EGIS TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Egis Technology Inc.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Key audit matter - Allowance for inventory valuation losses

Descriptions

The Group is engaged in the design, manufacture and sales of integrated circuit related products. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of the allowance for inventory valuation losses.

As the Group operates in an environment characterised by rapidly changing technology, the determination of net realisable values of obsolete and slow-moving inventories involves subjective judgement and high degree of estimation uncertainty, and considering that the inventory and allowance for inventory valuation losses are material to the financial statements, we considered the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

A. Obtained an understanding of the Group's operations and industry to assess the reasonableness of provision policies on inventory valuation loss and allowance for inventory valuation losses.

B. Tested the basis of the net realisable value of individual inventory item numbers and selected samples to confirm the accuracy of the calculation of net realisable value.

C. Verified the accuracy of inventory aging report.

Key audit matter - Assessment of reasonableness of the allocation of acquisition price for the merger transaction

Description

In April 2023, the Group obtained control over Algoltek, Inc. and was therefore included as a consolidated entity. The merger transaction was accounted for in accordance with IFRS 3. For price allocation, refer to Note 6(31). Related subsequent allocation of acquisition price was completed in the third quarter of 2023.

As the net fair value of identifiable assets and liabilities and the allocation of goodwill for the merger transaction were based on management's assessment and involved accounting estimations and assumptions, we considered this equity price allocation transaction as one of the key audit matters.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. Additionally, we reviewed the estimation method for fair value of identified assets and assumed liabilities in the price allocation report prepared by external experts, and the reasonableness of key assumptions and the calculation of fair value used in the prediction of future cash flows of identified intangible assets to calculate goodwill. Our procedures also included the following:

A. Evaluated the competency and objectivity of the external appraiser engaged by the management.

B. Reviewed the valuation models used by external appraisers, assessed the reasonableness of the primary parameters, such as the expected growth rates and operating profit margin, by comparing with historical data, economic and industry forecasts documents.

C. Reviewed the reasonableness of weighted average cost of capital (WACC), the fair value of identifiable intangible assets, the determination of economic life of identifiable intangible assets, and the calculation of goodwill used in the price allocation report prepared by external experts.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 13 which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$1,364,766 thousand and NT$1,396,881 thousand as at December 31, 2023 and 2022, constituting 10% and 12% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the share of loss recognised from associates accounted for under the equity method amounted to NT$146,229 thousand and NT$61,629 thousand, constituting 34% and 4% of the consolidated total comprehensive loss for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Egis Technology Inc. as at and for the year ended December 31, 2023 and 2022.

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

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

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

Those charged with governance, including 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 professional skepticism throughout the audit. We also:

A. 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.

B. 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.

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

D. 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.

E. 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.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

Huang, Pei-Chuan	Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 21, 2024

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,878,928	14	$ 1,544,842	13
1110	Financial assets at fair value through profit or loss - current	6(2)	613,077	5	978,914	8
1120	Current financial assets at fair value through other comprehensive income	6(3)	23,224	-	26,223	-
1136	Current financial assets at amortised cost	6(4) and 8	878,373	7	698,116	6
1170	Accounts receivable, net	6(5)	524,008	4	600,870	5
1180	Accounts receivable due from related parties, net	7	5,309	-	4,098	-
1200	Other receivables		24,624	-	24,068	-
1210	Other receivables due from related parties	7	89,456	1	82,360	1
1220	Current tax assets		17,759	-	3,173	-
130X	Inventory	6(6)	842,714	6	1,633,962	14
1410	Prepayments	7	234,633	2	133,136	1
1470	Other current assets	6(20) and 8	38,574	-	33,344	-
11XX	**Total current assets**		5,170,679	39	5,763,106	48
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,033,882	8	921,242	8
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	2,416,485	18	1,934,377	16
1535	Non-current financial assets at amortised cost	6(4) and 8	22,489	-	35,486	-
1550	Investments accounted for using equity method	6(7)	1,388,262	11	1,771,707	15
1600	Property, plant and equipment	6(8)	196,205	1	129,750	1
1755	Right-of-use assets	6(9)	245,457	2	180,606	2
1780	Intangible assets	6(10)	2,259,128	17	882,999	7
1840	Deferred income tax assets	6(26)	345,163	3	287,056	2
1990	Other non-current assets	7	111,018	1	119,661	1
15XX	**Total non-current assets**		8,018,089	61	6,262,884	52
1XXX	**Total assets**		$ 13,188,768	100	$ 12,025,990	100

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 1,354,000	10	$ 1,238,584	10
2170	Accounts payable		363,350	3	243,915	2
2200	Other payables	6(12)	1,024,400	8	690,293	6
2220	Other payables to related parties	7	1,680	-	7,364	-
2230	Current income tax liabilities		6,533	-	100,695	1
2280	Current lease liabilities	6(9)	81,067	1	66,552	1
2320	Long-term liabilities, current portion	6(13)	481,486	4	423,636	3
2365	Current refund liabilities		58,036	-	89,376	1
2399	Other current liabilities	6(20) and 7	52,237	-	17,890	-
21XX	**Total current liabilities**		3,422,789	26	2,878,305	24
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(13)	792,214	6	1,273,700	11
2570	Deferred tax liabilities	6(26)	196,450	2	102,971	1
2580	Non-current lease liabilities	6(9)	174,253	1	124,043	1
2600	Other non-current liabilities		2,408	-	15,451	-
25XX	**Total non-current liabilities**		1,165,325	9	1,516,165	13
2XXX	**Total liabilities**		4,588,114	35	4,394,470	37
	Equity					
	Share capital	6(16)				
3110	Common stock		742,718	6	692,718	6
	Capital surplus	6(17)				
3200	Capital surplus		1,340,854	10	1,005,857	8
	Retained earnings	6(18)				
3310	Legal reserve		725,338	5	725,338	6
3320	Special reserve		857,729	7	75,368	1
3350	Unappropriated retained earnings		778,378	6	2,358,198	19
	Other equity interest	6(19)				
3400	Other equity interest		(473,690)	(4)	(857,729)	(7)
31XX	**Equity attributable to owners of parent**		3,971,327	30	3,999,750	33
36XX	**Non-controlling interests**	6(28)	4,629,327	35	3,631,770	30
3XXX	**Total equity**		8,600,654	65	7,631,520	63
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance of sheet date	11				
3X2X	**Total liabilities and equity**		$ 13,188,768	100	$ 12,025,990	100

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	$ 3,848,595	100	$ 3,289,300	100
5000	Operating costs	6(6)(25)	(2,672,884)	(70)	(2,126,936)	(65)
5900	Net operating margin		1,175,711	30	1,162,364	35
5910	Unrealized profit from sales		(81)	-	-	-
5950	Net operating margin		1,175,630	30	1,162,364	35
	Operating expenses	6(25) and 7				
6100	Selling expenses		(333,870)	(9)	(236,418)	(7)
6200	General and administrative expenses		(428,665)	(11)	(345,388)	(11)
6300	Research and development expenses		(1,558,658)	(40)	(1,542,376)	(47)
6450	Impairment gain determined in accordance with IFRS 9	6(5)	449	-	157	-
6000	Total operating expenses		(2,320,744)	(60)	(2,124,025)	(65)
6900	Operating loss		(1,145,114)	(30)	(961,661)	(30)
	Non-operating income and expenses					
7100	Interest income	6(21)	51,841	1	34,508	1
7010	Other income	6(22)	38,462	1	54,760	2
7020	Other gains and losses	6(23)	201,431	5	25,400	1
7050	Finance costs	6(24)	(59,909)	(1)	(33,303)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(170,147)	(4)	(50,771)	(2)
7000	Total non-operating income and expenses		61,678	2	30,594	1
7900	**Loss before income tax**		(1,083,436)	(28)	(931,067)	(29)
7950	Income tax benefit	6(26)	79,977	2	28,729	1
8200	**Loss for the year**		($ 1,003,459)	(26)	($ 902,338)	(28)

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EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans		$ 466	-	$ 6,344	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	565,685	15	(811,736)	(24)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(19)	1,087	-	(31,949)	(1)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		567,238	15	(837,341)	(25)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(19)	(1,611)	-	8,935	-
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	1,678	-	(10,917)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(19)	1,965	-	4,317	-
8360	Other comprehensive income that will be reclassified to profit or loss		2,032	-	2,335	-
8300	**Other comprehensive income (loss) for the year, net of tax**		$ 569,270	15	($ 835,006)	(25)
8500	**Total comprehensive loss for the year**		($ 434,189)	(11)	($ 1,737,344)	(53)
	Loss attributable to:					
8610	Owners of parent		($ 721,998)	(19)	($ 852,837)	(27)
8620	Non-controlling interests		(281,461)	(7)	(49,501)	(1)
			($ 1,003,459)	(26)	($ 902,338)	(28)
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 204,690)	(5)	($ 1,669,759)	(51)
8720	Non-controlling interests		(229,499)	(6)	(67,585)	(2)
			($ 434,189)	(11)	($ 1,737,344)	(53)
	Loss per share (in dollars)	6(27)				
9750	Basic earnings per share		($ 9.97)		($ 12.31)	
9850	Diluted earnings per share		($ 9.97)		($ 12.31)	

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings			Other Equity Interest				
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total
Year ended December 31, 2022											
Balance at January 1, 2022		$ 692,718	$ 968,659	$ 284,300	$ -	$ 4,450,106	($ 594)	($ 74,774)	$ 6,320,415	$ 12,135	$ 6,332,550
Loss		-	-	-	-	(852,837)	-	-	(852,837)	(49,501)	(902,338)
Other comprehensive income (loss)		-	-	-	-	1,177	8,167	(826,266)	(816,922)	(18,084)	(835,006)
Total comprehensive income (loss)		-	-	-	-	(851,660)	8,167	(826,266)	(1,669,759)	(67,585)	(1,737,344)
Appropriations and distribution of 2021 retained earnings:	6(18)										
Legal reserve		-	-	441,038	-	(441,038)	-	-	-	-	-
Special reserve		-	-	-	75,368	(75,368)	-	-	-	-	-
Cash dividends		-	-	-	-	(692,718)	-	-	(692,718)	-	(692,718)
Changes in ownership interests in subsidiaries		-	495	-	-	-	-	-	495	-	495
Proceeds from disposal of investments in debt instruments measured at fair value through other comprehensive income		-	-	-	-	-	-	11,978	11,978	-	11,978
Proceeds from disposal of investments accounted for using equity method		-	-	-	-	(30,975)	(7,530)	31,290	(7,215)	(1,651)	(8,866)
Changes in equity of associates accounted for using equity method		-	36,703	-	-	(149)	-	-	36,554	-	36,554
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	3,688,871	3,688,871
Balance at December 31, 2022		$ 692,718	$ 1,005,857	$ 725,338	$ 75,368	$ 2,358,198	$ 43	($ 857,772)	$ 3,999,750	$ 3,631,770	$ 7,631,520
Year ended December 31, 2023											
Balance at January 1, 2023		$ 692,718	$ 1,005,857	$ 725,338	$ 75,368	$ 2,358,198	$ 43	($ 857,772)	$ 3,999,750	$ 3,631,770	$ 7,631,520
Loss		-	-	-	-	(721,998)	-	-	(721,998)	(281,461)	(1,003,459)
Other comprehensive income		-	-	-	-	1,189	431	515,688	517,308	51,962	569,270
Total comprehensive income (loss)		-	-	-	-	(720,809)	431	515,688	(204,690)	(229,499)	(434,189)
Appropriations and distribution of 2022 retained earnings:	6(18)										
Special reserve		-	-	-	782,361	(782,361)	-	-	-	-	-
Cash dividends		-	-	-	-	(207,815)	-	-	(207,815)	-	(207,815)
Issuance of shares	6(16)	50,000	300,000	-	-	-	-	-	350,000	-	350,000
Disposal of equity instrument at fair value through other comprehensive income	6(3)	-	-	-	-	132,080	-	(132,080)	-	-	-
Changes in ownership interests in subsidiaries		-	21,713	-	-	(915)	-	-	20,798	538,276	559,074
Changes in equity of associates accounted for using equity method		-	13,284	-	-	-	-	-	13,284	-	13,284
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	688,780	688,780
Balance at December 31, 2023		$ 742,718	$ 1,340,854	$ 725,338	$ 857,729	$ 778,378	$ 474	($ 474,164)	$ 3,971,327	$ 4,629,327	$ 8,600,654

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,083,436)	($ 931,067)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	192,265	136,029
Amortisation	6(10)(25)	285,856	118,519
Expected credit gain	6(5)	(449)	(157)
Interest income	6(21)	(51,841)	(34,508)
Interest expense	6(24)	59,909	33,303
Dividend income	6(22)	(22,862)	(46,693)
Losses (gains) on disposals of property, plant and equipment		680	(1,674)
Losses on disposals of intangible assets		161	-
(Gains) losses on disposal of investments accounted for using equity method	6(23)	(59,875)	38,132
Loss on financial assets at fair value through profit or loss, net		-	11,978
Impairment loss		40,059	-
Gains from lease modification	6(9)(23)	(3,196)	-
(Gains) losses on financial assets at fair value through profit or loss, net	6(2)(23)	(193,596)	50,166
Losses on disposal of investments accounted for using equity method	6(7)	170,147	50,771
Share-based payments	6(15)(25)	34,330	25,863
Unrealized profit from sales		81	-
Losses on refundable deposits		18,836	-
Others		61	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable (including due from related parties)		93,002	330,213
Other receivables (including due from related parties)		1,912	(24,900)
Inventories		899,197	(392,848)
Prepayments		1,390	53,262
Other current assets		106	2,171
Changes in operating liabilities			
Accounts payable		70,149	(432,601)
Other payables (including due from related parties)		(138,500)	(178,607)
Current refund liabilities		(31,340)	14,237
Other current liabilities		(139,026)	(8,362)
Cash inflow (outflow) generated from operations		144,020	(1,186,773)
Interest received		50,644	33,235
Cash dividends received		22,862	46,693
Income taxes paid		(101,307)	(609,384)
Interest paid		(60,480)	(30,705)
Net cash flows from (used in) operating activities		55,739	(1,746,934)

