real estate development	100.00	100.00	Note 4
Life Technologies Co., Ltd.	Life Technologies (Hong Kong) Co., Limited	Investment holdings	100.00	100.00	-
Life Technologies (Hong Kong) Co., Limited	Ziser Technologies (Shen Zhen) Co., Ltd.	Sales of digital video/audio products	100.00	100.00	-
KYE Inc.	Dongguan Kunying Computer Products Co., Ltd.	R & D, manufacturing and sales of computer peripherals, consumer electronics and video image products	100.00	100.00	-
Dongguan Kunying Computer Products Co., Ltd.	Suo-Yi Electronic Technology (Shanghai) Ltd.	-	-	-	Note 5
	You-Xiang Electronic Technology (Shanghai) Ltd.	-	-	-	Note 5
Moustek Investment Co., Ltd.	Dongguan Gaoying Electronic Technology Co., Ltd.	Sales of computer peripherals, consumer electronics and video imaging products	-	100.00	Note 6

(Concluded)

Note 1 Chung-Chiang Investment Co., Ltd. carried out a cash capital increase in March and April 2022, and the Company subscribed for 2,000 thousand and 3,500 thousand shares, respectively.

Note 2 Moustek Investment Co., Ltd. ceased operations in June 2023 and was liquidated in September 2023, and the deregistration process was completed.

Note 3 KYE Trade (HK) Co., Ltd. carried out a cash capital increase in August 2022 and Genius Holding Co., Ltd. subscribed for 2,713 thousand shares.

Note 4 DIGILIFE PTY LTD handled cash capital reduction of AUD3,000 thousand in April 2023.

Note 5 Suo-Yi Electronic Technology (Shanghai) Ltd. and You-Xiang Electronic Technology (Shanghai) Ltd. applied for incorporation in January 2015, but had invested no capital and had yet to start operation. In September 2022, they completed the revocation of their registration.

Note 6 Dongguan Gaoying Electronic Technology Co., Ltd. ceased operations in December 2022 and was liquidated in April 2023, and the deregistration process was completed.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31	
	2023	2022
Materiality associates		
Timing Pharmaceutical Co., Ltd. (Timing Pharmaceutical Company)	$ 230,682	$ 223,170
Coretek Opto Corporation (Coretek Opto)	108,190	118,213
	338,872	341,383
Associates that are not individually material	60,748	68,607
	$ 399,620	$ 409,990

a. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2023	2022
Timing Pharmaceutical Company	22.64%	22.64%
Coretek Opto	33.28%	33.28%

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

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

Timing Pharmaceutical Company

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

(Continued)

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

(Concluded)

Coretek Opto

	December 31	
	2023	2022
Current assets	$ 256,269	$ 248,718
Non-current assets	186,450	198,685
Current liabilities	(115,040)	(97,334)
Non-current liabilities	(7,729)	-
Equity	319,950	350,069
Non-controlling interests	-	-
	$ 319,950	$ 350,069
Proportion of the Group' ownership	33.28%	33.28%
Equity attributable to the Group	$ 106,479	$ 116,495
Carrying amount	$ 108,190	$ 118,213

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

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

The Group purchased 8,000 thousand ordinary shares of Coretek Opto in March 2022 for $80,000 thousand. After the purchase, the Group's shareholding ratio increased to 32.08%. It has significant influence and is therefore reclassified from financial assets measured at fair value through other comprehensive gains and losses. Non-current to equity method investments, and a loss of $26,946 thousand on disposal of equity instruments measured at fair value through other comprehensive gains and losses is recognized and is classified as a deduction from retained earnings. Coretek Opto bought back 1,300 thousand treasury shares in April 2022, which increased the Group's shareholding ratio to 33.28% due to the decrease in the number of outstanding shares of Coretek Opto.

The holds 33.28% of the voting rights in Coretek Opto and is the single largest shareholder. After considering the amount and distribution of voting rights held by other shareholders, and the voting pattern of previous shareholders' meetings shows that other shareholders are not passive, the Group can’t appoint more than half of the members of the governance unit, so it is unable to direct the relevant activities of Coretek Opto and therefore has no control. The Group's management believes that it has only significant influence on Coretek Opto, so it is listed as an associate of the Group.

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	**2022**
The Group’s share of:		
Profit (loss)	$ 12,684	$ (9,236)
Other comprehensive income (loss)	(8,437)	(1,025)
Total comprehensive income (loss) for the year	$ 4,247	$ (10,261)

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Machine/ Equipment	Leasehold Improvement	Miscellaneous Equipment	Total
Cost						
Balance on January 1, 2023	$ 470,839	$ 218,825	$ 160,232	$ 23,736	$ 96,620	$ 970,252
Additions	-	-	-	-	4,445	4,445
Disposals	-	-	(7,097)	(1,744)	(1,508)	(10,349)
Effects of foreign currency exchange differences	-	-	233	-	(30)	203
Transfer between account titles	-	-	-	-	27	27
Balance on December 31, 2023	$ 470,839	$ 218,825	$ 153,368	$ 21,992	$ 99,554	$ 964,578

(Continued)

