CREATIVE SENSOR 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.

Creative Sensor Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Representative: Ko Ikujin

March 5, 2024

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

Opinion

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

In our opinion, based on our audits and the reports of the other auditors (please 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 Engagement 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. Based on our audits and the reports of other auditors, We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 outlined as follows:

Impairment assessment of investments accounted for using equity method

Description

refer to Note 4(14) for accounting policy on investments of associates accounted for using equity method, Note 5 for the details of accounting estimates and assumption uncertainty on impairment assessment of investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

The Group determines value-in-use to measure recoverable amount and assessed the impairment of its investment, Teco Image Systems Co., Ltd. (hereinafter referred to as "Teco Image Systems"), accounted for using equity method. Since the calculation of value-in-use involves the estimation of future cash flows and discount rate, there is high uncertainty in relation to the assumptions, and the estimated outcome has a significant effect in the determination of value-in-use, we identified the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures in estimating future cash flows, and confirmed whether the future cash flows used in the valuation model was in agreement with the Teco Image Systems's operational plan.
2. Compared the estimated revenue growth rate, gross rate and operating expense rate used in assessing value-in-use with the historical data and other independent sources of economic and industry forecasts.
3. Compared the discount rate used in assessing value-in-use with the capital cost of cash generating units and similar return on assets.
4. Checked the calculation accuracy of the valuation model.

Other matter – Reference to the audits of the other auditors

We did not audit financial statements of certain investments accounted for using the equity method 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$234,515 thousand and NT$216,815 thousand, constituting 3.25% and 3.38% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT$24,103 thousand and NT$16,236 thousand, constituting 1.59% and 30.46% of the consolidated total comprehensive income 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 Creative Sensor Inc. as at and for the years 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 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 judgement and professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Lin Po-Chuan

Lin, Po-Chuan

Lin, Chun-Yao

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 5, 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.

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

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,471,963	34	$ 1,692,222	26
1110	Financial assets at fair value through profit or loss - current	6(2)	30,718	-	5,392	-
1136	Financial assets at amortized cost - current, net	6(3)	191,119	3	268,963	4
1170	Accounts receivable, net	6(4)	336,833	5	602,419	10
1200	Other receivables		5,280	-	6,697	-
1210	Other receivables - related parties, net	7	47	-	-	-
130X	Inventories, net	6(5)	346,477	5	369,312	6
1479	Other current assets		27,987	-	22,624	-
11XX	**Total current assets**		3,410,424	47	2,967,629	46
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8	2,666,197	37	2,305,527	36
1550	Investments accounted for using the equity method	6(7)	917,076	13	854,702	13
1600	Property, plant and equipment, net	6(8)	150,450	2	190,114	3
1755	Right-of-use assets	6(9)	38,940	1	53,262	1
1780	Intangible assets		6,169	-	6,561	-
1840	Deferred income tax assets	6(24)	6,058	-	8,052	-
1990	Other non-current assets	6(13)	26,398	-	28,399	1
15XX	**Total non-current assets**		3,811,288	53	3,446,617	54
1XXX	**Total assets**		$ 7,221,712	100	$ 6,414,246	100

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CREATIVE SENSOR 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	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 1,300,000	18	$ 1,350,000	21
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	746	-
2170	Accounts payable		404,393	6	745,841	12
2180	Accounts payable - related parties	7	-	-	1,665	-
2200	Other payables	6(12) and 7	238,579	3	283,410	5
2230	Income tax payable		40,364	-	68,189	1
2280	Current lease liabilities		4,048	-	12,243	-
2300	Other current liabilities		6,082	-	9,153	-
21XX	**Total current liabilities**		1,993,466	27	2,471,247	39
	Non-current liabilities					
2570	Deferred income tax liabilities	6(24)	65,006	1	60,381	1
2580	Non-current lease liabilities		-	-	4,854	-
25XX	**Total non-current liabilities**		65,006	1	65,235	1
2XXX	**Total liabilities**		2,058,472	28	2,536,482	40
	Equity attributable to owners of parent					
	Share capital	6(15)				
3110	Common stock		1,490,550	21	1,490,550	23
	Capital surplus	6(16)				
3200	Capital surplus		984,201	13	974,247	15
	Retained earnings	6(17)				
3310	Legal reserve		571,311	8	532,516	8
3350	Unappropriated retained earnings		1,330,863	18	1,069,983	17
	Other equity interest	6(18)				
3400	Other equity interest		966,061	14	33,949	-
3500	Treasury shares	6(15)	(179,746)	(2)	(223,481)	(3)
3XXX	**Total equity**		5,163,240	72	3,877,764	60
	Significant subsequent events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 7,221,712	100	$ 6,414,246	100

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Net revenue	6(19) and 7	$ 3,056,224	100	$ 4,256,952	100
5000	Cost of revenue	6(5)(23) and 7	(2,482,393)	(81)	(3,498,165)	(82)
5900	Gross profit		573,831	19	758,787	18
	Operating expenses	6(23) and 7				
6100	Selling expenses		(73,111)	(2)	(76,054)	(2)
6200	General and administrative expenses		(174,360)	(6)	(185,071)	(4)
6300	Research and development expenses		(89,169)	(3)	(84,385)	(2)
6000	Total operating expenses		(336,640)	(11)	(345,510)	(8)
6900	Income from operations		237,191	8	413,277	10
	Non-operating income and expenses					
7100	Interest income	6(20)	33,520	1	10,440	-
7010	Other income	6(21) and 7	132,999	4	146,249	3
7020	Other gains and losses	6(22)	(49,888)	(1)	(36,669)	(1)
7050	Finance costs	6(9)(10)	(21,968)	(1)	(19,370)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	(2,603)	-	3,853	-
7000	Total non-operating income and expenses		92,060	3	104,503	2
7900	**Profit before income tax**		329,251	11	517,780	12
7950	Income tax expense	6(24)	(82,461)	(3)	(158,098)	(4)
8200	**Net income**		$ 246,790	8	$ 359,682	8
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(13)	$ 4,399	-	$ 2,140	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	1,205,722	40	(301,503)	(7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	87,951	3	(23,987)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(880)	-	(428)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		1,297,192	43	(323,778)	(8)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(18)	(26,188)	(1)	20,960	1
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	2,028	-	(4,022)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(18)	(140)	-	466	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(24,300)	(1)	17,404	1
8300	**Other comprehensive income (loss) for the period**		$ 1,272,892	42	($ 306,374)	(7)
8500	**Total comprehensive income for the period**		$ 1,519,682	50	$ 53,308	1
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		$	2.18	$	3.22
9850	Diluted earnings per share		$	2.15	$	3.17