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 77,828)	($ 654,329)
Proceeds from disposal of financial assets at fair value through profit or loss		546,497	660,812
Acquisition of financial assets at fair value through other comprehensive income		(123,634)	(1,977,688)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(29)	109,273	133,411
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		40,663	-
Decrease in financial assets at amortised cost		195,940	573,482
Acquisition of investments accounted for using equity method		-	(80,800)
Proceeds from disposal of investments accounted for using equity method		-	12,079
Acquisition of property, plant and equipment	6(29)	(95,050)	(43,292)
Proceeds from disposal of property, plant and equipment		5,192	5,665
Acquisition of intangible assets	6(29)	(203,184)	(150,320)
Proceeds from disposal of intangible assets		15	-
Collection of prepayments for investments		-	134,400
Cash flows generated from acquisition of subsidiaries	6(29)	(178,676)	1,261,522
Net cash flow from disposal of subsidiaries (net of cash disposed)		(2,817)	-
Decrease in other non-current assets		18,144	2,447
Net cash flows from (used in) investing activities		234,535	(122,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(30)	1,354,000	1,088,584
Decrease in short-term loans	6(30)	(1,238,584)	(100,000)
Proceeds from long-term debt	6(30)	-	993,700
Repayments of long-term debt	6(30)	(423,636)	(153,637)
Payments of lease liabilities	6(30)	(91,748)	(69,417)
Cash dividends paid	6(18)	(207,815)	(692,718)
Increase in other non-current liabilities	6(30)	105	15,445
Proceeds from issuance of shares	6(16)	350,000	-
Cash dividends paid by subsidiaries		(142,193)	-
Proceeds from issuance of shares by subsidiaries		438,291	-
Issuance of treasury shares to employees by subsidiaries		5,205	-
Net cash flows from financing activities		43,625	1,081,957
Effect of exchange rate changes		187	7,286
Net increase (decrease) in cash and cash equivalents		334,086	(780,302)
Cash and cash equivalents at beginning of year		1,544,842	2,325,144
Cash and cash equivalents at end of year		$ 1,878,928	$ 1,544,842

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

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

1. History and Organisation

Egis Technology Inc. (the "Company") was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 30F, -1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company and its subsidiaries (collectively the "Group") are primarily engaged in the research, development, and sales of data security software, biometric identification software and hardware, wholesale of electronic material, development and design of IC and international trading.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

				Ownership (%)		
No.	Investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022	Description
1	Egis	Egis Technology (Japan) Inc. (Japan)	Customer service, business promotion and technical service	100.00	100.00	
2	〃	Egis Technology Korea Inc. (Korea)	Customer service, business promotion and technical service	100.00	100.00	
3	〃	OceanX Inc.	Holding activity	100.00	100.00	Note 1
4	〃	Luxsentek Microelectronics Corp.	Technology development	86.93	86.93	
5	〃	Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	100.00	100.00	
6	〃	Egis (Hong Kong) Limited	Holding activity	100.00	100.00	Note 2
7	〃	VASUBI Technology Inc.	Technology development	100.00	100.00	Note 3
8	〃	NUI Technology Inc.	Technology development	100.00	100.00	〃
9	〃	Taurus Wireless Inc.	Technology development	100.00	100.00	〃
10	〃	Transducer Star Technology INC. (Transducer Star)	Technology development	90.26	-	Note 4

No.	Investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
11	Egis	Alcor Micro, Corp. (Alcor)	Wholesale of electronic materials, development and design of integrated circuit and international trading, etc.	20.49	22.01	Notes 5 and 11
12	Egis and Alcor	StarRiver Semiconductor Corp. (Star River)	Design of integrated circuit and solution of product	62.27	-	Note 6
13	Alcor	Alcor Micro Technology, Inc. (AMTI)	Investment holdings	100.00	100.00	Note 5
14	〃	Chun-Feng Investment Limited (Chun-Feng)	General investment business	100.00	100.00	Note 5
15	〃	ENE Technology Inc. (ENE)	Development, design and sales of integrated circuit	17.67	17.65	Notes 5, 7 and 13
16	Alcor and Chun-Feng	Syncomm Technology Corp. (Syncomm)	Development, design and sales of integrated circuit	31.28	32.16	Notes 5, 7 and 12
17	〃	AlgolTek, Inc. (AlgolTek)	Development, design and sales of integrated circuit	31.84	-	Notes 7 and 8
18	Alcor and AlgolTek	Alcorlink Corp. (Alcorlink)	Development, design and sales of integrated circuit	100.00	49.99	Notes 5 and 8
19	Alcorlink	Egis Vision Inc.	Development, design and sales of integrated circuit	80.00	-	Note 9
20	AMTI	Alcor Micro Technology (ShenZhen) Ltd.	After sales service and collection of business intelligence	100.00	100.00	Note 5
21	〃	Alcor Micro Technology (H.K.) Limited (AMTHK)	Management and sales of electronic products	100.00	100.00	〃
22	ENE	ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	-	100.00	Note 10

Note 1: Sense Investment and Consulting Inc. was renamed as OceanX Inc. in 2023.

Note 2: Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection has not yet been completed by the Group.

Note 3: VASUBI Technology Inc., NUI Technology Inc. and Taurus Wireless Inc. were established in 2022.

Note 4: The Group merged with Transducer Star Technology Inc. in 2023. Refer to Note 6(31) for details. The Board of Directors during its meeting on September 11, 2023 resolved to conduct a cash capital increase by issuing 1,000 thousand new shares. Egis will fully subscribe the capital increase, and consequently, the Group's ownership changed to 90.26%.

Note 5: Alcor was a subsidiary which was acquired on July 11, 2022. Although the Group's shareholding ratio in Alcor was less than 50%, the Group obtained the majority voting rights in the Board of Directors through effective agreements with other shareholders. Thus, Alcor was included in the consolidated financial statements. Refer to Note 6(7)C. for details.

Note 6: The Group's subsidiary, Alcor, acquired 55.00% of voting rights in StarRiver Semiconductor Corp. on October 24, 2023 and obtained control over StarRiver Semiconductor Corp. Therefore, the Company transferred the equity instruments that were originally classified as financial assets at fair value through other comprehensive income to investments accounted for using equity method. Together with the 7.27% of voting shares held by the Company, the Company and Alcor collectively held 62.27% of StarRiver Semiconductor Corp.

Note 7: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, ENE and AlgolTek. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each company, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.

Note 8: Considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction. Additionally, due to the adjustment of the treasury shares, the exercise of employees' stock options and the retirement of restricted stocks, the Group's shareholding ratio as at December 31, 2023 was changed to 31.84%.

Note 9: Egis Vision was established on June 9, 2023. In order to implement reorganisation and work specialisation for enhancing competitiveness and operational performance, the Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its "Image Product Business" to Egis Vision Inc., which was 100% owned by Alcorlink. The spin-off effective date was set on July 1, 2023. The Board of Directors of Egis Vision during its meeting on August 10, 2023 resolved to conduct a cash capital increase by issuing 1,500 thousand new shares. As Alcorlink did not subscribe to the capital increase proportionately to its ownership, the Group's ownership decreased to 80.00%.

Note 10: ENE Technology Inc. sold all its equity interest in the subsidiary, ENE Touch, with the effective date set on April 20, 2023.

Note 11: Since Alcor issued restricted stocks, the Group's total shareholding ratio as at December

31, 2023 and 2022 were changed to 20.49% and 22.01%, respectively.

Note 12: Since Syncomm issued and retired restricted stocks, the Group's total shareholding ratio as at December 31, 2023 and 2022 were changed to 31.28% and 32.16%, respectively.

Note 13: Since ENE retired restricted stocks, the Group's total shareholding ratio as at December 31,2023 and 2022 were changed to 17.67% and 17.65%, respectively.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to $4,629,327 and $3,631,770, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest	
		December 31, 2023	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	$ 4,660,527	79.51%

		Non-controlling interest	
		December 31, 2022	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	$ 3,631,019	77.99%

Balance sheets

	December 31, 2023	December 31, 2022
	Alcor and its subsidiaries	Alcor and its subsidiaries
Current assets	$ 3,808,627	$ 3,457,179
Non-current assets	2,829,339	1,569,011
Current liabilities	(979,178)	(627,779)
Non-current liabilities	(309,461)	(154,284)
Total net assets	$ 5,349,327	$ 4,244,127

Statement of comprehensive income

	For the year ended December 31, 2023	From July 11, 2022 to December 31, 2022
	Alcor and its subsidiaries	Alcor and its subsidiaries
Revenue	$ 1,990,215	$ 781,947
Loss before income tax	($ 332,943)	($ 41,431)
Income tax benefit	39,808	17,160
Loss, net of tax	(293,135)	(24,271)
Other comprehensive income (loss)	67,348	(22,209)
Total comprehensive loss	($ 225,787)	($ 46,480)
Comprehensive (loss) income attributable to non-controlling interest	($ 227,677)	$ 58,231
Dividends paid to non-controlling interest	$ 142,193	$ -

Statement of cash flows

	For the year ended December 31, 2023	From July 11, 2022 to December 31, 2022
	Alcor and its subsidiaries	Alcor and its subsidiaries
Net cash from (used in) operating activities	$ 427,476	($ 128,876)
Net cash used in investing activities	(107,906)	(167,437)
Net cash from (used in) financing activities	200,687	(225,721)
Effect of exchange rate changes on cash and cash equivalents	(205)	(511)
Increase (decrease) in cash and cash equivalents	520,052	(522,545)
Cash and cash equivalents, beginning of year	819,418	1,341,963
Cash and cash equivalents, end of year	$ 1,339,470	$ 819,418

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associat, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

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

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

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

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) <u>Financial assets at amortised cost</u>

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) <u>Accounts receivable</u>

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

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

(11) <u>Impairment of financial assets</u>

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

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

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (cost of leasehold improvements are allocated over the lease term). Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Information equipment	1 to 6 years
Research and development equipment	1 to 8 years
Leasehold improvements	1 to 10 years
Others	1 to 10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

(c) Any initial direct costs incurred by the lessee.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

A. Goodwill: Goodwill arising from the acquisition of subsidiary was included in intangible assets. Goodwill arising from investments accounted for using equity method was included in the carrying amount of investments. Goodwill is not amortised, and is measured at cost less accumulated impairment.

B. Patent and technical skill, customer relationship and software cost are stated at cost and amortised on a straight-line basis over its estimated useful lives as follows:

Patent and technical skill	3 to 15 years
Customer relationship	7 years
Software cost	1 to 4 years

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

When there is a legally enforceable right to offset recognized financial assets and liabilities, and there is an intention to settle on a net basis or to simultaneously realize the assets and settle the liabilities, financial assets and financial liabilities may be offset against each other and presented on a net basis in the balance sheet.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) Before fulfilling vesting conditions, employees are not entitled to receive and subscribe shares and dividends.

(c) For restricted stocks where employees do not need to pay the price to acquire restricted stocks, if employees resign during the vesting period, the Company shall redeem those stocks without consideration and shall then be canceled.

(25) Income tax

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

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

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

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

(26) Share capital

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

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's directors. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends in the Company's financial statements in the period in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

(a) Revenue is recognised by the Company when control of the products has transferred. The transfer of control of the product means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for inspections have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of sales discounts and allowances as basis. Sales discounts and allowances are estimated based on different contract terms and it is highly probable that a significant reversal in revenue recognised will not occur in the scope. As of the reporting date, the Company recognised the discounts and allowances amount estimated to be paid to customers as refund liability.

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

B. Revenue from licencing intellectual property

The Group entered into a contract with a customer to grant a licence of patents to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the licence to a customer at a point in time.

C. Rendering of services

(a) Revenues arising from providing entrusted design services according to contract specifications agreed upon by customers are recognised when control of the service result has transferred upon completion of the entrusted design services, being when the transaction result of providing service is delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the service result.

(b) A receivable is recognised when the service has been rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

D. Financing component

As the Group predicts the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(30) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(31) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

The Company held 22.01% of voting rights in Alcor, and was its single major shareholder. For the year ended December 31, 2022, the Company obtained 3 board seats, and on July 11, 2022, the Company obtained a support agreement from 2 other directors indicating that they support the Company's management strategy, and accordingly, the Company obtained substantial control over Alcor in the Board of Directors. Therefore, the Company recognised Alcor as its subsidiary and was included in the consolidated financial statements.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of December 31 2023, the carrying amount of inventories was $842,714.

B. Evaluation of financial assets without active market

The valuation process of financial assets without active market, including the valuation method and related parameters and assumptions used, relies on the Group's subjective judgement, and significant changes may occur. As of December 31, 2023, the carrying amount of financial assets without active market was $1,645,761.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Refer to Note 6(10) for the information of goodwill impairment.

D. Impairment Assessment of Investments Accounted for Using the Equity Method

When there are indicators of impairment suggesting that an investment accounted for using the equity method may be impaired to the extent that its carrying amount cannot be recovered, the Group assesses the impairment of that investment. The Group evaluates the recoverable amount of the investment based on the present value of expected future cash flows from the investee and analyzes the reasonableness of related assumptions. As of December 31, 2023, the Group recognized an impairment loss on investments accounted for using the equity method of $1,388,262.

E. Realizability of Deferred Tax Assets

Deferred tax assets are recognized when it is probable that there will be sufficient taxable income available against which temporary differences can be utilized. Evaluating the realizability of deferred tax assets involves significant accounting judgments and estimates by management, including assumptions regarding expected future growth in sales revenue and profit margins, available tax credits, tax planning, and other factors. Changes in the global economic environment, industry conditions, and regulations can lead to significant adjustments to deferred tax assets. As of December 31, 2023, the Group recognized deferred tax assets of $345,163.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 1,581	$ 1,569
Checking accounts and demand deposits	1,448,268	1,283,118
Time deposits	429,079	260,155
	$ 1,878,928	$ 1,544,842

A. The above time deposits pertain to high liquidity investments with a maturity of less than 3 months.

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

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

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

	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 507,287	$ 845,340
Principal protected note	90,420	120,249
Hybrid instrument - convertible bonds	10,910	-
Domestic listed stocks	4,460	-
Foreign unlisted stocks	-	13,325
	$ 613,077	$ 978,914
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Hybrid instrument - convertible bonds	$ 157,179	$ 177,473
Beneficiary certificates	198,353	176,416
Domestic listed stocks	472,966	409,247
Domestic unlisted stocks	100,839	158,106
Foreign unlisted stocks	104,545	-
	$ 1,033,882	$ 921,242

A. For the years ended December 31, 2023 and 2022, the Group recognised gain (loss) on financial assets at fair value through profit or loss in the amount of $193,596 and ($50,166), respectively.

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

C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Current items:		
Debt instrument		
Bonds	$ 19,500	$ 21,556
Equity instrument		
Domestic listed stocks	3,724	4,667
	$ 23,224	$ 26,223
Non-current items:		
Debt instrument		
Bonds	$ 5,605	$ 5,143
Equity instrument		
Domestic listed stocks	1,381,935	903,814
Domestic unlisted stocks	714,275	637,910
Foreign listed stocks	19,005	66,792
Foreign unlisted stocks	295,665	320,718
	$ 2,416,485	$ 1,934,377

A. The Group designated the investments shown above as debt instruments as financial assets at fair value through other comprehensive income, because these debt instruments represent those investments that the Group holds within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets.

B. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,414,604 and $1,933,901 as at December 31, 2023 and 2022, respectively.

C. Aiming to satisfy the Group's operating plan, the Group sold 916 thousand shares of ION ELECTRONIC MATERIALS CO., LTD. at fair value of $100,403 which resulted in cumulative gain on disposal of $77,503 during the year ended December 31, 2023.

The Group redeemed the bonds at face value at the maturity date in the amount of $9,803. Due to the acquisition of control over StarRiver by the subsidiary, the Group transferred the equity instruments that were originally classified as financial assets at fair value through other comprehensive income to investments accounted for using equity method which resulted in cumulative gain on disposal of $54,477 on October 24, 2023. Refer to Note 6(31) for details.

No strategic investments were disposed for the year ended December 31, 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 565,685	($ 811,736)
Cumulative gains reclassified to retained earnings due to derecognition	$ 132,080	$ -
Dividend income recognised in profit or loss		
Held at end of period	$ 12,208	$ 43,887
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 1,678	($ 10,917)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to derecognition	$ -	$ 11,978
Interest income recognised in profit or loss	$ 1,321	$ 3,960

E. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the recognised carrying amount of financial assets.

F. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

G. Information relating to the fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	$ 625,674	$ 426,614
Pledged time deposits	225,682	256,454
Bonds	27,017	15,048
	$ 878,373	$ 698,116
Non-current items:		
Pledged time deposits	$ 7,467	$ 8,144
Bonds	15,022	27,342
	$ 22,489	$ 35,486

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the recognised carrying amount of financial assets.

B. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	$ 24,154	$ 7,317

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

E. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 524,109	$ 600,876
Less: Allowance for uncollectible accounts	(101)	(6)
	$ 524,008	$ 600,870

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

	December 31, 2023	December 31, 2022
Not past due	$ 514,916	$ 597,496
Up to 30 days	2,786	3,303
31 to 90 days	6,407	77
	$ 524,109	$ 600,876

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $608,734.

C. The Group had no accounts receivable pledged to others as collateral.

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

E. The Group comprehensively considered the geographic area, product types and credit rating of each customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the Group's expected credit loss rates were not significant.

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

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 6	$ -
Expected credit gain	(449)	(157)
Others	544	163
At December 31	$ 101	$ 6

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

H. The Group has not pledged accounts receivable as collateral.

I. The Group has obtained collaterals, including time deposits, promissory notes, and fixed assets, from some customers based on credit terms as guarantees for credit enhancement of accounts receivable.

(6) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 326,419	$ 790,425
Work in progress	412,770	664,691
Finished goods	103,525	178,147
Goods in transit	-	699
	$ 842,714	$ 1,633,962

A. For the years ended December 31, 2023 and 2022, the inventory costs which were recognised as cost of goods sold were $2,666,978 and $2,118,053, respectively. Further, certain inventories were written off to net realisable value, and the Company recognised inventories valuation loss amounting to $297,958 and $72,049 for the years ended December 31, 2023 and 2022, respectively.

B. The Group has no inventories pledged to others.

C. To secure the steady supply of wafer capacity, in June 2021, the Group's subsidiary signed a purchase agreement for pre-order capacity with a supplier, and paid guarantee of US$1,000 thousand, of which US$675 thousand was recognised as a loss in 2023 since the subsidiary did not meet the purchase quantity requirement under the contract, and the remaining balance of US$325 thousand was accounted as other current assets as of December 31, 2023.

D. ENE Technology Inc. signed a long-term contract with its supplier, indicating its commitment to outsource a minimum quantity to the supplier. Any loss from non-fulfillment of the contract was recognised as current cost.

(7) Investments accounted for using equity method

A. Details of investments accounted for using equity method are as follows:

	December 31, 2023		December 31, 2022	
Company name	Shareholding ratio	Amount	Shareholding ratio	Amount
iCatch Technology, Inc. (iCatchtek)	18.84%	$ 1,086,047	18.91%	$ 1,169,344
SCT Holdings Ltd. (SCT)	19.51%	278,719	20.00%	367,339
Terawins, Inc.	17.65%	23,496	-	-
AlgolTek, Inc. (AlgolTek)	-	-	20.13%	227,537
Egis Innovation Fund G.P., Ltd. (Note 1)	-	-	50.00%	7,487
Vitrio Technology Corporation (Note 2)	-	-	50.00%	-
		$ 1,388,262		$ 1,771,707

Note 1: The associate is currently in the process of liquidation.

Note 2: The carrying amount was $0 since the amount of loss on investment has reached its holding cost as of December 31, 2022. The associate had been liquidated in 2023.

B. Share of profit (loss) of associates accounted for using equity method are as follows:

	Years ended December 31	
Company name	2023	2022
iCatch Technology, Inc. (iCatchtek) (Note 1)	($ 86,749)	($ 57,225)
SCT Holdings Ltd. (SCT) (Note 2)	(61,445)	(5,924)
Terawins, Inc. (Terawins)	(16,822)	-
AlgolTek, Inc. (AlgolTek)	(5,115)	(3,790)
Egis Innovation Fund G.P., Ltd. (Egis Innovation) (Note 3)	(16)	(13)
Alcor Micro, Corp. (Alcor)	-	16,181
	($ 170,147)	($ 50,771)

Note 1: For the years ended December 31, 2023, and 2022, share of loss of iCatchtek was recognised based on the financial statements audited by other auditors.

Note 2: For the year ended December 31, 2023, share of loss of SCT was recognised based on the financial statements audited by other auditors.

Note 3: The Company's loss on investment in Egis Innovation was insignificant and was recognised based on the investee's unaudited financial statements as of December 31, 2023.

C. The Group was the single major shareholder of Alcor. Based on the attendance in the shareholders' meeting and the result of reelection of directors of Alcor on June 15, 2022, as well as the effective agreements obtained from other shareholders on July 11, 2022, the Group has obtained majority voting rights in the Board of Directors of Alcor. As the Group was assessed to have the ability to exercise significant influence over Alcor's operations, Alcor was included in the Group's consolidated financial statements starting from July 11, 2022. Refer to Note 6(31) for details.

D. In December 2021, the Group invested the amount of $652,000 in iCatchtek and acquired 11.83% equity interest. In January 2022, the Group acquired an additional ownership of $537,600 in iCatchtek through public offering, resulting in the Group's ownership in iCatchtek to increase to 21.03%. As the Group has significant influence over iCatchtek, the investment was accounted for using equity method. Additionally, on November 2, 2022, iCatchtek processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group's ownership to 18.91%. However, the Group still held 3 board seats and accordingly, has significant influence over iCatchtek.

Since iCatchtek issued restricted stocks, the Group's total shareholding ratio as at December 31, 2023 and 2022 were changed to 18.84% and 18.91%, respectively.

E. In April 2022, the Group invested the amount of $73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Group have been converted into common stock of SCT's, resulting in the Group's ownership in SCT to increase to 20%. As the Group has significant influence over SCT, the investment was accounted for using equity method. Additionally, on February 3, 2023, SCT processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group's ownership to 19.51%. As the losses recognized on the investment in SCT exceeded the investment cost, an assessment of the recoverable amount from SCT was conducted for the fiscal year 2023. The recoverable amount was determined based on value-in-use calculations.

   The main assumptions used in calculating value-in-use are operating profit margin, growth rate and discount rate. The discount rate before tax used in calculating value-in-use was 19.57% on December 31, 2023. Impairment loss from recognising investments accounted for using equity method amounting to $40,059 was shown as 'other gains and losses'.

F. The Group was the single major shareholder of AlgolTek. As of March 31, 2023, the Group had no significant influence and does not hold over half of the seats in the Board of Directors based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. Accordingly, the Group had no majority voting rights. These factors showed that the Group did not have the actual ability to unilaterally control the related activities of AlgolTek, therefore, the Group only had significant influence on but not control over AlgolTek.

   Subsequently, considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction, and was the single major shareholder of AlgolTek. The Group had the ability to exercise significant influence over AlgolTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. Thus, AlgolTek was included in the Group's consolidated financial statements since April 1, 2023. Refer to Notes 4(3) and 6(31) for details.

G. The Group held 5,360 thousand shares of Terawins, Inc.'s common stocks, and the shareholding ratio was 17.65%. As the Group serves as the corporate director of the associate and has two directors out of seven in its Board, the Group has significant influence over it, and accordingly, the investment was accounted for using equity method.

H. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	iCatchtek	
	December 31, 2023	December 31, 2022
Current assets	$ 1,715,128	$ 1,801,284
Non-current assets	165,499	129,531
Current liabilities	(162,063)	(155,656)
Non-current liabilities	(15,022)	(31,749)
Total net assets	$ 1,703,542	$ 1,743,410
Share in associate's net assets	$ 320,947	$ 329,679
Goodwill	166,580	166,580
Excess of investments accounted for using equity method	598,520	673,085
Carrying amount of the associate	$ 1,086,047	$ 1,169,344

	SCT	
	December 31, 2023	December 31, 2022
Current assets	$ 301,614	$ 762,561
Non-current assets	42,151	66,412
Current liabilities	(467,798)	(630,928)
Non-current liabilities	(3,919)	(7,484)
Total net assets	($ 127,952)	$ 190,561
Share in associate's net assets	$ -	$ 38,112
Goodwill	200,779	240,838
Excess of investments accounted for using equity method	77,940	88,389
Carrying amount of the associate	$ 278,719	$ 367,339

	AlgolTek
	December 31, 2022
Current assets	$ 803,589
Non-current assets	150,412
Current liabilities	(103,860)
Non-current liabilities	(22,227)
Total net assets	$ 827,914
Share in associate's net assets	$ 166,779
Excess of investments accounted for using equity method	60,875
Unrealised gain	(117)
Carrying amount of the associate	$ 227,537

Statement of comprehensive income (loss)

	Alcor
	January 1, 2022 to July 10, 2022
Revenue	$ 823,842
Profit for the year	125,788
Other comprehensive loss	(135,703)
Total comprehensive loss	($ 9,915)
Share of income for the year	$ 16,181

	iCatchtek	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	$ 1,100,668	$ 1,093,183
(Loss) profit for the year	($ 64,498)	$ 69,640
Other comprehensive income (loss)	9,027	(3,243)
Total comprehensive (loss) income	($ 55,471)	$ 66,397
Share of loss for the year	($ 86,749)	($ 57,225)

	SCT	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	$ 468,217	$ 1,057,504
Loss for the year	($ 368,157)	($ 22,457)
Other comprehensive income	3,112	2,716
Total comprehensive loss	($ 365,045)	($ 19,741)
Share of loss for the year	($ 61,445)	($ 5,924)

	AlgolTek	
	Year ended December 31, 2023	July 11, 2022 to December 31, 2022
Revenue	$ 55,353	$ 135,503
Loss for the year	($ 25,408)	($ 17,813)
Other comprehensive income (loss)	645	(18)
Total comprehensive loss	($ 24,763)	($ 17,831)
Share of income (loss) for the year	$ 5,115	($ 3,790)

I. The Group's material associate, iCatchtek, has quoted market prices. As of December 31, 2023, the fair value was $1,308,600. The Group's material associates, iCatchtek and AlgolTek, have quoted market price. As of December 31, 2022, the fair value was $720,000 and $242,445, respectively.

(8) Property, plant and equipment

	2023				
	Information equipment	Development equipment	Leasehold improvements	Others	Total
At January 1					
Cost	$ 90,445	$ 190,775	$ 33,398	$ 100,475	$ 415,093
Accumulated depreciation	(68,704)	(136,503)	(23,448)	(56,688)	(285,343)
	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ 129,750
At January 1	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ 129,750
Additions	12,309	41,736	16,354	28,493	98,892
Acquired from business combinations	67	26,200	6,189	38,188	70,644
Disposals	(197)	(3,444)	(1,360)	(871)	(5,872)
Depreciation charge	(16,577)	(36,430)	(8,796)	(35,398)	(97,201)
Net exchange differences	7	(1)	-	(14)	(8)
At December 31	$ 17,350	$ 82,333	$ 22,337	$ 74,185	$ 196,205
At December 31					
Cost	$ 98,431	$ 252,811	$ 53,125	$ 156,476	$ 560,843
Accumulated depreciation	(81,081)	(170,478)	(30,788)	(82,291)	(364,638)
	$ 17,350	$ 82,333	$ 22,337	$ 74,185	$ 196,205

	2022					
	Information equipment	Development equipment	Leasehold improvements	Others	Unfinished construction	Total
At January 1						
Cost	$ 83,167	$ 79,275	$ 21,122	$ 38,479	$ -	$ 222,043
Accumulated depreciation	(48,276)	(45,488)	(9,530)	(24,025)	-	(127,319)
	$ 34,891	$ 33,787	$ 11,592	$ 14,454	$ -	$ 94,724
At January 1	$ 34,891	$ 33,787	$ 11,592	$ 14,454	$ -	$ 94,724
Additions	9,044	24,546	2,191	11,851	-	47,632
Acquired from business combinations	-	20,204	2,999	30,510	4,458	58,171
Disposals	-	-	-	(3,991)	-	(3,991)
Transfers	-	-	-	4,458	(4,458)	-
Depreciation charge	(22,198)	(24,267)	(6,830)	(13,494)	-	(66,789)
Net exchange differences	4	2	(2)	(1)	-	3
At December 31	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ -	$ 129,750
At December 31						
Cost	$ 90,445	$ 190,775	$ 33,398	$ 100,475	$ -	$ 415,093
Accumulated depreciation	(68,704)	(136,503)	(23,448)	(56,688)	-	(285,343)
	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ -	$ 129,750

The Group has no pledged property, plant and equipment.

(9) Lease transactions－lessee

	December 31, 2023	December 31, 2022
Right-of-use assets:		
Buildings and structures	$ 236,193	$ 176,606
Transportation equipment (Business vehicles)	5,038	2,440
Machinery and equipment	667	1,167
Other equipment	3,559	393
	$ 245,457	$ 180,606
Lease liability:		
Current	$ 81,067	$ 66,552
Non-current	174,253	124,043
	$ 255,320	$ 190,595

A. The Group leases various assets including building, business vehicles, machinery and equipment and parking spaces. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The depreciation charge of right-of-use assets are as follows:

	Years ended December 31	
	2023	2022
Buildings and structures	$ 91,346	$ 66,904
Transportation equipment (Business vehicles)	2,075	1,314
Machinery and equipment	500	333
Other equipment	1,143	689
	$ 95,064	$ 69,240

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $185,033 and $70,905, respectively.

D. Short-term leases with a lease term of 12 months or less comprise parking spaces and warehouse. Low-value assets comprise multifunction printers and drinking fountain.