	Land	Buildings and Structures	Machine/ Equipment	Leasehold Improvement	Miscellaneous Equipment	Total
Accumulated depreciation and impairment						
Balance on January 1, 2023	$ 11,046	$ 92,936	$ 139,160	$ 10,880	$ 71,557	$ 325,579
Disposals	-	-	(6,771)	(1,744)	(1,508)	(10,023)
Depreciation expense	-	4,170	3,650	4,580	10,196	22,596
Impairment losses recognized	-	-	-	8,276	-	8,276
Effects of foreign currency exchange differences	-	-	138	-	(31)	107
Balance on December 31, 2023	$ 11,046	$ 97,106	$ 136,177	$ 21,992	$ 80,214	$ 346,535
Net amount on December 31, 2023	$ 459,793	$ 121,719	$ 17,191	$ -	$ 19,340	$ 618,043
Cost						
Balance on January 1, 2022	$ 470,839	$ 218,825	$ 176,560	$ 51,335	$ 216,843	$ 1,134,402
Additions	-	-	-	660	5,656	6,316
Disposals	-	-	(17,542)	(28,511)	(125,943)	(171,996)
Effects of foreign currency exchange differences	-	-	1,214	-	64	1,278
Transfer between account titles	-	-	-	252	-	252
Balance on December 31, 2022	$ 470,839	$ 218,825	$ 160,232	$ 23,736	$ 96,620	$ 970,252
Accumulated depreciation and impairment						
Balance on January 1, 2022	$ 11,046	$ 88,766	$ 151,581	$ 32,891	$ 188,069	$ 472,353
Disposals	-	-	(17,430)	(28,511)	(125,919)	(171,860)
Depreciation expense	-	4,170	4,550	6,500	9,344	24,564
Effects of foreign currency exchange differences	-	-	459	-	63	522
Balance on December 31, 2022	$ 11,046	$ 92,936	$ 139,160	$ 10,880	$ 71,557	$ 325,579
Net amount on December 31, 2022	$ 459,793	$ 125,889	$ 21,072	$ 12,856	$ 25,063	$ 644,673

(Concluded)

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

Premises and buildings	50 to 55 years
Machine/equipment	3 to 10 years
Leasehold improvement	5 years
Miscellaneous equipment	2 to 10 years

The leasehold improvement of the subsidiary Dongguan Kunying Computer Products Co., Ltd. is evaluated to have no future recoverable amount by the management. Therefore, an impairment loss of $8,276 thousand was recognized and included in the “other gains and losses” account in the consolidated income statement for the year ended December 31, 2023.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 62,679	$ 4,354
Office equipment	329	421
	$ 63,008	$ 4,775

	For the Year Ended December 31	
	2023	2022
Addition of right-of-use assets	$ 83,573	$ -
Depreciation expense for right-of-use assets		
Buildings	$ 25,248	$ 18,734
Office equipment	92	92
Transportation equipment	-	2,336
	$ 25,340	$ 21,162

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 27,825	$ 5,670
Non-current	$ 35,598	$ 335

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.75%	1.50%-1.69%
Office equipment	1.50%	1.50%
Transportation equipment	-	1.25%-1.69%

c. Material leasing activities and terms

The Group leases buildings, office equipment and transportation equipment for manufacturing, office and business purposes with lease terms of 2019 to 2027. The Group does not have renewal or bargain purchase options to acquire the assets at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 1,457	$ 3,495
Expenses relating to low-value asset leases	$ 45	$ 60
Total cash outflow for leases	$ 27,656	$ 32,611

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

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2023	2022
Lease commitments	$ 80	$ -

16. INVESTMENT PROPERTIES

	Investment Properties
Cost	
Balance on January 1, 2023	$ 730,108
Disposals	(52,765)
Effects of foreign currency exchange differences	740
Balance on December 31, 2023	$ 678,083
Accumulated depreciation and impairment	
Balance on January 1, 2023	$ (35,694)
Depreciation expenses	(2,185)
Effects of foreign currency exchange differences	(42)
Balance on December 31, 2023	$ (37,921)
Balance on December 31, 2023	$ 640,162
Cost	
Balance on January 1, 2022	$ 595,521
Additions	128,998
Effects of foreign currency exchange differences	5,589
Balance on December 31, 2022	$ 730,108

(Continued)

	Investment Properties
Accumulated depreciation and impairment	
Balance on January 1, 2022	$ (33,417)
Depreciation expenses	(2,176)
Effects of foreign currency exchange differences	(101)
Balance on December 31, 2022	$ (35,694)
Balance on December 31, 2022	$ 694,414

(Concluded)

The fair values of the investment property of the Group on December 31, 2023 and 2022 were assessed by an independent valuation firm using the comparative method and profit method. The comparative method calculates a valuation based on the final price and proposed price of comparable property. The profit method calculates a valuation based on the estimated net profit and the rate of profit capitalization. The fair values of the investment property on December 31, 2023 and 2022 were $697,270 thousand and $748,348 thousand, respectively.

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 years.

The investment properties pledged as collateral for bank borrowings are set out in Note 29.

17. BORROWINGS

Long-term borrowings

	December 31	
	2023	2022
Loans with a floating interest rate		
CTBC Bank		
Mortgage loan, maturing in February 2043 (Note 1)	$ 132,367	$ 138,000
Mortgage loan, maturing in August 2024 (Note 2)	75,833	85,833
Chang Hwa Commercial Bank		
Mortgage loan, maturing in January 2041 (Note 3)	105,359	110,000
	313,559	333,833
Less: Current portion	(86,584)	(19,337)
	$ 226,975	$ 314,496

Note 1: The interest rates on December 31, 2023 and 2022 were 2.2% and 2.1%, respectively. The principal and interest will be amortized on a monthly basis from March 2023.

Note 2: The interest rates on December 31, 2023 and 2022 were 2.2% and 2.1%, respectively. The principal and interest will be amortized on a monthly basis from August 2021.

Note 3: The interest rates on December 31, 2023 and 2022 were 2.2% and 2.0%, respectively. The principal and interest will be amortized on a monthly basis from February 2023.

For the amount of the property and investment property of the Group pledged as collateral for loans, see Note 29.