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

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

		Equity attributable to owners of the parent											
			Capital Reserves					Retained Earnings		Other Equity Interest			
	Notes	Capital stock - common stock	Additional paid-in capital	Treasury stock transactions	Changes in equity of associates and joint ventures accounted for using equity method	Employee share options	Options expired	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Year ended December 31, 2022													
Balance at January 1, 2022		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 497,319	$ 899,307	$ 51,234	$ 317,668	($ 259,556)	$ 3,970,769
Net income for the year		-	-	-	-	-	-	-	359,682	-	-	-	359,682
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	2,954	21,426	(330,754)	-	(306,374)
Total comprehensive income (loss)		-	-	-	-	-	-	-	362,636	21,426	(330,754)	-	53,308
Appropriations of 2021 earnings:	6(17)												
Legal reserve		-	-	-	-	-	-	35,197	(35,197)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(182,080)	-	-	-	(182,080)
Treasury shares reissued to employees	6(14)	-	-	-	-	-	-	-	-	-	-	36,075	36,075
Changes in equity of associates accounted for using equity method		-	-	-	-	-	-	-	6,056	-	(6,364)	-	(308)
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	-	19,261	-	(19,261)	-	-
Balance at December 31, 2022		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 532,516	$ 1,069,983	$ 72,660	($ 38,711)	($ 223,481)	$ 3,877,764
Year ended December 31, 2023													
Balance at January 1, 2023		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 532,516	$ 1,069,983	$ 72,660	($ 38,711)	($ 223,481)	$ 3,877,764
Net income for the year		-	-	-	-	-	-	-	246,790	-	-	-	246,790
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	3,321	(26,328)	1,295,899	-	1,272,892
Total comprehensive income (loss)		-	-	-	-	-	-	-	250,111	(26,328)	1,295,899	-	1,519,682
Appropriations of 2022 earnings:	6(17)												
Legal reseve		-	-	-	-	-	-	38,795	(38,795)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(268,493)	-	-	-	(268,493)
Share-based payment transactions	6(14)	-	-	-	-	9,347	-	-	-	-	-	-	9,347
Treasury shares transferred to employees	6(14)	-	-	9,297	-	(9,347)	50	-	-	-	-	43,735	43,735
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	-	-	607	-	-	-	33,610	-	(33,610)	-	607
Disposal of financial assets at fair value through other comprehensive income	6(6)(18)	-	-	-	-	-	-	-	284,447	-	(303,849)	-	(19,402)
Balance at December 31, 2023		$ 1,490,550	$ 970,251	$ 13,293	$ 607	$ -	$ 50	$ 571,311	$ 1,330,863	$ 46,332	$ 919,729	($ 179,746)	$ 5,163,240

CREATIVE SENSOR 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			
Profit before tax		$ 329,251	$ 517,780
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	59,861	74,169
Amortization	6(23)	13,331	17,272
Expected credit impairment (gain) loss	12(2)	(85)	52
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	56,184	12,116
Foreign currency evaluation of financial assets at fair value through other comprehensive income		79	(4,075)
Interest expense	6(9)(10)	21,968	19,370
Interest income	6(20)	(33,520)	(10,440)
Dividend income	6(6)(21)	(104,177)	(119,525)
Share-based payments	6(14)	9,347	-
Share of profit of associates and joint ventures accounted for using equity method	6(7)	2,603	(3,853)
Net gain on disposal of property, plant and equipment	6(22)	(180)	(6,126)
Impairment loss on financial assets	6(22)	-	70,000
Gain from lease modification	6(9)(22)	(16)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(82,256)	(14,790)
Accounts receivable		265,671	(157,102)
Other receivables		2,530	(1,490)
Other receivables - related parties		(47)	3,780
Inventories		16,739	167,296
Other current assets		(5,363)	12,470
Changes in operating liabilities			
Accounts payable		(333,931)	39,575
Accounts payable - related parties		(1,663)	(945)
Other payables		(44,357)	33,792
Other current liabilities		(3,071)	1,598
Cash inflow generated from operations		168,898	650,924
Interest received		31,649	8,754
Dividends received		127,618	133,222
Interest paid		(21,968)	(19,370)
Income tax paid		(125,740)	(76,188)
Income tax refund received		1,313	-
Net cash flows from operating activities		181,770	697,342

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CREATIVE SENSOR 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 amortized cost		$ -	($ 128,980)
Proceeds from disposal of financial assets at amortized cost		75,091	80,453
Acquisition of financial assets at fair value through other comprehensive income		(50,000)	(85,999)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	897,759	236,761
Acquisition of property, plant and equipment	6(26)	(11,983)	(24,609)
Proceeds from disposal of property, plant and equipment		180	11,618
Acquisition of intangible assets		(1,085)	(5,573)
Decrease(Increase) in refundable deposits		404	(403)
Increase in other non-current assets		(3,950)	(3,323)
Net cash flows from investing activities		906,416	79,945
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	-	350,000
Repayments of short-term borrowings	6(27)	(50,000)	(734,800)
Repayments of lease principal	6(27)	(12,005)	(11,996)
Payment of cash dividends	6(17)	(268,493)	(182,080)
Treasury shares sold to employees		43,735	36,075
Net cash flows used in financing activities		(286,763)	(542,801)
Effect of exchange rate		(21,682)	16,540
Net increase in cash and cash equivalents		779,741	251,026
Cash and cash equivalents at beginning of year		1,692,222	1,441,196
Cash and cash equivalents at end of year		$ 2,471,963	$ 1,692,222

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

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

1. HISTORY AND ORGANIZATION

Creative Sensor Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading of image sensor and its electronic components. Starting from May 17, 2005, the Company’s stock was officially listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were reported to the Board of Directors on February 29, 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, these consolidated financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets recognized 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 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 unrealized 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 noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022
Creative Sensor Inc.	Creative Sensor Inc.	Holding company	100	100
Creative Sensor Inc.	Creative Sensor (USA) Co.	Collection of marketing information and maintaining relationship with customers	100	100
Creative Sensor Inc.	Creative Sensor Co. Ltd.	Holding company	100	100
Creative Sensor Co., Ltd.	Wuxi Creative Sensor Technology Co., Ltd.	Research and development of image sensor	100	100
Creative Sensor Co., Ltd.	Nanchang Creative Sensor Technology Co., Ltd.	Manufacturing of image sensor	100	100

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

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

E. Significant restrictions on fund remittance from subsidiaries to the parent company: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized 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 recognized 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 recognized 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 recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

B. Translation of foreign operations

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

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

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

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

(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 realized, 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 realized 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 amortized 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 recognized and derecognized using settlement date accounting.