E. The information on profit or loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 5,748	$ 2,698
Expense on short-term lease contracts	13,121	4,654
Expense on leases of low-value assets	1,157	407
Expense on variable lease payments	219	182
Gains arising from lease modifications	3,196	-

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $111,994 and $77,358, respectively.

G. For the year ended December 31, 2023, due to the earlier termination of the lease contract and adjustment of the rent-free period, the Group's right-of-use assets and lease liabilities on December 31, 2023 decreased by $50,162 and $53,358, respectively.

H. Variable lease payments:

Some of the Group's lease contracts contain variable lease payment terms, whereby the payments were calculated and expenses were recognised based on the quantity actually used during the period.

(10) Intangible assets

	2023					
	Goodwill	Patents	Acquired special technology	Customer relationship	Software cost	Total
At January 1						
Cost	$ 181,949	$ 218,828	$ 97,355	$ 395,199	$ 251,272	$ 1,144,603
Accumulated amortisation	-	(57,428)	(69,520)	(33,370)	(101,286)	(261,604)
	$ 181,949	$ 161,400	$ 27,835	$ 361,829	$ 149,986	$ 882,999
At January 1	$ 181,949	$ 161,400	$ 27,835	$ 361,829	$ 149,986	$ 882,999
Additions - acquired separately	-	-	5,236	-	362,862	368,098
Additions - acquired through business combinations (Note 1)	710,878	10,395	559,450	3,137	6,881	1,290,741
Disposals	-	-	-	-	(176)	(176)
Reclassification (Note 2)	-	-	15,358	-	(12,036)	3,322
Amortisation charge	-	(53,809)	(36,646)	(73,014)	(122,387)	(285,856)
At December 31	$ 892,827	$ 117,986	$ 571,233	$ 291,952	$ 385,130	$ 2,259,128
At December 31						
Cost	$ 892,827	$ 243,119	$ 680,967	$ 402,071	$ 603,429	$ 2,822,413
Accumulated amortisation	-	(125,133)	(109,734)	(110,119)	(218,299)	(563,285)
	$ 892,827	$ 117,986	$ 571,233	$ 291,952	$ 385,130	$ 2,259,128

	2022					
	Goodwill	Patents	Acquired special technology	Customer relationship	Software cost	Total
At January 1						
Cost	$ 111,403	$ 47,886	$ 112,078	$ -	$ 92,085	$ 363,452
Accumulated amortisation	-	(26,524)	(65,716)	-	(76,965)	(169,205)
	$ 111,403	$ 21,362	$ 46,362	$ -	$ 15,120	$ 194,247
At January 1	$ 111,403	$ 21,362	$ 46,362	$ -	$ 15,120	$ 194,247
Additions - acquired separately	-	16,652	1,586	-	151,570	169,808
Additions - acquired through business combinations (Note 3)	75,122	151,039	11,043	395,199	23,817	656,220
Disposals - reduced due to liquidation of subsidiary (Note 4)	(4,576)	-	(14,179)	-	-	(18,755)
Amortisation charge	-	(27,654)	(16,976)	(33,370)	(40,519)	(118,519)
Net exchange differences	-	-	-	-	(2)	(2)
At December 31	$ 181,949	$ 161,399	$ 27,836	$ 361,829	$ 149,986	$ 882,999
At December 31						
Cost	$ 181,949	$ 218,828	$ 97,355	$ 395,199	$ 251,272	$ 1,144,603
Accumulated amortisation	-	(57,429)	(69,519)	(33,370)	(101,286)	(261,604)
	$ 181,949	$ 161,399	$ 27,836	$ 361,829	$ 149,986	$ 882,999

Note 1: It was generated from the Group's merger with Transducer Star, StarRiver and AlgolTek. Refer to Note 6(31) for details of business combination.

Note 2: Pertains to a transfer to prepayments and other current assets and a transfer from other non-current assets.

Note 3: It was generated from the Group's merger with Alcor. Refer to Note 6(31) for details of business combination.

Note 4: A company that completed liquidation in 2022.

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2023	2022
Operating costs	$ 581	$ 57
Selling expenses	73,226	33,727
General and administrative expenses	5,892	6,380
Research and development expenses	206,157	78,355
	$ 285,856	$ 118,519

B. The Group has no intangible assets pledged to others.

C. Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2023		December 31, 2022	
Biometric sensor chip and its application	$	106,827	$	106,827
USB control chip and automotive sensor chip		594,847		75,122
Wearable electroacoustic products and its application		5,159		-
Multimedia video converter control chip and its application		185,994		-
	$	892,827	$	181,949

D. The Group's goodwill arose from business combinations in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination.

In assessing the impairment of goodwill, for the goodwill of USB control chip and multimedia video converter control chip, the recoverable amount is the higher of the fair value less costs of disposal and value-in-use (fair value is calculated by using 0%~20% of the discount for lack of marketability adjusted based on the quoted prices of cash-generating units in active markets); for other goodwill, the impairment is calculated based on value-in-use and carrying amount of each cash-generating unit. The main assumptions used in calculating value-in-use are operating profit margin, growth rate and discount rate.

The growth rates of operating revenue used by the management are consistent with the forecasts included in industry reports. The adopted discount rate is a pre-tax rate measured at Taiwan government 10-year bond yield. Risk premium will be added in order to reflect the incremental risk in equities for general investments and the cash generating unit's specific systematic risk.

The discount rate used in calculating value-in-use was 13.90% and 9.62% on December 31, 2023 and 2022, respectively.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired.

(11) Short-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	$ 1,194,000	$ 1,042,584
Secured borrowings	160,000	196,000
	$ 1,354,000	$ 1,238,584
Undrawn facilities	$ 803,050	$ 1,677,596
Interest rate range	1.71%～2.81%	1.39%～2.68%

Information about the collateral that was pledged for short-term borrowings is provided in Note 8.

(12) Other payables

	December 31, 2023	December 31, 2022
Payable on wages, salaries and bonuses	$ 303,373	$ 310,239
Payable on investment funds	228,237	-
Payable on acquisition of intangible assets	222,341	47,344
Payable on software licensing fees	70,484	117,570
Payable on raw materials for behalf of subsidiary companies	41,893	-
Payable on employees' compensation and directors' remuneration	19,381	37,726
Payable on research, development and testing expenses	16,974	44,818
Payable on professional service fees	13,066	20,767
Payable on royalties	9,167	46,195
Payable on machinery and equipment	9,141	4,340
Payable on technical service expenditures	7,460	13,537
Others	82,883	47,757
	$ 1,024,400	$ 690,293

(13) Long-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Long-term bank borrowings		
Unsecured borrowings	$ 358,000	$ 785,878
Secured borrowings	915,700	911,458
	1,273,700	1,697,336
Less: Current portion	(481,486)	(423,636)
	$ 792,214	$ 1,273,700
Undrawn facilities	$ 870,400	$ 366,300
Maturity year	2024-2027	2023-2027
Interest rate range	1.90%~2.24%	1.27%～2.69%

A. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Group and certain creditor banks, the Group shall prepare consolidated financial statements semiannually during the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not met, the borrowing interest rate shall be raised as specified in the contracts.

For the fourth quarter of 2023 and 2022, the Group was not able to meet the required net asset value, current ratio and interest coverage ratio as agreed with certain creditor banks and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts. Abovementioned matters have no significant impact to the Group.

B. Information regarding the collateral that was pledged for long-term borrowings is provided in Note 8.

(14) Pensions

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

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 2,912)	($ 20,363)
Fair value of plan assets	14,265	46,526
Net defined benefit assets (Note)	$ 11,353	$ 26,163

Note: Accounted as other non-current assets.

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 20,363)	$ 46,526	$ 26,163
Interest (expense) income	(205)	583	378
Settlement profit or loss	590	-	590
	(19,978)	47,109	27,131
Remeasurements:			
Return on plan assets (Note)	-	228	228
Change in financial assumptions	(59)	-	(59)
Experience adjustments	297	-	297
	238	228	466
Paid pension	2,442	(2,442)	-
Settlement of payment	14,386	(8,402)	5,984
Recovered plan assets	-	(22,228)	(22,228)
At December 31	($ 2,912)	$ 14,265	$ 11,353

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ -	$ -	$ -
Interest (expense) income	-	-	-
	-	-	-
Remeasurements:			
Return on plan assets (Note)	-	3,436	3,436
Change in financial assumptions	2,763	-	2,763
Experience adjustments	145	-	145
	2,908	3,436	6,344
Paid pension	1,063	(1,063)	-
Effect of business combination	(24,334)	44,153	19,819
At December 31	($ 20,363)	$ 46,526	$ 26,163

Note: Excluding amounts included in interest income or expense.

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

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

	Years ended December 31	
	2023	2022
Discount rate	1.2%-1.875%	1.4%-2.0%
Future salary increases	2.5%-4.5%	2.5%-4.5%

Assumptions regarding future mortality rate, estimates for 2023 and 2022 are set based on 'The Sixth Empirical Life Table of Taiwan Life Insurance Industry'.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 216)	$ 226	$ 215	($ 208)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 709)	$ 741	$ 711	($ 685)

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

(f) As of December 31, 2023, the Group did not make contributions to the retirement fund as the balance of the retirement fund had exceeded the present value of defined benefit obligation.

B. (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas entities have established a defined contribution plan under the local regulations and contribute a certain percentage of the salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $50,302 and $41,048, respectively.

(Blank)

(15) Share-based payment

A. As of December 31, 2023, the Group's share-based payment arrangements were as follows:

Issuing entity	Type of arrangement	Grant date	Quantity granted (unit in thousands)	Number of shares available for subscription per unit	Contract period	Vesting conditions
Luxsentek	Employee stock options	2022.01.21 ~ 2022.02.25 (Note 1)	2,586	1	3 years	Three years of service (Notes 2 and 3)
Alcor	Restricted stocks to employees	2023.03.20	723	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 4)
"	"	2022.01.03	477	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5)
			910			Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
ENE	"	2022.05.10	20	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
"	"	2022.03.16	980	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
Syncomn	"	2023.02.01	300	1	3 years	Graded vesting at a cetain percentage upon one year of service and achieving the required KPI (Note 8)
"	"	2022.03.17	700	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 8)
Alcorlink	"	2021.11.05	1,000	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Notes 9 and 10)
"	Treasury shares transferred to employees	2023.01.13	274	N/A	N/A	Vested immediately
AlgolTek	Employee stock options	2017.7.3	1,000	1	6 years	After 3 years from the date of grant, an employee may exercise the options at a certain percentage as prescribed in the option plan.
Syncomn	Employee subscription reserved for cash capital increase	2023.10.16	1,090	1	N/A	Vested immediately (Note 11)
Egis Vision Inc.	"	2023.8.10	1,500	N/A	N/A	Vested immediately
"	"	2023.12.5	4,000	N/A	N/A	Vested immediately

(a) The employee stock options issued by Luxsenteck Microelectronics Corp. cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period.

(b) The restricted stocks issued by Alcor and Alcorlink cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method and have no rights to participate in the allocation (subscription) of dividends to original shareholders before meeting the vesting conditions.

(c) The restricted stocks issued by Syncomm and ENE cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method before meeting the vesting conditions.

The share-based payment arrangements above are settled by equity.

Note 1: Grant date was set between January 21, 2022 to February 25, 2022 based on the date signing stock reward agreement with employees.

Note 2: After working for 3 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

Note 3: As of December 31, 2023, all of the employees who signed the stock reward agreement did not meet the requirements of the agreement as they resigned, were dismissed or were transferred to associates under 3 years of service, resulting in the expiration of the employee stock options.

Note 4: Whether the vesting conditions have been met will be determined on March 31 each year and the restrictions on rights will be lifted from April 22 each year (postponed when the day falls on a public holiday).

Note 5: Whether the vesting conditions have been met will be determined on December 31 each year and the restrictions on rights will be lifted from January 31 each year (postponed when the day falls on a public holiday).

Note 6: Whether the vesting conditions have been met will be determined on December 31 each year and the restrictions on rights will be lifted from February 25 each year (postponed when the day falls on a public holiday).

Note 7: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 20%, 30% and 50%, respectively.

Note 8: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 35% and 35%, respectively.

Note 9: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 30% and 40%, respectively.

Note 10: As a result of the share swap, AlgolTek assumed the performance obligation of employee restricted stocks initially issued by Alcorlink starting from the effective date of the share swap. Therefore, the underlying shares were changed from Alcorlink to AlgolTek, and the conversion price and quantity granted were adjusted based on the share swap ratio. The number of shares subscribable per unit was adjusted based on the share swap ratio of 1:0.6, and the quantity granted was changed from 1,000 thousand shares to 600 thousand shares.

Note 11: After the benchmark date for self-capital increase, certain employees are eligible to acquire 50% of the shares upon completing six months of service, and 100% upon completing one year of service.

B. Details of the restricted stocks to employees are as follows:

(a) Alcor:

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	274	432
Stocks issued	723	477
Stocks vested	(11)	(524)
Stocks expired	(688)	(111)
Ending balance of restricted stocks	298	274

As of December 31, 2023, a total of 454 thousand units of expired shares have been cancelled, while the remaining 234 thousand units await cancellation pending approval from the board of directors.

(b) Alcorlink (had been converted to AlgolTek's restricted stocks):

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	600	1,000
Stocks vested	(131)	-
Stocks expired	(133)	-
Ending balance of restricted stocks	336	1,000

The above stock options had been converted from Alcorlink's shares into AlgolTek's shares at a ratio of 1:0.6.

(c) Syncomm:

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	700	-
Stocks issued	300	700
Stocks vested	(201)	-
Stocks retired	(9)	-
Ending balance of restricted stocks	790	700

(d) ENE:

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	1,000	-
Stocks issued	-	1,000
Stocks vested	(198)	-
Stocks expired	(54)	-
Ending balance of restricted stocks	748	1,000

C. Details of the restricted stocks to employees of AlgolTek are as follows:

	Year ended December 31, 2023	
	Number (in thousands)	Weighted-average exercise price
Beginning balance of options outstanding	-	$ -
Acquired from business combinations	25	10
Stocks expired	(25)	10
Ending balance of options outstanding	-	-
Ending balance of options exercisable	-	-

D. The fair value of restricted stocks to employees, treasury shares transferred to employees and employee stock options is measured using the Black-Scholes model. Relevant input information is as follows:

Issuing entity	Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note 1)	Expected option life	Expected dividend rate	Risk-free interest rate	Fair value
Alcor	Restricted stocks to employees	2023.03.20	34.85	-		Note 2			
"	"	2022.01.03	60.50	-		Note 2			
ENE	"	2022.05.10	40.25	-		Note 3			
"	"	2022.03.16	41.50	-		Note 3			
Syncomm	"	2023.02.01	22.62	-		Note 2			
"	"	2022.03.17	25.49	-	57.15%	1 year	0%	0.36%	
Alcorlink	"	2021.11.05	34.70	-		Note 2			
"	Treasury shares transferred to employees	2023.01.13	26.30	19.00	46.78%	0.063 year	0%	0.78%	
Luxsentek	Employee stock options	2022.01.21~ 2022.02.25	10.00	10.00		Note 4			
AlgolTek	Employee stock options	2017.07.03	23.89	10.00	39.28%	4.15 years	0%	0.80%	
Syncomm	Employee subscription reserved for cash capital increase	2023.10.16	26.31	26.00	31.43%	0.07 year		0.95%	1.04
Egis Vision	"	2023.8.10	8.95	10.00	39.75%	0.08 year	0%	0.76%	0.09
"	"	2023.12.5	15.00	15.00	33.99%	0.11 year	0%	0.88%	-

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed entities within the appropriate period and the historical common stock price volatility within a year from the date of the Company's assessment.