18. NOTES PAYABLE AND ACCOUNTS PAYABLES

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

19. OTHER PAYABLES

	December 31	
	2023	2022
Salaries or bonuses payable	$ 39,298	$ 31,248
Professional service fees payable	4,302	5,044
Others	21,414	23,950
	$ 65,014	$ 60,242

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The subsidiaries in Mainland China are subject to the relevant local pension insurance system, where a certain percentage of salary is appropriated as a pension contribution and deposited to the designated agency.

b. Defined benefit plans

The defined benefit plans adopted by KYE in accordance with the Labor Standards Act are operated by the government of the ROC. Any employee whose length of service is no more than 15 years will receive two base points for each year of service, and any employee whose length of service is more than 15 years will receive one base point for each additional year of service. The maximum number of base points is 45. Pension benefits are calculated on the basis of the length of service and average monthly salaries (base point) of the 6 months before retirement. KYE contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, KYE assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, KYE is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); KYE has no right to influence the investment policy and strategy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	$ 518	$ 533
Average maturity period of defined benefit obligations	11.3 years	9.8 years

21. EQUITY

a. Share capital

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

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

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

b. Capital surplus

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

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

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where KYE made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by KYE's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The distribution of dividends to shareholders shall be distributed in stock dividends or cash dividends. The cash dividends shall not be less than 10% of the total dividends to shareholders, and the rest shall be paid in stock dividends. However, if the cash dividend per share is less than $0.1 (inclusive), it may not be paid, and it will be paid in stock dividends instead.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23(d).

The shareholders of KYE held their regular meeting on June 21, 2019 and in that meeting, resolved the amendments to KYE's Articles of Incorporation (the "Articles"). The earnings distribution and offsetting of deficit can be made after the end of each quarter.

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

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

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

In addition, the company passed the resolutions of the general meeting of shareholders on June 21, 2023 and June 9, 2022. According to the provisions of Article 241 of the Company Law, the capital reserve of $44,306 thousand in excess of the par value of the premium issued by ordinary shares was distributed in cash dividends to shareholders.

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

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

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

d. Other equity items

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

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

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (630,209)	$ (601,087)
Recognized for the year		
Unrealized profits or losses - equity instruments	20,428	(50,543)
Share from associates accounted for using the equity method	(3,597)	(1,021)
Other comprehensive income recognized for the year	16,831	(51,564)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(86)	22,442
Balance at December 31	$ (613,464)	$ (630,209)

22. REVENUE

	For the Year Ended December 31	
	2023	**2022**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 766,870	$ 1,018,366
Other operating revenues		
Other revenues	2,679	2,309
	$ 769,549	$ 1,020,675

a. Contract information

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Total notes and accounts receivables (Note 9)	$ 83,603	$ 60,555	$ 115,854

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Computer peripherals	$ 483,611	$ 495,045
Video and optoelectronic products	269,206	509,552
Consumer electronics	12,644	12,216
Others	1,409	1,553
	$ 766,870	$ 1,018,366

23. NET PROFIT

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Rental revenue	$ 21,860	$ 18,952
Gain on disposal of investment properties	8,820	-
Impairment loss of non-financial assets	(8,276)	-
Dividend revenue	3,765	1,794
Gain on disposal of investments	3,022	-
Net profit on foreign currency exchange	2,960	11,025
Gain on disposal of financial products	-	4,400
Gain on disposal of associates accounted for using the equity method	-	1,977
Other revenues and expenses	12,346	5,934
	$ 44,497	$ 44,082

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 22,596	$ 24,564
Investment property	2,185	2,176
Other non-current assets	7,363	4,496
Right-of-use assets	25,340	21,162
	$ 57,484	$ 52,398

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 25,488	$ 18,321
Operating expense	22,448	27,405
Other gains and losses	2,185	2,176
	$ 50,121	$ 47,902
An analysis of amortization by function		
Operating costs	$ 843	$ 627
Operating expense	6,520	3,869
	$ 7,363	$ 4,496

(Concluded)

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	$ 4,056	$ 3,961
Defined benefit plan (Note 20)	76	121
	4,132	4,082
Termination benefits	809	3,394
Other employee benefits	175,000	155,210
Total employee benefit expenses	$ 179,941	$ 162,686
An analysis of employee benefits expense by function		
Operating costs	$ 23,008	$ 17,227
Operating expenses	156,933	145,459
	$ 179,941	$ 162,686

d. Compensation of employees and remuneration of directors

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

Accrual rate

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

Amount

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

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

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

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

24. INCOME TAX

a. Income taxes recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 12,315	$ (1,621)
Income tax on unappropriated earnings	19	-
Adjustments for prior year	742	(1,837)
	13,076	(3,458)
Deferred tax		
In respect of the current year	7,528	3,050
Adjustments to deferred tax attributable to changes in currency exchange rate	-	930
	7,528	3,980
Income tax expense recognized in profit or loss	$ 20,604	$ 522

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 92,177	$ 54,318
Income tax expense calculated at the statutory rate	$ 19,635	$ 7,380
Nondeductible expenses in determining taxable income and tax exempt income	5,723	(9,200)

(Continued)

	For the Year Ended December 31	
	2023	2022
Unrecognized deductible temporary differences	$ (5,515)	$ 4,179
Adjustments for prior years' tax	742	(1,837)
Additional tax levied on undistributed earnings	19	-
Income tax expense recognized in profit or loss	$ 20,604	$ 522