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

D. The Group recognizes 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 recognize 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 recognized and derecognized using settlement 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 recognized 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 recognized 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 recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortized cost

A. Financial assets at amortized 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 amortized cost are recognized and derecognized using trade date accounting.

C. 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) Accounts and notes receivable

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

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

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, including financial assets at amortized cost, debt instruments at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes 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 realizable value. The perpetual inventory system is adopted for inventory recognition. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(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 recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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 recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

F. For the reciprocal investments between the Company and another company, investment income or loss was recognized under equity method based on the amount prior to recognition of profit or loss.

(15) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

Buildings and structures	7 ~ 20 years
Machinery and equipment	1 ~ 10 years
Office equipment	1 ~ 5 years
Leasehold improvements	5 years
Other equipment	1 ~ 5 years

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

A. Leases are recognized 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 recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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; and

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

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

D. 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 recognized as an adjustment to the right-of-use asset.

(17) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Non-hedging and embedded derivatives

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

(24) 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized 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 recognized 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 defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized 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 recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized 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, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) 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.

(28) Revenue recognition

Sale of goods

A. The Group manufactures and sells image sensor and electronic components. Sales are recognized when control of the products has transferred, being when 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 either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The sales usually are made with a credit term of 30-75 days after monthly billing, which is consistent with market practice. As the time interval between the transfer of committed goods or service 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.

C. A receivable is recognized 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.

(29) Government grants

Government grants are recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortized to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(30) 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 is responsible for allocating resources and assessing performance of the operating segments.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Group’s share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 224	$ 135
Checking accounts and demand deposits	2,437,057	1,656,794
Time deposits	34,682	35,293
Total	$ 2,471,963	$ 1,692,222

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

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

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 30,718	$ 5,392

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

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 44,315	$ 13,808

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

C. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative instruments	December 31, 2023 Contract amount (notional principal) (In thousands)	December 31, 2023 Maturity date of the contract	December 31, 2022 Contract amount (notional principal) (In thousands)	December 31, 2022 Maturity date of the contract
Current items:				
Cross currency swap	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Cross currency swap	USD 2,000	2024.1.12	USD 2,000	2023.2.23
Cross currency swap	USD 2,000	2024.1.12	-	-
Cross currency swap	USD 2,000	2024.1.12	-	-
Cross currency swap	USD 1,000	2024.1.12	-	-
Cross currency swap	USD 5,000	2024.2.22	-	-
Cross currency swap	USD 1,000	2024.2.22	-	-
Cross currency swap	USD 2,000	2024.3.13	-	-
Cross currency swap	USD 1,000	2024.3.13	-	-
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.2.23
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.3.3
Forward exchange contracts	USD 4,000	2024.3.13	USD 2,000	2023.3.27
Forward exchange contracts	USD 2,000	2024.3.13	-	-

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	$ 191,107	$ 268,951
Special-purpose demand deposits	12	12
Total	$ 191,119	$ 268,963

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	$ 4,289	$ 4,201

B. 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 amortized cost held by the Group were $191,119 and $268,963, respectively.

C. The Group has no financial assets at amortized cost pledged to others.

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

E. The special-purpose demand deposits refer to the Group's certain self-owned capital deposited into the trust account which is restricted only for the purpose of equity investments.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 336,934	$ 602,605
Less: Loss allowance	(101)	(186)
	$ 336,833	$ 602,419

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 306,645	$ 592,273
Up to 30 days	30,289	9,945
31 to 90 days	-	387
	$ 336,934	$ 602,605

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 $445,369.

C. The Group does not hold any collateral as security.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $336,833 and $602,419, respectively.

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

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 125,804	($ 4,239)	$ 121,565
Work in progress	10,155	(10)	10,145
Finished goods	225,327	(10,560)	214,767
Total	$ 361,286	($ 14,809)	$ 346,477

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 203,438	($ 1,244)	$ 202,194
Work in progress	33,401	(250)	33,151
Finished goods	151,411	(17,444)	133,967
Total	$ 388,250	($ 18,938)	$ 369,312

A. The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2023	2022
Cost of goods sold	$ 2,488,568	$ 3,509,175
Assets retirement losses	-	1,478
(Gain on reversal of market value decline of inventories) inventory valuation loss (Note)	(4,129)	(9,660)
Others	(2,046)	(2,828)
Total	$ 2,482,393	$ 3,498,165

Note: The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold.

B. The Group has no inventories pledged to others.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Debt instruments		
Government bonds	$ 91,198	$ 90,519
Valuation adjustment	(1,994)	(4,022)
Subtotal	89,204	86,497
Equity instruments		
Listed stocks	1,570,780	2,164,690
Unlisted stocks	53,590	3,590
	1,624,370	2,168,280
Valuation adjustment	952,623	50,750
Subtotal	2,576,993	2,219,030
Total	$ 2,666,197	$ 2,305,527

A. The Group has elected to classify abovementioned government bonds and shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,666,197 and $2,305,527 as at December 31, 2023 and 2022, respectively.

B. In line with the Group's financial management plan, the Group sold $897,759 and $236,761 of equity instrument investments at fair value during the years ended December 31, 2023 and 2022, and the gain on disposal were $303,849 and $19,261, respectively.