Note 2: The restricted stocks were issued at a price of NT$0 (in dollars) (i.e. without consideration) with a par value of $10 (in dollars) per share and measured at fair value based on the closing price on the grant date and taking into account restrictions on dividend collection.

Note 3: The restricted stocks were issued at a price of NT$0 (in dollars) (i.e. without consideration) with a par value of $10 (in dollars) per share and measured at fair value based on the closing price on the grant date.

Note 4: The employee stock options were issued at par value of NT$10 per share, the issuance price was NT$10 per share, and the fair value was measured at the latest price of cash capital increase of Luxsenteck Microelectronics Corp.

E. Compensation cost that the Group recognised for the abovementioned share-based payment transactions for the years ended December 31, 2023 and 2022 amounted to $34,330 and $25,863, respectively.

(16) Share capital

A. As of December 31, 2023, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $742,718 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (units: in thousands of shares) are as follows:

	2023	2022
At January 1	69,272	69,272
Issuance of shares - private placement	5,000	-
At December 31	74,272	69,272

B. To seek opportunities for industrial cooperation or strategic alliance for the purpose of expanding market and creating shareholders' long-term value, the stockholders at their annual stockholders' meeting on June 22, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on May 16, 2023. The maximum number of shares to be issued through the private placement is 10,000 thousand shares at a subscription price of $70 (in dollars) per share. The amount of capital raised through the private placement was $350,000 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(17) Capital surplus

	December 31, 2023	December 31, 2022
Share premium	$ 1,268,659	$ 968,659
Changes in ownership interests in subsidiaries	22,208	495
Changes in associates accounted for using the equity method	49,987	36,703
	$ 1,340,854	$ 1,005,857

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

(18) Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company Act when they are distributed in the form of cash.

B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares and cash dividends shall account for at least 20% of the total dividends distributed.

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

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

E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders at their meeting on June 21, 2023 and June 22, 2022, respectively are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ -		$ 441,038	
Special reserve	782,361		75,368	
Cash dividends	207,815	$ 3.00	692,718	$ 10.00
	$ 990,176		$ 1,209,124	

F. The appropriations of 2023 earnings as proposed by the Board of Directors during its meeting on March 12, 2024 are as follows:

	2023	
	Amount	Dividends per share (in dollars)
Reversal of special reserve	$ 384,039	
Cash dividends	-	$ -
	$ 384,039	

As of March 12, 2024, the above distribution of earnings for the year ended December 31, 2023 was resolved by the Board of Directors and had not yet been reported to the shareholders for approval.

(19) Other equity interest

	Currency translation	Unrealised (losses) gains on valuation	Total
At January 1, 2023	$ 43	($ 857,772)	($ 857,729)
Currency translation differences			
- Group	(1,534)	-	(1,534)
- Associates	1,965	-	1,965
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	514,972	514,972
- Reclassifications of disposal of investments accounted for other comprehensive loss to retained earning	-	(132,080)	(132,080)
Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	716	716
At December 31, 2023	$ 474	($ 474,164)	($ 473,690)

	Currency translation	Unrealised (losses) gains on valuation	Total
At January 1, 2022	($ 594)	($ 74,774)	($ 75,368)
Currency translation differences			
- Group	3,513	-	3,513
- Associates	4,654	-	4,654
- Reclassifications of losses on disposal of investments accounted for using the equity method to profit or loss	(7,530)	-	(7,530)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	(784,514)	(784,514)
- Associates	-	(31,949)	(31,949)
- Reclassifications of disposal of investments accounted for using the equity method to retained earnings	-	30,975	30,975
Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	(9,466)	(9,466)
- Associates	-	(337)	(337)
- Reclassifications of gains on disposal of investments in debt instruments designated at fair value through other comprehensive income	-	11,978	11,978
- Reclassifications of gains on disposal of investments accounted for using the equity method to profit or loss	-	315	315
At December 31, 2022	$ 43	($ 857,772)	($ 857,729)

(20) Operating revenue

A. The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major geographical regions:

	Year ended December 31, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	$ 9,425	$ 652,416	$ 661,841
Asia	1,859,127	1,322,628	3,181,755
America	-	283	283
Others	-	4,716	4,716
	$ 1,868,552	$ 1,980,043	$ 3,848,595

	Year ended December 31, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	$ 1,036	$ 296,381	$ 297,417
Asia	2,506,318	478,094	2,984,412
America	-	1,008	1,008
Others	-	6,463	6,463
	$ 2,507,354	$ 781,946	$ 3,289,300

	Year ended December 31, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	$ 1,859,513	$ 1,958,097	$ 3,817,610
Service revenue	9,039	21,008	30,047
Licensing revenue	-	938	938
	$ 1,868,552	$ 1,980,043	$ 3,848,595

	Year ended December 31, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	$ 2,503,279	$ 777,049	$ 3,280,328
Service revenue	4,075	4,897	8,972
	$ 2,507,354	$ 781,946	$ 3,289,300

B. The Group has recognised the revenue-related contract liabilities - advance receipts shown as other current liabilities amounting to $46,234, $7,652 and $1,257 on December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2023 and 2022 were $7,652 and $1,257, respectively.

D. Assets recognised from costs to fulfill a contract

When the Group entered into entrusted design service contracts with customers in 2023, costs incurred should be recognised in assets and accounted as other current assets in the balance sheet under IFRS 15 if they generate resources used in satisfying the contract and are expected to be recovered. As at December 31, 2023, the balance was $27,627.

(21) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	$ 24,573	$ 18,602
Other interest income	27,268	15,906
	$ 51,841	$ 34,508

(22) Other income

	Years ended December 31	
	2023	2022
Rent income	$ 3,186	$ 2,597
Dividend income	22,862	46,693
Others	12,414	5,470
	$ 38,462	$ 54,760

(23) Other gains and losses

	Years ended December 31	
	2023	2022
Gains (losses) on financial assets at fair value through profit or loss	$ 193,596	($ 50,166)
Gains (losses) on disposals of investments accounted for using the equity method (Note 1)	59,875	(38,132)
Foreign exchange gains	8,904	125,650
Gains arising from leases modifications	3,196	-
Impairment loss	(40,059)	-
Losses on disposal of investments in debt instruments designated at fair value through other comprehensive income	-	(11,978)
(Losses) gains on disposal of property, plant and equipment	(841)	1,674
Other losses (Note 2)	(23,240)	(1,648)
	$ 201,431	$ 25,400

Note 1: Mainly pertains to gains (losses) on remeasurement at fair value due to business combinations. Refer to Note 6(31) for details.

Note 2: Mainly pertains to guarantee deposits paid which were recognised as losses. Refer to Note 6(6) for details.

(24) Finance costs

	Years ended December 31	
	2023	2022
Interest expense on bank borrowings	$ 54,161	$ 30,605
Lease liability	5,748	2,698
	$ 59,909	$ 33,303

(25) Expenses by nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 15,697	$ 1,198,057	$ 1,213,754
Share-based payments	342	33,988	34,330
Labour and health insurance fees	1,341	73,074	74,415
Pension costs	702	49,600	50,302
Other personnel expenses	521	41,143	41,664
	$ 18,603	$ 1,395,862	$ 1,414,465
Depreciation charges	$ 23,238	$ 169,027	$ 192,265
Amortisation charges	$ 581	$ 285,275	$ 285,856

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 6,282	$ 977,957	$ 984,239
Share-based payments	252	25,611	25,863
Labour and health insurance fees	554	55,882	56,436
Pension costs	318	40,730	41,048
Other personnel expenses	214	36,354	36,568
	$ 7,620	$ 1,136,534	$ 1,144,154
Depreciation charges	$ 7,222	$ 128,807	$ 136,029
Amortisation charges	$ 57	$ 118,462	$ 118,519

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.

B. For the years ended December 31, 2023 and 2022, the Company incurred loss before tax and thus did not accrue and distribute employees' compensation and directors' remuneration.

C. In accordance with the Articles of Incorporation, on March 29, 2023, the Board of Directors resolved not to distribute directors' remuneration and employees' compensation due to the loss for the year ended December 31, 2022.

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

(26) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on loss for the year	$ 11,337	$ 328
Current withholding tax on foreign profits for the year	745	99,556
Prior year income tax (over) under estimation	(23,106)	3,560
Total current tax	(11,024)	103,444
Deferred tax:		
Origination and reversal of temporary differences	(68,953)	(132,173)
Total deferred tax	(68,953)	(132,173)
Income tax benefit	($ 79,977)	($ 28,729)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate (Note)	($ 216,687)	($ 186,213)
Expenses disallowed by tax regulation	31,997	54,550
Tax exempt income by tax regulation	16,775	886
Temporary differences not recognised as deferred tax assets	16,384	(10,294)
Taxable loss not recognised as deferred tax assets	140,309	11,582
Change in assessment of realisation of deferred tax assets	(39,645)	(20,797)
Prior year income tax (over) under estimation	(23,106)	19,005
Effect from Alternative Minimum Tax	-	1,301
Tax on undistributed earnings	745	99,556
Others	(6,749)	1,695
Income tax benefit	($ 79,977)	($ 28,729)

Note: The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

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

	2023			
	January 1	Recognised in profit or loss	Business combination	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation	$ 80,824	$ 59,144	$ 3,627	$ 143,595
Unrealised exchange loss	7,128	523	-	7,651
Others	11,135	22,596	408	34,139
Tax losses	187,969	(28,191)	-	159,778
	$ 287,056	$ 54,072	$ 4,035	$ 345,163
Deferred tax liabilities:				
-Temporary differences:				
Gains on valuation of financial instruments	($ 1,139)	($ 13,748)	$ -	($ 14,887)
Unrealised exchange gain	(1,692)	1,461	-	(231)
Amortization of assets acquired at premium	(53,827)	14,119	(108,360)	(148,068)
Others	(46,313)	13,049	-	(33,264)
	($ 102,971)	$ 14,881	($ 108,360)	($ 196,450)
	$ 184,085	$ 68,953	($ 104,325)	$ 148,713

	2022			
	January 1	Recognised in profit or loss	Business combination	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation	$ 73,824	$ 6,125	$ 875	$ 80,824
Unrealised exchange loss	3,828	3,015	285	7,128
Others	2,671	3,195	5,269	11,135
Tax losses	66,121	111,485	10,363	187,969
	$ 146,444	$ 123,820	$ 16,792	$ 287,056
Deferred tax liabilities:				
-Temporary differences:				
Gains on valuation of financial instruments	($ 1,981)	$ 842	$ -	($ 1,139)
Unrealised exchange gain	(14)	(1,640)	(38)	(1,692)
Amortization of assets acquired at premium	-	7,060	(60,887)	(53,827)
Others	-	2,091	(48,404)	(46,313)
	($ 1,995)	$ 8,353	($ 109,329)	($ 102,971)
	$ 144,449	$ 132,173	($ 92,537)	$ 184,085

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 362,271	$ 362,271	$ 362,271	2033
2022	499,123	499,123	-	2032
2021	240,397	240,397	-	2031

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	$ 499,123	$ 499,123	$ -	2032
2021	240,397	240,397	-	2031

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of subsidiaries are as follows:

	December 31, 2023				
Entity	Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Luxsentek	2023	$ 11,228	$ 11,228	$ 11,228	2033
〃	2022	82,901	82,901	82,901	2032
〃	2021	61,703	61,703	61,703	2031
〃	2020	9,113	9,113	9,113	2030
VASUBI	2023	23,044	23,044	23,044	2033
〃	2022	17,947	17,947	17,947	2032
NUI	2023	30,459	30,459	30,459	2033
〃	2022	15,578	15,578	15,578	2032
Taurus Wireless	2023	33,032	33,032	33,032	2033
〃	2022	7,745	7,745	7,745	2032
Transducer Star	2023	15,296	15,296	15,296	2033
〃	2022	10,376	10,376	10,376	2032
Alcor	2023	43,324	43,324	43,324	2033
〃	2020	151,012	121,648	84,263	2030
Syncomm	2023	23,168	23,168	23,168	2033
〃	2017	16,143	16,143	16,143	2027
〃	2016	70,801	70,801	70,801	2026
〃	2015	53,220	45,176	25,684	2025
ENE	2020	32,271	32,271	32,271	2030
〃	2019	50,962	50,962	50,962	2029
〃	2018	70,693	70,693	70,693	2028
〃	2017	94,604	92,739	92,739	2027
〃	2016	121,815	121,815	121,815	2026
〃	2015	119,209	119,209	119,209	2025
〃	2014	205,755	183,483	183,483	2024
AlgolTek	2023	155,108	155,108	155,108	2033
Alcorlink	2023	16,250	16,250	16,250	2033
Egis Vision	2023	46,664	46,664	46,664	2033

December 31, 2022					
Entity	Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Luxsentek	2022	$ 82,901	$ 82,901	$ 82,901	2032
〃	2021	61,703	61,703	61,703	2031
〃	2020	9,113	9,113	9,113	2030
VASUBI	2022	17,947	17,947	17,947	2032
NUI	2022	15,578	15,578	15,578	2032
Alcor	2020	151,012	121,648	84,263	2030
Syncomm	2017	16,143	16,143	16,143	2027
〃	2016	70,801	70,801	70,801	2026
〃	2015	53,220	45,176	25,684	2025
ENE	2020	32,271	32,271	32,271	2030
〃	2019	50,962	50,962	50,962	2029
〃	2018	70,693	70,693	70,693	2028
〃	2017	94,604	92,739	92,739	2027
〃	2016	121,815	121,815	121,815	2026
〃	2015	119,209	119,209	119,209	2025
〃	2014	205,755	183,483	183,483	2024
ENE Touch	2022	2,352	2,352	2,352	2027
〃	2021	1,478	1,478	1,478	2026
〃	2020	1,977	1,977	1,977	2025
〃	2019	2,942	2,942	2,942	2024
〃	2018	585	585	585	2023

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities, due to the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax assets were $22,545 and $1,941, respectively; and the amounts of temporary differences unrecognised as deferred tax liabilities were $39 and $12,235, respectively.