(Concluded)

b. Income tax recognized in other comprehensive income

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 11,160	$ (2,372)	$ -	$ 8,788
Defined benefit obligations	4,486	(487)	-	3,999
Other non-current assets	11,249	(29)	-	11,220
Others	4,367	(2,040)	-	2,327
FVTOCI financial assets	31,046	-	(636)	30,410
Investments accounted for using the equity method	28,925	(137)	21	28,809
Deferred loss on purchase contracts	7,800	(2,520)	-	5,280
	$ 99,033	$ (7,585)	$ (615)	$ 90,833

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred income tax liabilities				
Temporary differences				
Investments accounted for using the equity method	$ 11,797	$ -	$ (95)	$ 11,702
Defined benefit obligations	3,430	-	155	3,585
Others	61	(57)	-	4
	$ 15,288	$ (57)	$ 60	$ 15,291

(Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Inventories	$ 9,498	$ 1,662	$ -	$ 11,160
Defined benefit obligations	7,782	(3,296)	-	4,486
Other non-current assets	12,353	(1,104)	-	11,249
Others	3,141	1,226	-	4,367
FVTOCI financial assets	13,513	(883)	18,416	31,046
Investments accounted for using the equity method	37,814	1,776	(10,665)	28,925
Deferred loss on purchase contracts	10,620	(2,820)	-	7,800
	$ 94,721	$ (3,439)	$ 7,751	$ 99,033
Deferred income tax liabilities				
Temporary differences				
Investments accounted for using the equity method	$ 10,245	$ -	$ 1,552	$ 11,797
Defined benefit obligations	2,367	-	1,063	3,430
FVTOCI financial assets	7,631	-	(7,631)	-
Others	450	(389)	-	61
	$ 20,693	$ (389)	$ (5,016)	$ 15,288

d. Income tax assessments

The income tax returns of Hung-Cheng Investment Co., Ltd., calculated up until 2022 were approved by the tax authority. The income tax return of KYE, Chung-Chiang Investment Co., Ltd. and Digilife Technologies Co., Ltd. calculated up until 2021 was approved by the tax authority.

25. EARNINGS PER SHARE

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

Net profit for the year

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

Number of Shares

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

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

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. There has been no material change in the overall strategies of the Group.

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

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

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

27. FINANCIAL INSTRUMENTS

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

Since the carrying amount of the Group's financial instruments not measured at fair value, including cash and cash equivalents, financial assets at amortized cost - current, notes and accounts receivable, finance lease payments receivable, other receivables, deposits paid, notes and accounts payable, other payables, long-term liabilities maturing within 1 year, long-term loans and deposits received, is a reasonable approximation of fair value, its fair value is not disclosed.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Domestic listed shares	$ 1,010	$ -	$ -	$ 1,010
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 37,165	$ -	$ 5,808	$ 42,973
Domestic unlisted shares	-	-	36,154	36,154
Foreign unlisted shares	-	-	76,609	76,609
	$ 37,165	$ -	$ 118,571	$ 155,736

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Domestic listed shares	$ 1,085	$ -	$ -	$ 1,085

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 36,459	$ -	$ 6,067	$ 42,526
Domestic unlisted shares	-	-	22,360	22,360
Foreign unlisted shares	-	-	70,369	70,369
	$ 36,459	$ -	$ 98,796	$ 135,255

(Concluded)

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

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

For the year ended December 31, 2023

	Financial Assets at FVTOCI
Balance at January 1, 2023	$ 98,796
Recognized in other comprehensive income	19,156
Recognized in profit or loss	722
Translation differences on foreign operations	(103)
Balance at December 31, 2023	$ 118,571

For the year ended December 31, 2022

	Financial Assets at FVTOCI
Balance at January 1, 2022	$ 207,506
Recognized in other comprehensive income	(69,878)
Disposal	(42,624)
Share payments returned from capital reduction by investee companies	(6,577)
Translation differences on foreign operations	10,369
Balance at December 31, 2022	$ 98,796

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

For the domestic and foreign non-listed (non-OTC) stocks held by the Company and its subsidiaries and measured at fair value, the fair value is determined with reference to the price supported by the observable market price or estimated using the comparable company method. The fair value of the privately-placed shares of domestic listed companies is determined using the option pricing model based on the observable market price of the underlying asset.

c. Categories of financial instruments

	For the Year Ended December 31	
	2023	2022
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,356,117	$ 1,177,179
FVTPL		
Mandatorily classified as at FVTPL	1,010	1,085
Financial assets at FVTOCI		
Equity instruments	155,736	135,255
Financial liabilities		
Amortized cost (Note 2)	400,474	443,557

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes and accounts receivable, finance lease payments receivable, other receivables, financial assets at amortized cost - current and deposits paid.

Note 2: The balance includes financial liabilities measured at amortized cost, such as notes and accounts payable, other payables, long-term loans maturing within 1 year, long-term loans and deposits received.

d. Financial risk management objectives and policies

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

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

The financial management department submits a report to the Board of Directors of the Group on a quarterly basis.

1) Market risk

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

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

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. More than 70% of the sales of the Group are not denominated in KYE's functional currency, and approximately 99% of their purchases are not denominated in KYE's functional currency. For the management of the exposure of the Group to exchange rate risk, currency options are used to manage risks to the extent permitted by policies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 31.

<u>Sensitivity analysis</u>

The Group is mainly exposed to the Currency USD.

The following table describes in detail the sensitivity analysis by the Group in the event where the exchange rate of NTD (the functional currency) to USD increases or decreases by 1%. The sensitivity analysis only includes outstanding foreign currency items, the translation of which at the end of the period is adjusted by a 1% change in the exchange rate. The positive number in the following table means the amount of decrease in the pre-tax profit when NTD appreciates by 1% against USD. When NTD depreciates by 1% against USD, the effect on the pre-tax profit is a negative number of the same amount.