C. Amounts recognized 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 recognized in other comprehensive income	$ 1,205,722	($ 301,503)
Cumulative gains reclassified to retained earnings due to derecognition	$ 303,849	$ 19,261
Dividend income recognized in profit or loss		
Held at end of period	$ 93,505	$ 112,188
Derecognised during the period	10,672	7,337
	$ 104,177	$ 119,525
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 2,028	($ 4,022)
Interest income recognized in profit or loss	$ 2,160	$ 1,164

D. As of 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 $89,204 and $86,497, respectively.

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

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
	Book value	Shareholding ratio	Book value	Shareholding ratio
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	$ 234,515	29.85%	$ 216,815	29.85%
Teco Image Systems Co., Ltd. (Teco Image)	682,561	29.69%	637,887	29.69%
	$ 917,076		$ 854,702	

	Years ended December 31,			
	2023		2022	
	Share of profit (loss) of associates accounted for using equity method, net	Other comprehensive income after tax	Share of profit of associates accounted for using equity method, net	Other comprehensive loss after tax
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	$ 10,893	$ 13,210	$ 7,924	$ 8,312
Teco Image Systems Co., Ltd. (Teco Image)	(13,496)	74,601	(4,071)	(31,833)
	($ 2,603)	$ 87,811	$ 3,853	($ 23,521)

A. The basic information of the associate that is material to the Group is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2023	December 31, 2022	Nature of relationship	Method of measurement
Teco Image Systems Co., Ltd.	Taiwan	29.69%	29.69%	Strategic investment	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Teco Image Systems Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	$ 911,534	$ 1,049,308
Non-current assets	2,237,142	1,969,234
Current liabilities	(537,450)	(835,424)
Non-current liabilities	(83,784)	(106,127)
Total net assets	$ 2,527,442	$ 2,076,991
Share in associate's net assets	$ 650,584	$ 605,910
Goodwill	31,977	31,977
Carrying amount of the associate	$ 682,561	$ 637,887

Statement of comprehensive income

	Years ended December 31,	
	2023	2022
Revenue	$ 1,196,672	$ 1,727,767
Profit for the period from continuing operations	$ 7,118	$ 64,384
Other comprehensive income (loss), net of tax	500,895	(164,173)
Total comprehensive income (loss)	$ 508,013	($ 99,789)
Dividends received from associates	$ 17,038	$ 13,697

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to $234,515 and $216,815, respectively.

	Years ended December 31,	
	2023	2022
Profit for the period from continuing operations	$ 10,893	$ 7,924
Other comprehensive income (loss), net of tax	13,210	8,312
Total comprehensive income (loss)	$ 24,103	$ 16,236

D. The Group's material associate, Teco Image, has quoted market prices. As of December 31, 2023 and 2022, the fair value was $569,606 and $559,584, respectively.

E. The Group is the single largest shareholder of Teco Image with a 29.69% equity interest. Taking into consideration the extent of other shareholders' participation in previous shareholders' meeting of Teco Image and the voting right record of significant proposals, which indicates that the Group has no current ability to direct the relevant activities of Teco Image, the Group has no control, but only has significant influence, over the investee.

F. In 2022, the Group recognized impairment loss of $70,000 on its investment in Teco Image as the asset's carrying amount exceeded its recoverable amount.

G. The Group has no investments accounted for using equity method pledged to others.

(8) Property, plant and equipment

	2023						
	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	$ 620,503	$ 962,030	$ 49,135	$ 31,062	$ 18,005	$ 7,943	$ 1,688,678
Accumulated depreciation and impairment	(513,076)	(904,496)	(42,379)	(24,514)	(14,099)	-	(1,498,564)
	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114
Opening net book value as at January 1	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114
Additions	-	1,579	623	-	1,083	6,805	10,090
Transfers	-	12,204	-	-	-	(12,204)	-
Depreciation	(16,486)	(25,505)	(2,190)	(1,844)	(1,163)	-	(47,188)
Net exchange differences	(1,594)	(755)	(21)	(85)	(60)	(51)	(2,566)
Closing net book value as at December 31	$ 89,347	$ 45,057	$ 5,168	$ 4,619	$ 3,766	$ 2,493	$ 150,450
At December 31							
Cost	$ 609,760	$ 956,905	$ 46,024	$ 29,012	$ 16,939	$ 2,493	$ 1,661,133
Accumulated depreciation and impairment	(520,413)	(911,848)	(40,856)	(24,393)	(13,173)	-	(1,510,683)
	$ 89,347	$ 45,057	$ 5,168	$ 4,619	$ 3,766	$ 2,493	$ 150,450

	2022						
	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	$ 610,996	$ 967,435	$ 48,181	$ 31,665	$ 14,371	$ 2,498	$ 1,675,146
Accumulated depreciation and impairment	(488,963)	(879,214)	(42,320)	(23,311)	(13,351)	-	(1,447,159)
	$ 122,033	$ 88,221	$ 5,861	$ 8,354	$ 1,020	$ 2,498	$ 227,987
Opening net book value as at January 1	$ 122,033	$ 88,221	$ 5,861	$ 8,354	$ 1,020	$ 2,498	$ 227,987
Additions	-	11,627	3,058	-	3,244	7,199	25,128
Transfers	-	1,406	-	-	346	(1,752)	-
Disposals	-	(5,492)	-	-	-	-	(5,492)
Depreciation	(16,650)	(39,710)	(2,196)	(1,953)	(695)	-	(61,204)
Net exchange differences	2,044	1,482	33	147	(9)	(2)	3,695
Closing net book value as at December 31	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114
At December 31							
Cost	$ 620,503	$ 962,030	$ 49,135	$ 31,062	$ 18,005	$ 7,943	$ 1,688,678
Accumulated depreciation and impairment	(513,076)	(904,496)	(42,379)	(24,514)	(14,099)	-	(1,498,564)
	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114

A. The aforementioned property, plant and equipment were all for its own use.

B. The Group has no property, plant and equipment pledged as a collateral or no interest was capitalized as part of property, plant and equipment.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land use right, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 50 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. Short-term leases with a lease term of 12 months or less comprise certain buildings and transportation equipment.