G. The assessed and approved status of the Company's income tax returns is as follows:

	Assessed and approved status
EGIS TECHNOLOGY INC.	Assessed and approved through 2021

(27) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 721,998)	72,422	($ 9.97)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 852,837)	69,272	($ 12.31)

(28) Non-controlling interest

	2023	2022
At January 1	$ 3,631,770	$ 12,135
Share attributable to non-controlling interest:		
Loss	(281,461)	(49,501)
Currency translation differences	(77)	5,422
Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income (loss)		
-Equity instrument	50,713	(27,222)
-Debt instrument	962	(1,451)
Remeasurements of defined benefit plans	364	5,167
Disposal of investment accounted for using equity method	-	(1,651)
Increase in non-controlling interests (Note 1)	1,369,249	3,688,871
Decrease in non-controlling interests (Note 2)	(142,193)	-
At December 31	$ 4,629,327	$ 3,631,770

Note 1: The increase in non-controlling interest mainly pertains to the merger with StarRiver, Transducer Star and AlgolTek, the Company acquiring restricted stocks issued by the subsidiaries, Syncomm, Alcorlink and ENE, proportionally to its interest and recognising the relevant compensation cost and the compensation cost of treasury shares repurchased and transferred to employees.

Note 2: The decrease in non-controlling interest mainly pertains to the distribution of cash dividends by the subsidiaries, Alcor, ENE, Syncomm and AlgolTek, for the year ended December 31, 2023.

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 98,892	$ 47,632
Add: Opening balance of payable on equipment	4,340	-
Ending balance of prepayments	959	-
Less: Ending balance of payable on equipment	(9,141)	(4,340)
Cash paid during the year	$ 95,050	$ 43,292

	Years ended December 31	
	2023	2022
Purchase of intangible assets	$ 368,098	$ 169,808
Add: Opening balance of payables	47,344	-
Ending balance of prepayments	39,518	27,856
Less: Opening balance of prepayments	(27,856)	-
Ending balance of payables	(223,920)	(47,344)
Cash paid during the year	$ 203,184	$ 150,320

	Years ended December 31	
	2023	2022
Acquisition of subsidiary companies	$ 406,913	($ 1,261,522)
Less: Ending balance of payable on investment	(228,237)	-
Cash paid (received) during the year	$ 178,676	($ 1,261,522)

Investing activities with partial cash received

	Year ended December 31
	2023
Disposal of financial assets at fair value through other comprehensive income	$ 110,206
Less: Ending balance of receivables	(933)
Cash received during the year	$ 109,273

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2023	$ 1,238,584	$ 1,697,336	$ 190,595	$ 15,451
Changes in cash flow from financing activities	115,416	(423,636)	(91,748)	105
Changes in acquisition of subsidiaries	-	-	25,864	-
Changes in other non-cash items	-	-	130,609	(13,148)
At December 31, 2023	$ 1,354,000	$ 1,273,700	$ 255,320	$ 2,408

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2022	$ 100,000	$ 850,000	$ 119,689	$ -
Changes in cash flow from financing activities	988,584	840,063	(69,417)	15,445
Changes in acquisition of subsidiaries	150,000	7,273	67,869	6
Changes in other non-cash items	-	-	72,454	-
At December 31, 2022	$ 1,238,584	$ 1,697,336	$ 190,595	$ 15,451

(31) Business combinations

A. On February 24, 2023, the Group acquired 85.58% equity interest in Transducer Star Technology Inc. at $21,900 in cash, and obtained control over Transducer Star.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Transducer Star at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		February 24, 2023
Purchase consideration		
Cash	$	21,900
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		2,821
		24,721
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		10,065
Prepayments		625
Property, plant and equipment		312
Intangible assets		10,395
Other non-current assets		6
Other payables	(	1,682)
Other current liabilities	(	159)
Total identifiable net assets		19,562
Goodwill	$	5,159

Note: The allocation of acquisition price was completed in the second quarter of 2023.

(b) The operating revenue included in the consolidated statement of comprehensive income since February 24, 2023 contributed by Transducer Star was $0. Transducer Star also contributed loss before income tax of ($12,583) over the same period. Had Transducer Star been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $3,848,595 and loss before income tax of ($1,086,290) for the years ended December 31, 2023.

B. Considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest in Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction, and was the single major shareholder of AlgolTek. The Group had the ability to exercise significant influence over AlgolTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. After the comprehensive assessment, the merger is a reverse merger. Thus, AlgolTek was included in the Group's consolidated financial statements since April 1, 2023.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of AlgolTek at the acquisition date:

		April 1, 2023
Purchase consideration		
Fair value of equity interest in AlgolTek held before the business combination	$	449,229
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		567,916
		1,017,145
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		194,586
Current financial assets at fair value through profit or loss		52,626
Current financial assets at amortised cost		362,200
Accounts receivable, net		11,482
Inventories		107,732
Prepayments and other current assets		14,291
Property, plant and equipment		41,895
Right-of-use assets		25,864
Intangible assets		52,470
Investments accounted for using the equity method		40,405
Non-current financial assets at amortised cost		1,000
Deferred tax assets		4,035
Other non-current assets		12,824
Accounts payable	(	14,938)
Other payables	(	37,606)
Current tax liabilities	(	3,635)
Lease liabilities	(	25,864)
Other current liabilities	(	1,323)
Deferred tax liabilities	(	6,893)
Total identifiable net assets		831,151
Goodwill	$	185,994

Note: The allocation of acquisition price was completed in the third quarter of 2023.

(b) The Group recognised a gain of $61,035, shown as 'other gains and losses', as a result of measuring at fair value its 20.08% equity interest in AlgolTek held before the business combination.

(c) The operating revenue included in the consolidated statement of comprehensive income since April 1, 2023 contributed by AlgolTek was $132,232. AlgolTek also contributed loss before income tax of ($178,029) over the same period. Had AlgolTek been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $4,074,734 and loss before income tax of ($1,176,179) for the year ended December 31, 2023.

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C. On October 24, 2023, Alcor's Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT$234 (in dollars) per share totalling $715,239. Alcor held 55.00% equity interest in StarRiver and obtained control over StarRiver after the transaction. Therefore, the Company transferred the 7.27% of voting shares originally held that were classified as equity instruments at fair value through other comprehensive income to investments accounted for using equity method. As the Company and Alcor collectively held 62.27% of StarRiver, StarRiver was included in the preparation of the Group's consolidated financial statements since October 26, 2023.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of StarRiver at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		Octorber 26, 2023
Purchase consideration		
Cash	$	715,239
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		175,771
Fair value of equity interest in AlgolTek held before the business combination		94,577
		985,587
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		125,575
Accounts receivable, net		5,420
Inventories		217
Prepayments and other current assets		101,941
Property, plant and equipment		28,437
Intangible assets		516,998
Other non-current assets		366
Accounts payable	(	34,348)
Other payables	(	5,386)
Other current liabilities	(	171,891)
Deferred tax liabilities	(	101,467)
Total identifiable net assets		465,862
Goodwill	$	519,725

(b) The operating revenue included in the consolidated statement of comprehensive income since October 26, 2023 contributed by StarRiver was $239,353. StarRiver also contributed profit before income tax of $15,681 over the same period. Had StarRiver been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue and loss before income tax for 2023 of $4,101,993 and ($1,068,445), respectively.

D. The Group is the single largest shareholder of Alcor. Based on the Group's attendance at the shareholders' meeting of Alcor on June 15, 2022, the result of the reelection of Alcor's board of directors and given that the Group entered into an effective agreement with other major shareholders of Alcor on July 11, 2022, the Group has obtained a majority of voting rights in its Board of Directors. As the Group was assessed to have the ability to direct the relevant activities of Alcor, the Group included Alcor in its consolidated financial statements from July 11, 2022.

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(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Alcor at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		July 11, 2022
Purchase consideration		
Fair value of equity interest in Alcor held before the business combination	$	707,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		3,662,988
		4,369,988
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		1,261,522
Current financial assets at fair value through profit or loss		861,751
Current financial assets at fair value through other comprehensive income		29,957
Current financial assets at amortised cost		599,138
Accounts receivable, net		326,290
Other receivables, net		29,288
Inventories		634,430
Prepayments		70,815
Other current assets		3,929
Non-current financial assets at fair value through other comprehensive income		490,999
Non-current financial assets at amortised cost		22,929
Investments accounted for using the equity method		239,867
Property, plant and equipment		58,171
Right-of-use assets		67,953
Intangible assets		581,098
Deferred tax assets		16,792
Other non-current assets		109,312
Short-term borrowings	(	150,000)
Notes payable	(	20,721)
Accounts payable	(	324,373)
Other payables	(	409,797)
Other current liabilities	(	27,286)
Deferred tax liabilities	(	109,329)
Lease liabilities	(	67,869)
Total identifiable net assets		4,294,866
Goodwill	$	75,122

Note: The allocation of acquisition price was completed in the fourth quarter of 2022.

(b) The Group recognised a loss of $35,563 shown as 'other gains and losses' as a result of measuring at fair value its 22.16% equity interest in Alcor held before the business combination.

(c) The operating revenue included in the consolidated statement of comprehensive income since July 11, 2022 contributed by Alcor was $781,946. Alcor also contributed loss before income tax of ($41,431) over the same period. Had Alcor been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue and loss before income tax for 2022 of $4,113,140 and ($789,374), respectively.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
AlgolTek, Inc. (AlgolTek)	Subsidiary (Note 1)
iCatch Technology Inc. (iCatchTek)	Associate - investee company accounted for using the equity method
Terawins, Inc. (Terawins)	Associate - investee company accounted for using the equity method
SCT Holdings Ltd. and its subsidiaries (SCT Ltd.)	Associate - investee company accounted for using the equity method
May Sun Technology Co., Ltd. (May Sun)	Other related party
Gear Radio Electronics Corp. (Gear)	Other related party
Mr. MING-DUO, YU	The director of the Company (Note 2)

Note 1: AlgolTek became a subsidiary from an associate since April 1, 2023.

Note 2: Mr. MING-DUO, YU resigned as the director of the Company after the reelection of directors at the shareholders' general meeting on June 21, 2023.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2023	2022
Sales of services:		
SCT Ltd.	$ 6,983	$ -
AlgolTek	1,811	2,721
Terawins	1,278	-
	$ 10,072	$ 2,721

The sales of services by the Group to related parties mainly pertain to technical service revenue and licensing revenue. The transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties.

B. Technical service expenditures

	Years ended December 31	
	2023	2022
Technology licensing:		
May Sun	$ 5,600	$ -
Purchases of services:		
iCatchTek	1,517	45,194
	$ 7,117	$ 45,194

For the purchases of services and technology licensing from related parties, the transaction prices were negotiated by both parties and the payment term was 30 days.

C. Accounts receivable due from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
SCT Ltd.	$ 5,309	$ -
AlgolTek	-	4,098
	$ 5,309	$ 4,098
Other receivables:		
SCT Ltd.	$ 89,456	$ 82,360
	$ 94,765	$ 86,458

The receivables from related parties arise mainly from provision of services and purchasing inventories on behalf of associates. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Prepayments (shown as ‘prepayments’ and ‘other non-current assets’)

	December 31, 2023
Gear	$ 7,432

E. Other payables

	December 31, 2023	December 31, 2022
May Sun	$ 1,680	$ -
iCatchTek	-	7,320
AlgolTek	-	44
	$ 1,680	$ 7,364

The other payables to related parties arise mainly from technical service expenditures.

F. Receipt in advance (shown as ‘other current liabilities’)

	December 31, 2023	December 31, 2022
AlgolTek	$ -	$ 3,243
iCatchTek	1,165	-
	$ 1,165	$ 3,243

G. Property transactions - acquisition of subsidiaries’ equity interest

On February 24, 2023, the Group purchased 200 thousand shares of Transducer Star from Mr. MING-DUO, YU with a price of NT$10 (in dollars) per share. The transaction price was $2,000.

H. Unrecognised contract commitments

The Group entered into contracts for the licensing of intangible assets with Gear. As of December 31, 2023, the licensing costs contracted but not yet paid was US$200 thousand.

I. The certificates of deposits amounting to $3,000 from the associate, Terawins, that the Group held as of December 31, 2023 were pledged as collateral for enhancing credit.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Short-term employee benefits	$ 111,069	$ 118,852
Post-employment benefits	1,934	1,819
Termination benefits	1,566	-
Share-based payments	8,037	2,016
	$ 122,606	$ 122,687

8. Pledged Assets

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

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Pledged time deposits (recorded as current financial assets at amortised cost)	$ 225,682	$ 256,454	Note 1
Pledged time deposits (recorded as non-current financial assets at amortised cost)	7,467	8,144	Note 2
Non-current financial assets at fair value through other comprehensive income	1,287,337	893,637	Note 3
Guarantee deposits paid (recorded as other current assets)	9,979	30,710	Note 4
	$ 1,530,465	$ 1,188,945	

Note 1: Guarantee for short-term bank borrowings.

Note 2: Guarantee for bank performance and customs duties on imported raw materials.

Note 3: Guarantee for long-term bank borrowings.

Note 4: Guarantee for purchases of raw materials and supplies. Refer to Note 6(6) for details.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision in favour of the Company from the Beijing Intellectual Property Court on July 1, 2023 and the Beijing Intellectual Property Court refuted all of Goodix’s claims. The Company subsequently received a notice of appeal from Goodix on July 25, 2023 and a notice of response to action from the Supreme People’s Court on November 20, 2023. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group’s operating and finance activities.

B. Goodix has filed a complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision from Fuzhou Intermediate People's Court on December 30, 2022 stating that the Company has committed patent infringement. The Company filed an appeal on January 16, 2023 with the Supreme People's Court. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

(2) Commitments

A. A subsidiary of the Group, ENE Technology Inc., entered into contracts for the licensing of software with another company. As of December 31, 2023, the purchases contracted but not yet paid amounted to $19,994.

B. The Group's subsidiary, AlgolTek, signed contracts for the purchase of intangible assets and for commissioning chip and IC component designs. As of December 31, 2023, the contracted but unpaid amount stands at $12,441.

C. The Group entered into a long-term contract with suppliers which stipulates the related periods covered and minimum amount or quantity that the Group needs to purchase from suppliers.