	For the Year Ended December 31	
	2023	**2022**
Profit or loss (Note)	$ 6,849	$ 6,113

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

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

b) Interest rate risk

The interest rate risk exposure occurs due to the borrowing of funds and undertaking of bank deposits by the entities in the Group at both fixed and floating interest rates.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 843,681	$ 642,251
Financial liabilities	63,423	6,005
Cash flow interest rate risk		
Financial assets	404,302	387,852
Financial liabilities	313,559	333,833

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of derivative and non-derivative instruments on the balance sheet date. The analysis focuses on assets and liabilities with floating interest rates under the assumption that the amounts of outstanding assets and liabilities on the balance sheet date are outstanding over the reporting period.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $181 thousand and $784 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $10 thousand and $11 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increase/decrease by $1,557 thousand and $1,353 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the group as a result of a delay by the counterparty in fulfilling contractual obligations. As of the balance sheet date, the greatest credit risk the Group is likely to be exposed to due to failure of the counterparty to fulfill its obligations mainly arises from the carrying amount of financial assets recognized in the balance sheet.

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

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

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

As of December 31, 2023 and 2022, the balance of accounts receivable from the top 10 customers of the Group accounted for 66% and 50% of their accounts receivable, respectively. The credit concentration risk of other accounts receivable is not material.

3) Liquidity risk

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

Table of liquidity and interest rate risks

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

December 31, 2023

	Less than 1 Year	**1 to 2 Years**	**2 to 5 Years**	**More than 5 Years**
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 86,915	$ -	$ -	$ -
Lease liabilities	28,711	28,711	7,306	-
Instruments with a floating interest rate	92,805	15,878	47,635	209,597
	$ 208,431	$ 44,589	$ 54,941	$ 209,597

December 31, 2022

	Less than 1 Year	**1 to 2 Years**	**2 to 5 Years**	**More than 5 Years**
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 109,724	$ -	$ -	$ -
Lease liabilities	5,690	96	248	-
Instruments with a floating interest rate	25,456	27,268	115,063	223,862
	$ 140,870	$ 27,364	$ 115,311	$ 223,862

Further information on the maturity analysis of the above financial liabilities was as follows:

December 31, 2023

	Less than 1 Year	**1-5 years**	**5-10 Years**	**10-15 Years**	**15-20 Years**	**More than 20 Years**
Instruments with a floating interest rate	$ 92,805	$ 63,513	$ 79,395	$ 79,398	$ 50,804	$ -

December 31, 2022

	Less than 1 Year	**1-5 years**	**5-10 Years**	**10-15 Years**	**15-20 Years**	**More than 20 Years**
Instruments with a floating interest rate	$ 25,456	$ 142,331	$ 78,809	$ 78,813	$ 64,829	$ 1,411

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between KYE and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Dongguan Chiaying Electronics Co., Ltd.	Associate
Dongguan Julu Electronics Co., Ltd.	Related party in substance
Dongguan Xieying Computers Co., Ltd.	Related party in substance
Digilife (Thailand) Co., Ltd	Related party in substance
Chen-Ping Yang	Related party in substance
Hsiu-Chin Hsu	Related party in substance

b. Operating transactions

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Sales		
Related party in substance	$ 1,822	$ -
Revenue from processing		
Related party in substance	$ -	$ 304

The payment terms for export sales of the Group are usually wire transfer, spot or forward letter of credit and delivery of payment (D/P); The Digilife (Thailand) Co., Ltd is calculated on a monthly basis for 30 days, and the sales and processing income to Dongguan Xieying Computers Co., Ltd. is calculated on a monthly basis for 30 days. The selling prices for related parties were similar to those for third-party customers.

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Purchase		
Related party in substance	$ -	$ 16,459
Associate	-	2,838
	$ -	$ 19,297

For purchase transactions between the Group and Dongguan Chiaying Electronics Co., Ltd., Dongguan Julu Electronics Co., Ltd. and Dongguan Xieying Computers Co., Ltd., payments are made on a monthly basis within 30 days. The terms of transactions between the Group and a related party are, except for the foregoing, the same as those of transactions with a non-related party.

Related Party Category/Name	For the Year Ended December 31 2023	2022
Manufacturing overhead		
Related party in substance	$ -	$ 15,443

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

Related Party Category/Name	December 31 2023	2022
Related party in substance	$ 1,162	$ 60

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

Related Party Category/Name	December 31 2023	2022
Related party in substance	$ 54	$ -

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

Related Party Category/Name	December 31 2023	2022
Related party in substance	$ -	$ 15,408

The outstanding balance of accounts payable to related parties is not secured and will be paid in cash.

c. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2023	2022
Rent revenue		
Related party in substance	$ 473	$ -
Rent expense		
Related party in substance	$ 1,376	$ 2,702

The Group has rented properties from related parties in substance for the use of warehouses, offices and employee dormitories. The Group sublease the part of the leased factory in Dongguan to related parties in substance. The lease terms are similar to those of general non-related parties.

d. Remuneration of key management personnel

Related Party Category/Name	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 42,420	$ 38,988
Post-employment benefits	546	474
	$ 42,966	$ 39,462

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31 2023	2022
Property, net	$ 515,566	$ 517,847
Investment property, net	344,551	345,658
	$ 860,117	$ 863,505

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Contingencies

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

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 22,433	30.705	$ 688,794
RMB	27,143	4.327	117,449
AUD	3,443	20.980	72,244
HKD	1,304	3.929	5,121
JPY	19,210	0.217	4,172
EUR	69	33.980	2,345
Investments accounted for using the equity method			
USD	1,803	30.705	55,374
RMB	1,242	4.327	5,374
Financial assets measured at fair value through other comprehensive income			
RMB	16,862	4.327	73,102
THB	3,800	0.923	3,507
Financial liabilities			
Monetary items			
RMB	6,811	4.327	29,471
USD	126	30.705	3,864