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

	Land use right	Buildings	Transportation equipment	Total
At January 1, 2023	$ 36,814	$ 15,623	$ 825	$ 53,262
Additions	-	90	-	90
Modification	-	(1,118)	-	(1,118)
Depreciation	(1,068)	(10,780)	(825)	(12,673)
Net exchange differences	(621)	-	-	(621)
At December 31, 2023	$ 35,125	$ 3,815	$ -	$ 38,940

	Land use right	Buildings	Transportation equipment	Total
At January 1, 2022	$ 37,304	$ 23,508	$ 1,649	$ 62,461
Additions	-	3,162	-	3,162
Depreciation	(1,079)	(11,062)	(824)	(12,965)
Net exchange differences	589	15	-	604
At December 31, 2022	$ 36,814	$ 15,623	$ 825	$ 53,262

D. The information on income and expense relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 246	$ 548
Expense on short-term lease contracts	72	72
Gain from lease modification	16	-

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was $12,323 and $12,616, respectively.

F. On June 29, 2007, the Group signed a land use right contract with Gaoxin branch of the Bureau of Land and Resources Bureau in Nanchang City, Jiangxi Province, People's Republic of China with a term of 50 years. All rentals had been paid on the contract date. The aforementioned amounts were recognized in right-of-use assets－land use right.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 550,000	1.7%~1.85%	None
Secured borrowings	750,000	1.7%~1.75%	Stock
	$ 1,300,000		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 600,000	1.68%～1.75%	None
Secured borrowings	750,000	1.30%～1.75%	Stock
	$ 1,350,000		

For the years ended December 31, 2023 and 2022, the Group's interest expense recognized in profit or loss amounted to $21,722 and $18,822 respectively.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	$ -	$ 746

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

	Years ended December 31,	
	2023	2022
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	($ 100,499)	($ 25,924)

B. The Group entered into contracts relating to derivative financial liabilities which were not accounted for under hedge accounting. The information is listed below:

	2023/12/31		2022/12/31	
Derivative instruments	Contract amount (notional principal) (In thousands)	Maturity date of the contract	Contract amount (notional principal) (In thousands)	Maturity date of the contract
Current items:				
Cross currency swap	-	-	USD 2,000	2023.2.14
Cross currency swap	-	-	USD 2,000	2023.2.14
Cross currency swap	-	-	USD 2,000	2023.2.23
Cross currency swap	-	-	USD 2,000	2023.3.3

	2023/12/31		2022/12/31	
Derivative instruments	Contract amount (notional principal) (In thousands)	Maturity date of the contract	Contract amount (notional principal) (In thousands)	Maturity date of the contract
Forward exchange contracts	-	-	USD 2,000	2023.2.23
Forward exchange contracts	-	-	USD 2,000	2023.3.3

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	December 31, 2023	December 31, 2022
Accrued employees' compensation and directors'remuneration	$ 37,528	$ 58,295
Royalties payable	52,191	52,191
Bonus payable	83,522	82,557
Wages and salaries payable	23,566	25,098
Service fees payable	7,053	7,422
Payables on equipment	3,047	4,940
Freight payable	1,448	3,263
Others	30,224	49,644
	$ 238,579	$ 283,410

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the 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 contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. In May 2022 and July 2023, the Department of Labor, Taipei City Government approved that the Company cease contributing to the retirement fund temporarily for 2023 and 2024, respectively.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 4,620	$ 8,826
Fair value of plan assets	(23,761)	(23,365)
Net defined benefit assets	($ 19,141)	($ 14,539)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2023			
Balance at January 1	$ 8,826	($ 23,365)	($ 14,539)
Interest expense (income)	124	(327)	(203)
	8,950	(23,692)	(14,742)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(69)	(69)
Change in financial assumptions	61	-	61
Experience adjustments	(4,391)	-	(4,391)
	(4,330)	(69)	(4,399)
Balance at December 31	$ 4,620	($ 23,761)	($ 19,141)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2022			
Balance at January 1	$ 9,278	($ 21,578)	($ 12,300)
Interest expense (income)	74	(173)	(99)
	9,352	(21,751)	(12,399)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,614)	(1,614)
Change in financial assumptions	(706)	-	(706)
Experience adjustments	180	-	180
	(526)	(1,614)	(2,140)
Balance at December 31	$ 8,826	($ 23,365)	($ 14,539)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 securitization products, etc.). With regard to the utilization 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 authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The percentage composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.40%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 151)	$ 157	$ 143	($ 138)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 276)	$ 286	$ 259	($ 251)

The sensitivity analysis above is based on one assumption that 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) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $0.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 14 years.

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

(b) The Company's mainland China subsidiaries, Nanchang Creative Sensor Technology Co., Ltd. and Wuxi Creative Sensor Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $28,870 and $20,944, respectively.

(14) Share-based payment

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

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury shares transferred to employees	2022/5/11	1,500,000	NA	Vested immediately
Treasury shares transferred to employees	2023/4/12	1,670,000	NA	Vested immediately

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

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

	Year ended December 31, 2023	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,670,000	$ 26.33
Options exercised	(1,661,000)	26.33
Options expired	(9,000)	26.33
Options outstanding at December 31	-	

	Year ended December 31, 2022	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,500,000	$ 28.86
Options exercised	(1,250,000)	28.86
Options expired	(250,000)	28.86
Options outstanding at December 31	-	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was $30.2 and $22.95, respectively.

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Treasury shares transferred to employees	2022/5/11	$ 21.30	$ 28.86	15.77% (Note 1)	0.08 years	0.59%	$ -
Treasury shares transferred to employees	2023/4/12	$ 31.90	$ 26.33	27.26% (Note 2)	0.08 years	1.09%	$ 5.5974

Note1: Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last three months before the given date.

Note2: Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last one month before the given date.

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

	Years ended December 31,	
	2023	2022
Equity-settled	$ 9,347	$ -

(15) Capital stock

A. As of December 31, 2023, the Company's authorized capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was $1,490,550, consisting of 149,055,000 shares of ordinary stock issued (including 22 million shares of private placement stock) 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 (unit: share) are as follows:

	2023	2022
At January 1	141,312,000	140,062,000
Employee stock options exercised	1,661,000	1,250,000
At December 31	142,973,000	141,312,000

B. To increase working capital and meet the capital needs for the Company's long-term development, the stockholders at their special stockholders' meeting on September 17, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 38,116,500 shares. The private placement will be raised twice within one year starting from the date that the special stockholders' meeting adopted the resolution. The Board of Directors resolved to raise $516,780 by issuing 22,000,000 shares of ordinary shares through private placement at an estimated subscription price of $23.49 (in dollars) per share on September 23, 2021. As of November 9, 2021, the private placement 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.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be transferred to employees	6,082,000	$ 179,746

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be transferred to employees	7,743,000	$ 223,481

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) The Board of Directors of the Company resolved to reissue 1,670,000 and 1,500,000 treasury shares to employees on April 12, 2023 and May 11, 2022, respectively. The actual treasury shares reissued amounted to 1,661,000 shares and 1,250,000 shares. Refer to Note 6(14).