D. Refer to Note 7 for unrecognised contracts with related parties.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. The deficit compensation plan for the fiscal year 2023 is detailed in Note 6(18).

B. On January 15, 2024, the Company's Board of Directors resolved the share exchange with cash and the Company's issued new shares as consideration. The Company obtained 100% equity interest in Inpsytech, Inc. (Inpsytech). Each of the ordinary share of Inpsytech can be exchanged for NT$179.48 (in dollars) and 0.959341032 newly issued ordinary share of the Company. The final share exchange ratio will be adjusted according to the share exchange contract of both parties. The total consideration is approximately NT$4.7 billion (cash consideration is approximately NT$2.6 billion and stock consideration is approximately NT$2.1 billion) if calculated based on the closing price on the latest day. After the share exchange is approved by relevant competent authority and the share exchange procedures are completed, and the effective date of the share exchange is temporarily set on July 1, 2024. After the share exchange is completed, Inpsytech will become a wholly-owned subsidiary of the Company.

C. On March 12, 2024, the Company proposed to increase its capital by issuing ordinary shares through private placement to cooperate with the operational development and strengthen the long-term relationships with strategic partners and the Company's competitiveness. The maximum number of shares to be issued is 10,000 thousand shares. The private placement will be processed four times within one year from the date of the resolution at the shareholders' meeting.

D. The liquidation of the Group's second-tier subsidiary, Alcor Micro Technology, Inc., was approved by the Board of Directors on January 2, 2024. Related procedures are still in process as of March 8, 2024.

E. The Group's subsidiary, AlgolTek, purchased the ordinary shares of Joint Power eXponent, Ltd. for a transaction price of $51,000 and obtained control over the entity to diversify its business and maximise operational performance.

Joint Power eXponent, Ltd., on January 23, 2024, passed a resolution through the board of directors to conduct a cash capital increase by issuing 3,750 thousand new shares with a par value of NT$5 per share, and an issuance premium of NT$8 per share, totaling $30,000. The base date for the capital increase is February 2, 2024. The Group's subsidiary, AlgolTek, subscribed to 3,198 thousand shares at a transaction price of $25,584.

F. The Group plans to convert the receivables from the associate, SCT Holdings Ltd, into equity investments, subscribing to 2,143 thousand shares at US$ 1.4 (in dollars) per share, with a total price of approximately US$ 3,000 thousand.

12. Others

(1) Capital management

The Group plans the fund requirements for future operating capital, research and development expenses, repayment of debt and dividends distribution based on the Group's characteristics of current operating industry and the Group's future development, taking into account changes in the external environment so as to safeguard the Group's ability to continue as a going concern, provide returns for shareholders as well as the benefit of other related parties and maintain an optimal capital structure to enhance shareholders' value in the long-term.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023		December 31, 2022	
Financial assets				
Financial assets at fair value through profit or loss (Note 1)	$	1,646,959	$	1,900,156
Financial assets at fair value through other comprehensive income (Note 2)	$	2,439,709	$	1,960,600
Financial assets at amortised cost				
Cash and cash equivalents	$	1,878,928	$	1,544,842
Financial assets at amortised cost (Note 3)		900,862		733,602
Accounts receivable (including related parties)		529,317		604,968
Other receivables (including related parties)		106,084		93,058
Guarantee deposits paid		31,039		54,435
	$	3,446,230	$	3,030,905
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	1,354,000	$	1,238,584
Accounts payable		363,350		243,915
Long-term borrowings (including current portion)		1,273,700		1,697,336
Other payables (including related parties)		1,026,080		697,657
Refund liabilities		58,036		89,376
Guarantee deposits received		829		724
	$	4,075,995	$	3,967,592
Lease liabilities	$	255,320	$	190,595

Note 1: Refers to financial assets mandatorily measured at fair value through profit or loss.

Note 2: Refers to investments in equity and debt instruments (including non-current).

Note 3: Refers to financial assets at amortised cost (including non-current).

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy is based on changes in the economic environment, competition conditions and market value, setting market risk management objectives, and seeking to reduce potential adverse effects on the Group's financial position and financial performance in order to achieve optimal risk positions, maintain appropriate liquidity positions and centrally manage all market risks.

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

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C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: NTD, RMB, KRW and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NT$)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 59,579	30.71	$ 1,829,671	1%	$ 18,297
Non-monetary items					
USD:NTD	30,779	30.71	945,208		
SEK:NTD	6,252	3.04	19,005		
Effect from net assets of consolidated entities measured at foreign currency					
USD:NTD	2,299	30.71	70,610		
RMB:NTD	9,510	4.33	41,180		
KRW:NTD	1,331,400	0.02	26,628		
RMB:USD	737	7.10	3,849		
Financial liabilities					
Monetary items					
USD:NTD	22,901	30.71	703,290	1%	7,033

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NT$)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 50,104	30.71	$ 1,538,694	1%	$ 15,387
Non-monetary items					
USD:NTD	31,422	30.71	964,965		
SEK:NTD	22,718	2.94	66,792		
Effect from net assets of consolidated entities measured at foreign currency					
USD:NTD	4,800	30.71	147,396		
RMB:USD	11,487	6.97	50,634		
KRW:NTD	1,358,550	0.02	27,171		
Financial liabilities					
Monetary items					
USD:NTD	16,705	30.71	513,011	1%	5,130

The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $8,904 and $125,650, respectively.

Price risk

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

ii. The Group’s investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. Additionally, the unlisted equity securities and convertible bonds were held for strategic investment, thus the Company did not actively transact such investments. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $65,878 and $76,006, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $97,588 and $78,424, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On December 31, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, loss, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $21,022 and $23,487, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

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

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain grade are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

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

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

(ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The default occurs when the contract payments are past due over 90 days.

vi. The Group classifies customer’s accounts receivable in consideration of credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

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

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

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

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

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

viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

ix. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, which was insignificant as of December 31, 2023 and 2022.

(c) Liquidity risk

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

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

	December 31, 2023	
	Less than a year	Over a year
Non-derivative financial liabilities:		
Short-term borrowings	$ 1,357,821	$ -
Accounts payable	363,350	-
Other payables (including related parties)	1,026,080	-
Lease liabilities	81,305	175,440
Long-term borrowings (including current portion)	507,078	840,079

	December 31, 2022	
	Less than a year	Over a year
Non-derivative financial liabilities:		
Short-term borrowings	$ 1,241,577	$ -
Accounts payable	243,915	-
Other payables (including related parties)	697,657	-
Lease liabilities	66,794	126,634
Long-term borrowings (including current portion)	457,466	1,342,489

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in principal guaranteed notes and bank debentures is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in certain beneficiary certificates, hybrid instrument, certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value:

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable, short-term borrowings, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

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

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 432,382	$ -	$ 273,258	$ 705,640
Equity instruments	477,426	-	205,384	682,810
Principal guaranteed notes	-	90,420	-	90,420
Convertible bonds	10,910	-	157,179	168,089
Financial assets at fair value through other comprehensive income				
Equity instruments	1,404,664	-	1,009,940	2,414,604
Debt instruments	25,105	-	-	25,105
	$ 2,350,487	$ 90,420	$ 1,645,761	$ 4,086,668

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 886,820	$ -	$ 134,936	$ 1,021,756
Equity instruments	409,247	-	171,431	580,678
Principal guaranteed notes	-	120,249	-	120,249
Convertible bonds	-	-	177,473	177,473
Financial assets at fair value through other comprehensive income				
Equity instruments	975,273	-	958,628	1,933,901
Debt instruments	26,699	-	-	26,699
	$ 2,298,039	$ 120,249	$ 1,442,468	$ 3,860,756

D. The methods and assumptions the Group used to measure fair value are as follows:

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

	Stocks	Closed-end fund	Open-end fund	Corporate bond
Market quoted price	Closing price	Closing price	Net asset value	Ex-dividend quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

(c) If one or more of the significant inputs are not obtained based on observable market data, the financial instruments are included in level 3.

E. The fair value of the Group's principal guaranteed notes and bank debentures is included in Level 2.

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

G. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Non-derivative instrument	Non-derivative instrument
At January 1	$ 1,442,468	$ 877,953
Business combinations	-	579,420
Gains recognised in profit or loss	104,904	9,034
Gains (losses) recognised in other comprehensive income	126,861	(126,658)
Acquired during the year	194,974	447,229
Disposed during the year	(94,579)	(349,404)
Proceeds from capital reduction	(40,663)	-
Transfers out from level 3	(90,969)	-
Effect of exchange rate changes	-	4,894
Others	2,765	-
At December 31	$ 1,645,761	$ 1,442,468

H. The Group had obtained sufficient observable market information for certain financial assets at fair value through other comprehensive income for the year ended December 31, 2023. Therefore, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

I. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 451,668	Market comparable companies	Price to book ratio multiple	1.85-27.70	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow/Option pricing model	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
〃	298,015	Most recent non-active market price	Not applicable	Not applicable	Not applicable
〃	86,074	Discounted cash flow	Discount for lack of marketability	15%~29.82%	The higher the discount for lack of control, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
Venture capital shares	379,567	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Beneficiary Certificate	273,258	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	157,179	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 667,614	Market comparable companies	Price to book ratio multiple	1.64-23.21	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow/Option pricing model	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
〃	74,223	Most recent non-active market price	Not applicable	Not applicable	Not applicable
〃	81,457	Discounted cash flow	Discount for lack of marketability	15%~30.43%	The higher the discount for lack of control, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
Venture capital shares	306,765	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Beneficiary Certificate	134,936	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	177,473	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ 2,054	($ 2,054)	$ 4,394	($ 4,394)
Equity instrument	Discount for lack of marketability	±1%	-	-	332	(333)
Equity instrument	Discount for lack of control	±1%	-	-	407	(408)
Debt instrument	Discount for lack of marketability	±1%	1,572	(1,572)	-	-

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ 1,714	($ 1,714)	$ 4,962	($ 4,962)
Equity instrument	Discount for lack of marketability	±1%	-	-	319	(317)
Equity instrument	Discount for lack of control	±1%	-	-	386	(384)
Debt instrument	Discount for lack of marketability	±1%	1,775	(1,775)	-	-

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Refer to table 2.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

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

J. Significant inter-company transactions during the reporting period: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1)10.

(4) Major shareholders information

Refer to table 6.

14. Segment Information

(1) General information

The Group has two reportable operating segments: Egis and its subsidiaries are primarily engaged in the research, development, design and sales of biometric application software and hardware; and Alcor and its subsidiaries are primarily engaged in the research, development, design and sales of USB control chip. The chief operating decision-maker of the Group uses overall operating results as the basis of performance assessment and identified that the Group has two reportable operating segments.

Year ended December 31, 2023	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	$ 1,868,552	$ 1,980,043	$ 3,848,595
Segment loss	($ 803,440)	($ 279,996)	($ 1,083,436)

Year ended December 31, 2022	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	$ 2,507,354	$ 781,946	$ 3,289,300
Segment loss	($ 889,636)	($ 41,431)	($ 931,067)

(2) Measurement of segment information

A. Segment income (loss) of the Group is measured using the pre-tax operating margin and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of significant accounting policies and the critical accounting estimates and assumptions described in Notes 4 and 5.

B. The revenue (excluding revenue from transactions of other operating segments in the entities), income (loss) and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

C. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

(3) Information on products and services

Revenue from external customers arise mainly from the design and sales of integrated circuits related products.

(4) Geographical information

A. Refer to Note 6(20) for geographical information about operating revenue for the years ended December 31, 2023 and 2022. Information of non-current assets is as follows:

	Year ended December 31, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Taiwan	$ 679,314	$ 1,214,149	$ 1,893,463
Asia	4,123	334	4,457
	$ 683,437	$ 1,214,483	$ 1,897,920

	Years ended December 31, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Taiwan	$ 610,294	$ 484,275	$ 1,094,569
Asia	4,653	21,393	26,046
	$ 614,947	$ 505,668	$ 1,120,615

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and other non-current assets (excluding financial instruments and deferred income tax assets).

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

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Percentage of total sales revenue	Revenue	Percentage of total sales revenue
Customer A	$ 563,624	15%	$ 795,414	24%
Customer B	395,501	10%	605,287	18%
Customer C	387,540	10%	128,587	4%
Customer D	339,532	9%	441,611	13%
Customer E	212,236	6%	437,883	13%