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,055	30.710	$ 615,884
AUD	3,327	20.830	69,304
RMB	14,693	4.408	64,767
HKD	1,315	3.938	5,178
JPY	19,838	0.232	4,610
EUR	61	32.720	1,999
Investments accounted for using the equity method			
USD	2,074	30.710	63,679
RMB	1,118	4.408	4,929

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets measured at fair value through other comprehensive income			
RMB	$ 15,163	4.408	$ 66,862
THB	3,800	0.923	3,507
Financial liabilities			
Monetary items			
RMB	13,815	4.408	60,896
USD	150	30.710	4,594

(Concluded)

The realized and unrealized foreign exchange gain of the Group in 2023 and 2022 were $2,960 thousand and $11,025 thousand, respectively. Due to a great number of functional currencies used for foreign currency transactions and by the entities under the group, it is not possible to disclose the exchange profit/loss of each foreign currency with material effect.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: None.

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

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

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

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

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

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

9) Trading in derivative instruments: None.

10) Others: Intercompany relationships and significant intercompany transactions: Table 4.

b. Information on investees: Table 5.

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, Item, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 6.

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

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

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

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

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

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

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The reportable segments of the Group are the electronics segment and other segments.

a. Segment revenue and results

The following is an analysis of the revenues and operating results of the Group by reportable segment:

	2023		
Domestic and Foreign Operating Segments	**Electronic Products**	**Others**	**Total**
Revenue from customers other than the parent company and consolidated subsidiaries	$ 766,870	$ 2,679	$ 769,549
Segment profit (loss)	$ 16,031	$ (9,399)	$ 6,632
Other profits and losses	21,588	22,909	44,497

(Continued)

Domestic and Foreign Operating Segments	2023		
	Electronic Products	Others	Total
Share of profits/losses of associates accounted for using the equity method	$ 14,711	$ (5)	$ 14,706
Interest income	33,534	920	34,454
Interest expense	(8,104)	(8)	(8,112)
Profit before tax	$ 77,760	$ 14,417	$ 92,177

(Concluded)

Domestic and Foreign Operating Segments	2022		
	Electronic Products	Others	Total
Revenue from customers other than the parent company and consolidated subsidiaries	$ 1,018,669	$ 2,006	$ 1,020,675
Segment profit (loss)	$ 23,908	$ (12,792)	$ 11,116
Other profits and losses	32,181	11,901	44,082
Share of profits/losses of associates accounted for using the equity method	(4,355)	-	(4,355)
Interest income	9,148	43	9,191
Interest expense	(5,713)	(3)	(5,716)
Profit before tax	$ 55,169	$ (851)	$ 54,318

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	December 31	
	2023	2022
Segment assets		
Electronics segment	$ 3,107,228	$ 2,990,475
Others	448,405	497,736
Consolidated total assets	$ 3,555,633	$ 3,488,211
Segment liabilities		
Electronics segment	$ 537,593	$ 514,362
Others	2,078	1,733
Consolidated total liabilities	$ 539,671	$ 516,095

c. Revenue from major products and services

The following is an analysis of the revenue from the Group primary products and services:

	2023	2022
Electronic products	$ 766,870	$ 1,018,669
Investment	2,679	2,006
	$ 769,549	$ 1,020,675

d. Geographical information

The Group primarily operates in four areas: Asia, America, Europe and Taiwan.

The Group revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenues from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2023	2022	2023	2022
America	$ 229,221	$ 278,314	$ -	$ 5
Asia	112,726	360,305	57,538	28,863
Europe	191,039	166,204	-	-
Taiwan	225,834	196,946	1,165,622	1,182,942
Others	10,729	18,906	114,443	151,802
	$ 769,549	$ 1,020,675	$ 1,337,603	$ 1,363,612

Non-current assets exclude financial instruments and deferred tax assets.

e. Information of major customers

The revenues of the electronics segment in 2023 and 2022 were $766,870 thousand and $1,018,669 thousand, respectively, of which $86,980 thousand and $260,606 thousand came from the largest customer of the group. Except for the aforesaid customer, there was no other single customer from whom the revenue equaled or exceeded 10% of the total revenue of the group in 2023 and 2022.

KYE SYSTEMS CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Number of Shares/Units (Thousand Shares/Units)	Carrying Amount	Percentage of Ownership	Fair Value (Note 1)
KYE Systems Corp.	Shares						
	Monterey International Corp.	None	Financial assets measured at fair value through other comprehensive income - non-current	1,973	$ 25,432	7.71	$ 25,432
	Ta Shee Resort Co., Ltd. (preferred shares)	None	Financial assets measured at fair value through other comprehensive income - non-current	-	9,100	-	9,100
	Unity Opto	None	Financial assets measured at fair value through other comprehensive income - current	1,913	- (Note 3)	-	- (Note 3)
	Aiptek (private placement)	None	Financial assets measured at fair value through other comprehensive income - non-current	472	5,808	1.70	5,808
	Unity Opto (private placement)	None	Financial assets measured at fair value through other comprehensive income - non-current	15,789	- (Note 3)	3.42	- (Note 3)
Globalink Holding Co., Ltd.	Shares						
	Shenzhen CMK Technology Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	-	US$ 2,381	8.25	US$ 2,381
Hung-Cheng Investment Co., Ltd.	Shares						
	Flytech Technology Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - current	486	33,956	-	33,956
	Bambu Technologies, Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	34	722	2.91	722
Digilife Technologies Co., Ltd.	Shares						
	MOTOMOTO Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	38	3,507	19.00	3,507
	LIAN, JU Biotechnology Co., Ltd	A director of Digilife Technologies Co., Ltd. is the director of the company.	Financial assets measured at fair value through other comprehensive income - non-current	90	900	18.00	900
	Unity Opto	None	Financial assets measured at fair value through other comprehensive income - current	597	- (Note 3)	-	- (Note 3)
	Shin Kong Financial Holding Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - current	186	1,642	-	1,642
	China Petrochemical Development Corporation	None	Financial assets measured at fair value through other comprehensive income - current	160	1,567	-	1,567