D. The number of Company's shares held by the Company's associate - Teco Image Systems Co., Ltd. was 28,906,260 shares as of December 31, 2023.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized 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.

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.

(d) Set aside or reverse special reserve in accordance with related regulations.

(e) The appropriation of the amount of distributable earnings after deducting items from (a) to (d), along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company operates in a steady growth environment. Since the Company has plans for plant expansion and reinvestment, the current distributable earnings shall be appropriated as shareholders' bonus that account for 80% of the amount. Dividends to shareholders in the form of cash shall generally account for 50% but shall account for at least 5% of total dividends distributed.

B. 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.

C. 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.

D. Details of 2022 and 2021 earnings appropriations resolved by the stockholders on May 31, 2023 and June 10, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,795		$ 35,197	
Cash dividends	268,493	$ 1.9	182,080	$ 1.3
Total	$ 307,288		$ 217,277	

(18) Other equity items

	2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	($ 38,711)	$ 72,660	$ 33,949
Valuation adjustment:			
－Group	1,207,750	-	1,207,750
－Associates	88,149	-	88,149
Revaluation transferred to retained earnings:			
－Group	(303,849)	-	(303,849)
－Associates	(33,610)	-	(33,610)
Currency translation differences:			
－Group	-	(26,188)	(26,188)
－Associates	-	(140)	(140)
At December 31	$ 919,729	$ 46,332	$ 966,061

	2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 317,668	$ 51,234	$ 368,902
Valuation adjustment:			
－Group	(305,525)	-	(305,525)
－Associates	(25,229)	-	(25,229)
Valuation adjustment transferred to retained earnings:			
－Group	(19,261)	-	(19,261)
－Associates	(6,364)	-	(6,364)
Currency translation differences:			
－Group	-	20,960	20,960
－Associates	-	466	466
At December 31	($ 38,711)	$ 72,660	$ 33,949

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 3,056,224	$ 4,256,952

The Group derives revenue from the following major geographical regions:

Year ended ended December 31, 2023	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	$ 1,555,438	$ 354,690	$ 318,571	$ 827,525	$ 3,056,224

Year ended ended December 31, 2022	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	$ 1,996,444	$ 529,272	$ 476,111	$ 1,255,125	$ 4,256,952

The Group derives revenue from the transfer of goods and services at a point in time.

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 27,071	$ 5,075
Interest income from financial assets measured at amortized cost	4,289	4,201
Interest income from financial assets at fair value through other comprehensive income	2,160	1,164
	$ 33,520	$ 10,440

(21) Other income

	Years ended December 31,	
	2023	2022
Dividend income	$ 104,177	$ 119,525
Directors'and supervisors'remuneration	10,394	7,792
Rental revenue	3,005	3,014
Government grants	1,855	11,094
Other income	13,568	4,824
	$ 132,999	$ 146,249

(22) Other gains and losses

	Years ended December 31,	
	2023	2022
Losses on financial assets (liabilities) at fair value through profit or loss	($ 56,184)	($ 12,116)
Foreign exchange gains	16,316	55,544
Gains on disposal of property, plant and equipment	180	6,126
Gain from lease modification	16	-
Financial assets impairment loss	-	(70,000)
Other gains and losses	(10,216)	(16,223)
	($ 49,888)	($ 36,669)

Note : For impairment loss on investments accounted for using equity method, please refer to Note7(2)6.

(23) Employee benefit expense, depreciation and amortization

For the years ended December 31, 2023 and 2022, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 254,800	$ 172,298	$ 427,098
Labor and health insurance fees	20,272	9,554	29,826
Pension costs	18,023	10,644	28,667
Other personnel expenses	17,018	5,154	22,172
Depreciation	40,914	18,947	59,861
Amortization	10,622	2,709	13,331

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 336,442	$ 199,495	$ 535,937
Labor and health insurance fees	28,507	9,371	37,878
Pension costs	16,236	4,609	20,845
Other personnel expenses	23,173	6,465	29,638
Depreciation	54,049	20,120	74,169
Amortization	14,896	2,376	17,272

A. According to the Articles of Incorporation of the Company, the profit before deduction of employees' compensation and directors' and supervisors' remuneration and after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall account for 5%~15% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$28,146 and \$43,721, respectively; directors' remuneration were accrued at \$9,382 and \$14,574, respectively. The aforementioned amounts were recognized in salary expenses, and estimated based on the current profit.

The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with the amounts recorded in the 2022 financial statements of \$43,721 and \$14,574, respectively. Employees' compensation would be distributed in the form of cash.

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

(24) Income tax

A. Income tax expense

(a)Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Total current tax	$ 68,519	$ 107,928
Tax imposed on undistributed surplus earnings	4,033	6,734
Prior year income tax under estimation	4,236	2,542
Total current tax	76,788	117,204
Deferred tax:		
Origination and reversal of temporary differences	5,739	40,153
Effect of exchange rate	(66)	741
Total deferred tax	5,673	40,894
Income tax expense	$ 82,461	$ 158,098

(b) The income tax credit/(charge) relating to components of other comprehensive income is as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Remeasurement of defined benefit obligations	$ 880	$ 428

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 91,906	$ 152,453
Effect from items disallowed by tax regulations	(18,052)	(6,539)
Taxable loss not recognized as deferred tax assets	(38)	-
Effect from investment tax credits	(102)	(124)
Change in assessment of realization of deferred tax assets	478	3,032
Prior year income tax under estimation	4,236	2,542
Tax on undistributed surplus earnings	4,033	6,734
Income tax expense	$ 82,461	$ 158,098