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EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
EGIS TECHNOLOGY INC.	Stock	Gingy Technology Inc.	None	Note 4	33	$ 55	0.45%	$ 55	
〃	〃	Integrated Digital Technologies, Inc.	〃	〃	4,000	-	13.96%	-	
〃	〃	AIStorm, Inc.	〃	〃	5,211	116,581	19.45%	116,581	
〃	〃	MEMS DRIVE INC.	〃	〃	188	747	2.87%	747	
〃	〃	ION ELECTRONIC MATERIALS CO., LTD.	〃	〃	684	79,937	2.03%	79,937	
〃	〃	Astrogate Inc.	〃	〃	1,000	311	15.63%	311	
〃	〃	Calumino Pty Ltd.	〃	〃	1,011	-	2.76%	-	
〃	〃	Gallopwave Inc.	〃	〃	3,125	18,897	4.06%	18,897	
〃	〃	xMEMS Labs, Inc.,	〃	〃	1,003	8,340	0.84%	8,340	
〃	〃	Attopsemi Technology Co., Ltd.	〃	〃	500	136,195	4.43%	136,195	
〃	〃	CyteSi, Inc.,	〃	〃	163	4,681	1.40%	4,681	
〃	〃	Silicon Optronics, Inc.	〃	〃	12,641	1,301,998	16.11%	1,301,998	
〃	〃	Augentix Inc.	〃	〃	1,050	89,250	4.28%	89,250	
〃	Bonds	SOFTBK 4 07/06/26 (XS2361252971)	〃	〃	-	5,605	-	5,605	
〃	Stock	BE Epitaxy Semiconductor Technology Co., Ltd.	〃	Note 2	5,153	90,039	7.56%	90,039	
〃	Beneficiary certificates	Dian-Te Gas Investment LP	〃	〃	-	80,040	67.32%	80,040	
〃	Stock	Airoha Technology Corp.	〃	〃	560	323,120	0.34%	323,120	
〃	〃	JET OPTOELECTRONICS CO., LTD.	〃	〃	2,824	149,846	4.71%	149,846	
〃	〃	Precise Biometrics AB	〃	Note 4	5,609	19,005	7.15%	19,005	
〃	Funds	Vertex Growth (SG) LP	〃	Note 2	-	44,583	-	44,583	
〃	〃	Vertex Growth Ⅱ (SG) LP	〃	〃	-	14,756	-	14,756	
〃	〃	Vertex Venture (SG) SEA IV LP	〃	〃	-	8,760	-	8,760	
〃	Beneficiary certificates	JAFCO Taiwan II Venture Capital Limited Partnership	〃	〃	-	2,611	-	2,611	
〃	Stock	Sirius Wireless Pte. Ltd.	〃	〃	14,187	104,545	10.11%	104,545	
〃	Convertible bonds	Netlink Communication Inc. Convertible bonds	〃	〃	-	157,179	-	157,179	
〃	Stock	Gear Radio Limited	〃	Note 4	1,733	34,317	4.03%	34,317	
〃	〃	Metanoia Communications Inc.	〃	〃	1,875	30,000	1.55%	30,000	
〃	Beneficiary certificates	Megawood Capital	〃	Note 2	-	22,500	14.46%	22,500	
〃	〃	Linkou Golf Club	〃	〃	-	10,800	0.10%	10,800	
Alcor Micro, Corp.	Funds	PGIM Return Fund	〃	Note 1	631	10,015	-	10,015	
〃	〃	Cathay US Premium Bond Fund	〃	〃	300	3,120	-	3,120	
〃	〃	Yuanta 2-10 Year Investment Grade Corporate Bond	〃	〃	606	6,254	-	6,254	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Alcor Micro, Corp.	Funds	Nomura Global Financial Bond Fund	None	Note 1	509	$ 5,191	-	$ 5,191	
〃	〃	Cathay 4-Year Maturity Developed Market Investment Grade Bond Fund	〃	〃	3,000	31,318	-	31,318	
〃	〃	Allianz Global Investors US Short Duration High Income Bond Fund	〃	〃	941	10,180	-	10,180	
〃	〃	Franklin Templeton SinoAm Global High Yield Bond Fund	〃	〃	884	10,657	-	10,657	
〃	〃	PGIM USD High Yield Bond Fund	〃	〃	1,564	15,599	-	15,599	
〃	〃	CTBC ESG Financial Multi-Asset Fund	〃	〃	1,000	10,759	-	10,759	
〃	〃	CTBC Growth Opportunities Multi-Asset Fund	〃	〃	1,000	10,155	-	10,155	
〃	〃	PineBridge Rate Response Multi-Asset Fund	〃	〃	1,500	15,567	-	15,567	
〃	〃	PineBridge Rate Response Multi-Asset Fund	〃	〃	1,500	15,122	-	15,122	
〃	〃	TCB GAMMA Quantitative Multi-Asset Fund	〃	〃	2,151	40,989	-	40,989	
〃	〃	PGIM Aggressive Growth ETF Fund of Funds	〃	〃	397	5,307	-	5,307	
〃	〃	Nomura Global Infrastructure Megatrend Fund USD	〃	〃	489	4,971	-	4,971	
〃	〃	PGIM Global New Supply Chain Fund-TWD(A)	〃	〃	200	1,762	-	1,762	
〃	〃	Yuanta Japan Leaders Equity Fund	〃	〃	500	5,000	-	5,000	
〃	Principal protected note	President Securities Corporation Principal Guaranteed Note NO.75	〃	〃	-	30,351	-	30,351	
〃	〃	President Securities Corporation Principal Guaranteed Note NO.2879	〃	〃	-	30,039	-	30,039	
〃	〃	President Securities Corporation Principal Guaranteed Note NO.2889	〃	〃	-	30,030	-	30,030	
〃	Convertible bonds	Topco Scientific CO., LTD. Convertible bonds	〃	〃	100	10,910	-	10,910	
〃	Stock	Foxtron Vehicle Technologies Co., Ltd.	〃	〃	100	4,460	0.01%	4,460	
〃	〃	Shin Kong Financial Holding Co.,Ltd. Preferred Shares A	〃	Note 3	130	3,724	0.17%	3,724	
〃	〃	HUA VI VENTURE CAPITAL CORPORATION	〃	Note 4	11	2,649	2.11%	2,649	
〃	〃	WK Venture Capital XI	〃	〃	11,996	299,339	15.38%	299,339	
〃	〃	WK Technology Fund IX II Ltd.	〃	〃	5,000	49,898	4.45%	49,898	
〃	〃	Sirius Wireless PTE. LTD	〃	〃	4,167	30,705	2.97%	30,705	
〃	〃	FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	〃	〃	780	27,681	5.80%	27,681	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Alcor Micro, Corp.	Stock	Koodata Inc. Common Stock	None	Note 4	2,375	$ 13,576	14.33%	$ 13,576	
〃	〃	Koodata Inc. Preferred Stock	〃	〃	10,088	72,498	14.33%	72,498	
〃	〃	Helios Bioelectronics Inc.	〃	〃	14,300	60,000	10.49%	60,000	
〃	Bonds	AT&T Inc.	〃	Note 3	-	2,287	-	2,287	
〃	Beneficiary certificates	Fuyou Venture Capital Co., Ltd	〃	Note 2	-	25,103	-	25,103	
Alcorlink Corp.	Funds	Fuh Hwa Fund	〃	Note 1	2,896	33,916	-	33,916	
〃	Bonds	STANDARD CHARTERED PLC.	〃	Note 5	-	27,017	-	27,545	
〃	〃	ORCL 4 07/15/46	〃	Note 6	-	8,923	-	8,962	
Syncomm Technology Corp.	Funds	PGIM Money Market Fund	〃	Note 1	4,126	67,088	-	67,088	
〃	〃	Mega Diamond Money Market Fund	〃	〃	3,203	41,315	-	41,315	
〃	〃	JIH SUN MONEY MARKET FUND	〃	〃	2,675	40,801	-	40,801	
〃	〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	1,574	20,287	-	20,287	
〃	〃	Taishin Ta-Chong Money Market Fund	〃	〃	690	10,074	-	10,074	
AoglTek, Inc.	〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	〃	1,068	8,559	-	8,559	
〃	〃	Nomura Global Financial Bond Fund	〃	〃	1,921	18,753	-	18,753	
〃	Bonds	United States Treasury securities	〃	Note 6	-	6,099	-	6,067	
Chun-Feng Investment Limited	Funds	Allianz Global Investors Taiwan Money Market	〃	Note 1	2,565	33,054	-	33,054	
〃	〃	Allianz Global Investors US Short Duration High Income Bond Fund	〃	〃	951	10,293	-	10,293	
〃	〃	PGIM USD High Yield Bond Fund	〃	〃	509	5,075	-	5,075	
〃	〃	Eastspring Investments Optm Inc FoFsAUSD	〃	〃	893	10,799	-	10,799	
〃	〃	PGIM Aggressive Growth ETF Fund of Funds	〃	〃	397	5,307	-	5,307	
Alcor Micro Technology, Inc.	Stock	NGD Systems Inc.	〃	Note 4	8,705	14,220	3.45%	14,220	
Alcor Micro Technology, (H.K.) Limited	Bonds	HP Inc.	〃	Note 3	-	2,504	-	2,504	
〃	〃	Power Finance Corp. Ltd.	〃	〃	-	5,878	-	5,878	
〃	〃	TSMC Arizona Corp.	〃	〃	-	5,951	-	5,951	
〃	〃	AT&T Inc.5.35% Global Notes due 2066 (TBB)	〃	〃	4	2,880	-	2,880	

Note 1: Current financial assets at fair value through profit or loss.
Note 2: Non-current financial assets at fair value through profit or loss.
Note 3: Current financial assets at fair value through other comprehensive income.
Note 4: Non-current financial assets at fair value through other comprehensive income.
Note 5: Current financial assets at amortised cost.
Note 6: Non-current financial assets at amortised cost.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Notes 2 and 6)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023 (Note 5)	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain on disposal	Number of shares (in thousands)	Amount
Alcor Micro, Corp.	Alcorlink Corp.	Investments accounted using equity method	AlgolTek, Inc.	An associate of the Company	14,640,133	$ 311,058	-	$ -	(14,640,133)	$ 347,645	($ 285,033)	$ -	-	$ -
〃	AlgolTek, Inc.	〃	〃	〃	5,256,631	220,205	14,040,710	621,866	(5,256,631)	274,221	(215,500)	58,848	14,040,710	553,533
〃	StarRiver Semiconductor Corp.	〃	The individual shareholders of StarRiver Semiconductor Corp.	Non-related party	-	-	3,056,580	715,240	-	-	-	-	3,056,580	721,653

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: It included profit or loss accounted for using equity method.

Note 6: AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. After the transaction date, AlgolTek was changed to the Company's subsidiary from an associate.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Egis Technology Korea Inc.	Egis Technology Inc.	2	Service revenue (Note 6)	$ 42,719	Transaction prices and terms were similar to non-related party	1.11%
2	Alcor Micro, Corp.	Alcor Micro Technology (H.K.) Limited	3	Sales revenue (Note 6)	90,955		2.36%
3	Alcor Micro Tech. (ShenZhen) Ltd.	"	3	Service revenue (Note 6)	42,543		1.11%

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transaction amount less than 1% of total assets or consolidated income will not be disclosed.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 4

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	$ 109,279	$ 109,279	7,680,000	100.00%	$ 1,103	$ 340	$ 340	
〃	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20,000	100.00%	26,628	193	193	
〃	OceanX Inc.	Taiwan	Holding company	1,880	1,880	167,000	100.00%	2,113	(52)	(52)	
〃	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	140,000	14,000,000	86.93%	6,391	(10,044)	1,398	
〃	Alcor Micro, Corp.	Taiwan	Technology development	707,000	707,000	20,000,000	20.49%	688,898	(250,778)	(27,512)	
〃	VASUBI Technology Inc.	Taiwan	Technology development	40,000	40,000	4,000,000	100.00%	(928)	(22,981)	(22,981)	
〃	NUI Technology Inc.	Taiwan	Technology development	90,000	90,000	9,000,000	100.00%	43,891	(30,529)	(30,529)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Taurus Wireless Inc.	Taiwan	Technology development	$ 50,000	$ 10,000	5,000,000	100.00%	$ 8,245	($ 33,902)	($ 33,902)	
〃	Transducer Star Technology Inc.	Taiwan	Technology development	31,900	-	2,780,000	90.26%	18,064	(15,438)	(12,922)	
〃	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	40,000	-	404,176	7.27%	94,685	24,536	108	Note 3
〃	Vitrio Technology Corporation	Taiwan	Technology development	-	4,970	-	-	-	-	-	
〃	iCatch Technology Inc.	Taiwan	Technology development	1,189,600	1,189,600	18,000,000	18.84%	1,086,047	(128,996)	(86,749)	
〃	SCT Holdings Ltd.	Cayman Islands	Design, development and sales of IC	371,380	371,380	6,403,545	19.51%	278,719	(368,157)	(61,445)	
〃	Egis Innovation Fund G.P., Ltd.	Taiwan	General investment business	-	7,500	-	0.00%	-	(32)	(16)	
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Cayman Islands	Investment holding company	932,166	850,378	30,613,000	100.00%	70,610	(87,780)	(87,780)	
〃	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	73,782	73,782	14,040,710	31.44%	553,533	(240,407)	(61,422)	
〃	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	197,097	133,578	10,887,288	25.99%	176,381	(22,507)	(5,911)	
〃	Alcorlink Corp.	Taiwan	Development, design and sales of IC	-	259,214	-	-	-	(85,647)	(30,702)	
〃	Chun-Feng Investment Limited	Taiwan	General investment business	90,000	90,000	9,000,000	100.00%	114,977	4,539	(302)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
Alcor Micro, Corp.	ENE Technology Inc.	Taiwan	Development, design and sales of IC	$ 252,800	252,800	8,000,000	17.67%	$ 266,194	$ 66,676	$ 6,578	
〃	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	715,239	-	3,056,580	55.00%	721,653	24,536	6,413	Note 3
Chun-Feng Investment Limited	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	5,814	5,814	179,353	0.40%	8,488	(240,407)	(883)	
〃	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	30,878	17,943	2,217,159	5.29%	32,149	(22,507)	(1,202)	
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Hong Kong	Management and sales of electronic products	633,056	520,107	20,790,000	100.00%	48,447	(40,583)	(40,583)	
AlgolTek, Inc.	Terawins, INC.	Taiwan	Development, design and sales of IC	48,239	-	5,359,923	17.65%	23,496	(116,954)	(16,822)	
〃	Alcorlink Corp.	Taiwan	Development, design and sales of IC	728,188	-	2,057,029	100.00%	276,149	(88,887)	(27,427)	Note 4
Alcorlink Corp.	Egis Vision Inc.	Taiwan	Development, design and sales of IC	60,000	-	6,000,000	80.00%	25,295	(48,796)	(42,009)	Note 5

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: On October 24, 2023, the Group's subsidiary- Alcor Micro, Corp.'s Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT$234 (in dollars) per share totalling $715,239. After the transaction, combinig with the 404 thousand shares which held by the parent company originally, the Group held totally 62.27% equity interest.

Note 4: The initial investment amount of AlgolTek in Alcorlink was determined based on the number of AlgolTek's issued common stocks and the latest closing price at the effective date of the merger.

Note 5: Alcorlink’s initial investment amount in Egis Vision was $1,000. The Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its “Image Product Business Department” to Egis Vision. The spin-off effective date was set on July 1, 2023. The business value of the spin-off was $59,000, and 1 newly issued ordinary share of Egis Vision was exchanged for NT$10 (in dollars) per share, increasing the initial investment amount by $59,000.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	$ 55,521	Note 2	$ 61,410	$ -	$ -	$ 61,410	($ 9,484)	100%	($ 9,484)	$ 41,180	$ -	Note 3
Alcor Micro Tech., (ShenZhen) Ltd.	After sales service and collection of business intelligence	56,960	Note 1	56,960	-	-	56,960	(47,120)	100%	(47,120)	3,849	-	〃
ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	Note 6	Note 2	9,047	2,284	31	11,300	(683)	100%	(683)	-	31	Note 3 and Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Egis Technology Inc.	$ 61,410	$ 61,410	$ 5,160,392
Alcor Micro, Corp.	56,960	56,960	5,160,392
ENE Technology Inc. (ENE)	11,300	11,300	5,160,392

Note 1: Reinvested in Mainland China company through Alcor Micro Technology, Inc. in the third area.

Note 2: Directly invest in a company in Mainland China.

Note 3: Investment income (loss) was recognised based on the financial reports that were audited by CPA.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA is 60% of higher of the consolidated net assets or net assets of each company.

Note 6: The Group sold all equity interest of the subsidiary, ENE Touch and the paid-in capital is $0 with the effective date set on April 20, 2023. In July 2023, the Group has submitted the application regarding the change in investment amounts to MOEA.

Note 7: Investment income (loss) was recognised based on the financial reports that were not audited by CPA with the effective date.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Sen-Chou Lo	9,006,262	12.12%