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Number of Shares/Units (Thousand Shares/Units)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Chung-Chiang Investment Co., Ltd.	Shares						
	Sysgration Ltd.	None	Financial assets measured at fair value through profit or loss - current	20	$ 715	-	$ 715
	Powerchip Semiconductor Manufacturing Corporation	None	Financial assets measured at fair value through profit or loss - current	10	295	-	295

Note 1: The market price is determined as follows: The price of listed/OTC stocks is calculated based on the closing price of the Taiwan Stock Exchange and the Taipei Exchange at the end of December 2023. The price of listed/OTC, privately offered stocks whose trading is restricted is estimated using a valuation method. The price of domestic/foreign non-listed/non-OTC stocks is calculated using a valuation method.

Note 2: The securities held at the end of the period did not provide guarantees or pledged loans.

Note 3: Since Unity Opto has ceased trading since April 7, 2020, and there is no open market price and verifiable financial figures as the evaluation basis, the company and its subsidiaries have assessed the fair value of equity as 0.

(Concluded)

TABLE 2

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
KYE Systems Corp.	KYE Trade (HK) Co., Ltd.	KYE's sub-subsidiary	Purchase (Note 1)	$ 318,939 (Note 2)	100	Offset against payments receivable on a non-periodic basis	-	-	$ -	-	
KYE Trade (HK) Co., Ltd.	Dongguan Kunying Computer Products Co., Ltd.	The parent company is the same	Purchase	317,965 (Note 2)	92	Offset against payments receivable on a non-periodic basis	-	-	-	-	

Note 1: The company's purchase transaction with KYE Trade is that Dongguan Kunying purchases raw materials by itself and processes them into finished products before selling them back to the company. The accounts payable arising from the purchase transaction of the company is offset against the receivables such as internal pricing and mutual advance transactions between the two parties from time to time.

Note 2: When preparing the consolidated financial report, it has been fully eliminated.

TABLE 3

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
KYE Systems Corp.	KYE Trade (HK) Co., Ltd.	KYE’s sub-subsidiary	$ 470,529 (Note 2)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	$ -
KYE Trade (HK) Co., Ltd.	Dongguan Kunying Computer Products Co., Ltd.	The parent company is the same	470,529 (Note 2)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	-

Note 1: In addition to the receivables of the company’s purchasing of raw materials, which are offset against the payables from time to time when the finished products are bought back, it also includes the receipt and payment of remittances from and remittances to Dongguan Kunying, and the sum of total amount of debits and credits to other receivables arising from the group’s internal pricing, mutual advance payment of operating expenses and other items.

Note 2: When preparing the consolidated financial report, it has been fully eliminated.

TABLE 4

KYE SYSTEMS CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	KYE	KYE Trade	a	Purchase	$ 318,939	Note 2	41
		KYE Trade	a	Other receivables	470,529	Note 2	13
1	Dongguan Kunying	KYE Trade	c	Operating revenue	317,965	Note 2	41
		KYE Trade	c	Other current liabilities	470,529	Note 2	13

Note 1: There are three types of relationships among transaction parties:

a: Parent company to subsidiary company; b: Subsidiary company to parent company; c: Subsidiary company to subsidiary company.

Note 2: The company’s purchase transaction with KYE Trade is that Dongguan Kunying purchases raw materials by itself and processes them into finished products before selling them back to the company. The accounts payable arising from the purchase transaction of the company is offset against the receivables such as internal pricing and mutual advance transactions between the two parties from time to time.