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2023			
Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax assets:				
Unrealized gain on affiliates	$ -	$ 11	$ -	$ 11
Unrealized inventory valuation losses	4,647	(1,028)	-	3,619
Unrealized expenses	3,405	(977)	-	2,428
	8,052	(1,994)	-	6,058
—Deferred tax liabilities:				
Unrealized gain on affiliates	($ 52)	$ 52	$ -	$ -
Unrealized exchange gain	(4,098)	2,090	-	(2,008)
Gain on investments accounted for using equity method	(52,394)	(632)	-	(53,026)
Unrealized valuation gain on financial assets	(929)	(5,215)	-	(6,144)
Defined benefit plan	(2,908)	(40)	(880)	(3,828)
	(60,381)	(3,745)	(880)	(65,006)
	($ 52,329)	($ 5,739)	($ 880)	($ 58,948)

Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
	2022			
—Deferred tax assets:				
Unrealized gain on affiliates	$ 19	($ 19)	$ -	$ -
Unrealized inventory valuation losses	7,003	(2,356)	-	4,647
Unrealized expenses	2,778	627	-	3,405
Unrealized grant revenue	106	(106)	-	-
	9,906	(1,854)	-	8,052
—Deferred tax liabilities:				
Unrealized gain on affiliates	$ -	($ 52)	$ -	($ 52)
Unrealized exchange gain	(1,726)	(2,372)	-	(4,098)
Gain on investments accounted for using equity method	(17,074)	(35,320)	-	(52,394)
Unrealized valuation gain on financial assets	(394)	(535)	-	(929)
Defined benefit plan	(2,460)	(20)	(428)	(2,908)
	(21,654)	(38,299)	(428)	(60,381)
	($ 11,748)	($ 40,153)	($ 428)	($ 52,329)

D. The subsidiary of the Group, Wuxi Creative Sensor Technology Co., Ltd.’s expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
	December 31, 2023			
2019	$ 85,278	$ 18,202	$ 18,202	2024
2021	3,588	3,588	3,588	2026
	$ 88,866	$ 21,790	$ 21,790	

Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
	December 31, 2022			
2019	$ 86,137	$ 18,810	$ 18,810	2024
2021	3,624	3,624	3,624	2026
	$ 89,761	$ 22,434	$ 22,434	

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 246,790	113,407	$ 2.18
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 246,790	113,407	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,245	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 246,790	114,652	$ 2.15

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 359,682	111,858	$ 3.22
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 359,682	111,858	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,754	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 359,682	113,612	$ 3.17

The Company applies the equity method for the mutual shareholding of shares with Teco Image Systems Co., Ltd. and applies the treasury stock method for investments on Teco Image Systems Co., Ltd.. In calculating earnings per share, the Company recognizes Teco Image Systems Co., Ltd.'s shareholding as treasury shares which is a deduction from equity.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 10,090	$ 25,128
Add: Opening balance of payable on equipment	4,940	4,421
Less: Ending balance of payable on equipment	(3,047)	(4,940)
Cash paid during the period	$ 11,983	$ 24,609

(27) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 1,350,000	$ 17,097	$ 1,367,097
Changes in cash flow from financing activities	(50,000)	(12,005)	(62,005)
Increase in lease liabilities	-	90	90
Interest amortized in lease liabilities	-	(1,134)	(1,134)
Interest paid in lease liabilities	-	246	246
Impact of changes in foreign exchange rate	-	(246)	(246)
At December 31	$ 1,300,000	$ 4,048	$ 1,304,048

	2022		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 1,734,800	$ 25,920	$ 1,760,720
Changes in cash flow from financing activities	(384,800)	(11,996)	(396,796)
Increase in lease liabilities	-	3,162	3,162
Interest amortized in lease liabilities	-	548	548
Interest paid in lease liabilities	-	(548)	(548)
Impact of changes in foreign exchange rate	-	11	11
At December 31	$ 1,350,000	$ 17,097	$ 1,367,097

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Koryo Electronics Co., Ltd.	The Group's key management
Yuryo Co., Ltd.	Subsidiaries of The Group's key management
Teco Image Systems Co., Ltd.	Associate
Teco Image Systems (DongGuan) Co., Ltd.	Associate
Tien Da Investment Co., Ltd.	Associate

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
－The Group's key management	$ -	$ 2,193

Due to the different products sold, there is no relevant sales price for comparison, and the sales price of aforementioned related parties is determined based on the terms and conditions as negotiated with related parties. The credit term is 30 days after monthly billing upon shipment of goods, which is not significantly different from the terms to non-related parties.

B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods:		
－The Group's key management	$ 859	$ 5,157

Except that there is no similar type of transaction for reference, purchases from aforementioned related parties are based on the price lists in force and terms negotiated with related parties that would be available to third parties. The term is 60 days after monthly billing upon purchases.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Other accounts receivable:		
－Associates		
－Teco Image Systems Co., Ltd.	$ 47	$ -

Other receivables refer to payments on behalf of others.

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
－The Group's key management		
－Koryo Electronics	$ -	$ 1,665
Other payable:		
－Associate	397	-
	$ 397	$ 1,665

The payables bear no interest.

E. Consulting fees (scheduled selling expenses)

	Years ended December 31,	
	2023	2022
Subsidiaries of The Group's key management	$ 3,053	$ -

F. Outsourcing labor costs (Scheduled General and administrative and Research and development expenses)

	Years ended December 31,	
	2023	2022
Associates	$ 1,232	$ -

G. Other income

	Years ended December 31,	
	2023	2022
Associates	$ 110	$ -

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 45,530	$ 49,884
Share-based payments	2,127	-
	$ 47,657	$ 49,884

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
Non-current financial assets at fair value through other comprehensive income	$ 2,106,000	$ 1,239,750	Short-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUNT EVENTS AFTER THE BALANCE SHEET DATE

On February 29, 2024, the Board of Directors resolved to reduce capital and refund cash to shareholders in order to adjust the capital structure and increase the return on equity. The amount of capital reduced was set at $149,055, the number of shares eliminated was 14,905,500 shares, and the paid-in capital was $1,341,495 after the reduction. The proposal of capital reduction was submitted to the shareholders for approval, and the chairman was authorised to set another record date for the capital reduction while the capital reduction had been approved by the shareholders and the competent authority.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase treasury shares to optimize capital structure. The Group monitors capital on the basis of the gearing ratio or net worth per share. The former is calculated as net debt divided by total capital while the latter is calculated with total equity divided by number of shares. Total borrowings is net debt. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio steady.