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
KYE Systems Corp.	Genius Holding Co., Ltd.	British Cayman Islands	Investment holdings	US$ 28,467	US$ 28,467	21,467	100.00	$ 355,690 (Note 1)	US$ 1,602	$ 51,700	Subsidiary
	Chung-Chiang Investment Co., Ltd.	New Taipei City	Investment business	227,482	227,482	20,700	100.00	207,222 (Note 1)	1,325	1,325	Subsidiary
	Hung-Cheng Investment Co., Ltd.	Taipei City	Investment business	85,000	85,000	9,578	100.00	52,413 (Note 1)	3,401	3,401	Subsidiary
	KYE International Corporation	United States	Sales of computer peripherals, consumer electronics and video imaging products	US$ 2,610	US$ 2,610	235	100.00	2,203 (Note 1)	US$ (43)	(1,340)	Subsidiary
	KYE Systems (Hong Kong) Corporation Limited	Hong Kong	Sales of computer peripherals, consumer electronics and video imaging products	HK$ 500	HK$ 500	500	100.00	9,482 (Note 1)	-	-	Subsidiary
	Digilife Technologies Co., Ltd.	Taipei City	Design, processing and sales of digital audio-visual products	652,962	652,962	51,563	94.61	547,373 (Note 1)	(11,672)	(11,043)	Subsidiary
	Star Reach Limited	Samoan Islands	Investment holdings	US$ 417	US$ 417	-	25.00	5,374	RMB 496	544	Investments accounted for using the equity method
	Timing Pharmaceutical Co., Ltd.	New Taipei City	Manufacturing of Chinese medicine	288,184	288,184	19,446	22.64	230,682	51,627	11,610	Investments accounted for using the equity method
	Coretek Opto Corporation	Hsinchu City	R&D, design, manufacturing and sales of optical fiber transceiver module	111,880	111,880	10,605	30.40	98,820	(28,738)	(8,758)	Investments accounted for using the equity method
KYE Systems (Hong Kong) Corporation Limited	Genius Labuan Inc.	Malaysia	Sales of computer peripherals, consumer electronics and video imaging products	US$ 10	US$ 10	10	100.00	-	US$ -	N/A	Sub-subsidiary
Genius Holding Co., Ltd.	Globalink Holding Co., Ltd.	British Virgin Islands	Investment holdings	US$ 8,289	US$ 8,289	5,250	100.00	US$ 2,795 (Note 1)	US$ 13	N/A	Sub-subsidiary
	Moustek Investment Co., Ltd.	British Virgin Islands	Investment holdings	US$ -	US$ 2,806	-	-	US$ - (Note 1)	US$ 91	N/A	Sub-subsidiary (Note 2)
	KYE Trade (HK) Co., Ltd.	Hong Kong	Sales of computer peripherals, consumer electronics and video imaging products	HK$ 2,723	HK$ 2,723	2,723	100.00	US$ 70 (Note 1)	(1,192)	N/A	Sub-subsidiary
	KYE Inc.	British Virgin Islands	Investment holdings	US$ 16,065	US$ 16,065	3	100.00	US$ (9,993) (Note 1)	US$ 341	N/A	Sub-subsidiary
	Maxfar Limited	Samoan Islands	Investment business	US$ 1,797	US$ 2,462	1,797	44.37	US$ 1,803	27,362	N/A	Investments accounted for using the equity method (Note 3)
Digilife Technologies Co., Ltd.	Life Technologies Co., Ltd.	Samoan Islands	Investment holdings	US$ 300	US$ 300	455	100.00	2,895 (Note 1)	US$ (181)	N/A	Sub-subsidiary
	Digilife Pty Ltd.	Australia	Tourism and real estate development	AUD 9,500	AUD 12,500	9,500	100.00	186,692 (Note 1)	AUD 314	N/A	Sub-subsidiary (Note 4)
	Coretek Opto Corporation	Hsinchu City	R&D, design, manufacturing and sales of optical fiber transceiver module	10,550	10,550	1,000	2.87	9,319	(28,738)	N/A	Investments accounted for using the equity method
Hung-Cheng Investment Co., Ltd.	Coretek Opto Corporation	Hsinchu City	R&D, design, manufacturing and sales of optical fiber transceiver module	58	58	5	0.01	51	(28,738)	N/A	Investments accounted for using the equity method
Life Technologies Co., Ltd.	Life Technologies (Hong Kong) Co., Limited	Hong Kong	Investment holdings	US$ 455	US$ 455	455	100.00	US$ 94 (Note 1)	HK$ (1,417)	N/A	Sub-subsidiary

Note 1: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

Note 2: Moustek Investment Co., Ltd. ceased operations in June 2023 and was liquidated in September 2023, and the deregistration process was completed.

Note 3: Maxfar Limited conducted a cash refund of capital reduction and returned US$665 thousand to Genius Holding Co., Ltd. in July 2023.

Note 4: DIGILIFE PTY LTD processed a capital reduction of AUD3,000 thousand in cash in April 2023.

KYE SYSTEMS CORP. AND SUBSIDIARIES

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

KYE Systems Corp.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Dongguan Kunying Computer Products Co., Ltd.	R & D, manufacturing and sales of computer peripherals, consumer electronics and video/ image products	US$ 15,965	Indirect investment in KYE Inc. through Genius Holding Co., Ltd. with a 100% shareholding	US$ 15,965	$ -	$ -	US$ 15,965	$ 10,678	100	$ 10,678 (Note 5)	US$ (10,067) (Note 5)	$ -
Dongguan Gaoying Electronic Technology Co., Ltd. (Note 3)	Sales of computer peripherals, consumer electronics and video/ image products	US$ 2,706	Indirect investment in Moustek Investment Co., Ltd. through Genius Holding Co., Ltd., with the former investing operating funds	US$ 2,706	-	-	US$ 2,706	RMB (10)	100	RMB (10) (Note 5)	US$ - (Note 5)	-
Dongguan Chiaying Electronics Co., Ltd.	Manufacturing and sales of computer accessories, appliances and molds.	RMB 3,722	Indirect investment in Chia Ying Plastics (HK) Co., Limited through Star Reach Limited, with the former investing 25% of operating funds	US$ 417	-	-	US$ 417	RMB 496	25	544	5,374	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$35,431 (Note 2)	US$27,199 (Note 2)	$1,790,884 (Note 1)

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

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

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

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

Note 5: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

(Continued)

Digilife Technologies Co., Ltd.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Ziser Technologies (Shen Zhen) Co., Ltd.	Sales of digital video/ audio products	US$ 200	Investment through Life Technologies (Hong Kong) Co., Limited with a 100% shareholding	US$ 200	$ -	$ -	US$ 200	RMB (1,285)	100	HK$ (1,420) (Note 3)	HK$ 381 (Note 3)	$ -

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$334	US$500	$347,117 (Note 1)

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

Note 2: The profit or loss on investments is recognized based on the CPA-audited financial statements for the same period.

Note 3: All the transactions were fully eliminated upon preparation of the consolidated financial statements.

(Concluded)

TABLE 7

KYE SYSTEMS CORP.

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

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