The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Net debt	$ 1,300,000	$ 1,350,000
Total equity	$ 5,163,240	$ 3,877,764
Total capital	$ 6,463,240	$ 5,227,764
Gearing ratio	20%	26%

(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		
Financial assets mandatorily measured at fair value through profit or loss	$ 30,718	$ 5,392
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	2,576,993	2,219,030
Qualifying debt instrument	89,204	86,497
Financial assets at amortized cost		
Cash and cash equivalents	2,471,963	1,692,222
Accounts receivable	336,833	602,419
Other receivables (including related parties)	5,327	6,697
Guarantee deposits paid	1,681	2,085
Financial assets at amortized cost	191,119	268,963
	$ 5,703,838	$ 4,883,305

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	$ -	$ 746
Financial liabilities at amortized cost		
Short-term borrowings	1,300,000	1,350,000
Accounts payable (including related parties)	404,393	747,506
Other payables	238,579	283,410
	$ 1,942,972	$ 2,381,662
Lease liability (including current and non-current portion)	$ 4,048	$ 17,097

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Group treasury) in accordance with internal plans or 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 as well as acquisition and disposal of assets.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use cross currency swap and forward foreign exchange contracts, transacted with Group treasury.

iii. The Group hedges foreign exchange rate by using forward exchange contracts and cross currency swap. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(11).

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

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 43,557	30.71	$ 1,337,635	1%	$ 13,376	$ -
RMB：NTD	300	4.34	1,302	1%	13	-
USD：RMB	32,940	7.08	1,011,587	1%	10,116	-
Financial						
Monetary items						
USD：NTD	$ 15,470	30.71	$ 475,084	1%	$ 4,751	$ -
USD：RMB	12,160	7.08	373,434	1%	3,734	-

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 53,451	30.73	$ 1,642,549	1%	$ 16,425	$ -
RMB：NTD	300	4.41	1,323	1%	13	-
USD：RMB	45,612	6.96	1,401,657	1%	14,017	-
Financial liabilities						
Monetary items						
USD：NTD	$ 33,284	30.73	$ 1,022,817	1%	$ 10,228	$ -
USD：RMB	20,727	6.96	636,941	1%	6,369	-

v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group were $16,316 and $55,544 for the years ended December 31, 2023 and 2022, 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 domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased both by $0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. For the years ended December 31, 2023 and 2022,other components of equity would have increased/ decreased by $257,699 and $221,903, 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

The Group’s interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(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 amortized cost and at fair value through other comprehensive income.

ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing 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 utilization of credit limits is regularly monitored.

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

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

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

v. The 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 reorganization 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.

vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. 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. As of December 31, 2023 and 2022, the Group had no written-off financial assets that are still under recourse procedures.

viii. The Group's accounts receivable arose from customers with excellent credit, and the expected loss rate was 0.03%. On December 31, 2023 and 2022, the total book value of accounts receivable and loss allowance were $336,934, $602,605 and $101, $186, respectively.

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

	2023	2022
	Accounts receivable (including related parties)	Accounts receivable (including related parties)
At January 1	$ 186	$ 134
(Reversal) provision for impairment	(85)	52
At December 31	$ 101	$ 186

For the years ended December 31, 2023 and 2022, the impairment losses and gains arising from customers' contracts were ($85) and $52 respectively.

x. For investments in debt instruments at amortized cost, and at fair value through other comprehensive income, the credit rating levels are presented below:

	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 191,119	$ -	$ -	$ 191,119
Financial assets at fair value through other comprehensive income	$ 89,204	$ -	$ -	$ 89,204

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 268,963	$ -	$ -	$ 268,963
Financial assets at fair value through other comprehensive income	$ 86,497	$ -	$ -	$ 86,497

The financial assets at amortized cost held by the Group are all time deposits with maturity over three months and special-purpose demand deposit. The credit risk rating has no significant abnormal situation.

The financial assets at fair value through other comprehensive income held by the Group are all government bonds. The Group assesses the 12 month expected credit loss and lifetime expected credit loss based on the probability of default and default loss provided by external credit rating agencies. The credit risk rating has no significant abnormal situation.

(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.

ii. The table below analyzes 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.

Non-derivative financial liabilities

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 1,302,372	$ -	$ -
Accounts payable (including related parties)	404,393	-	-
Other payables	238,579	-	-
Lease liability	4,066	-	-

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 1,351,999	$ -	$ -
Accounts payable (including related parties)	747,506	-	-
Other payables	283,410	-	-
Lease liability	12,488	4,874	-

Derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Cross currency swap	$ 638	$ -	$ -
Forward foreign exchange contracts	108	-	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks, beneficiary certificates and government bonds with quoted market prices 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 Groups investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost-current, guarantee deposits paid, short-term borrowings, accounts payable, other payables and lease liability are approximate to their fair values.

C. The related information of 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:

(a) The related information of the nature 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	$ -	$ 30,718	$ -	$ 30,718
Financial assets at fair value through other comprehensive income				
Equity securities	2,526,993	-	50,000	2,576,993
Debt instruments	89,204	-	-	89,204
Total	$2,616,197	$ 30,718	$ 50,000	$2,696,915

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 5,392	$ -	$ 5,392
Financial assets at fair value through other comprehensive income				
Equity securities	$2,219,030	$ -	$ -	$2,219,030
Debt instruments	86,497	-	-	86,497
Total	$2,305,527	$ 5,392	$ -	$2,310,919
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 746	$ -	$ 746

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

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

	Listed shares	Government bonds
Market quoted price	Closing price	Closing price

ii Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

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

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

	2023	2022
	Equity instrument	Equity instrument
At January 1	$ -	$ -
Acquired in the period	50,000	-
At December 31	$ 50,000	$ -

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

G. 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.

H. 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:					
Venture capital shares	$ 50,000	Net asset value	Not applicable	Not applicable	Not applicable

December 31, 2022: There is no such situation.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the significant transactions for the year ended December 31, 2023 are as follows:

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 NT$300 million or 20% of the Company's paid-in capital: Refer to table 2.

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2), 6(11) .

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2023		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 3,056,224	$ -	$ 3,056,224
Total	$ 3,056,224	$ -	$ 3,056,224
Reportable segments profit	$ 329,251	$ -	$ 329,251
Segments profit, including:			
Interest income	$ 33,520	$ -	$ 33,520
Depreciation and amortization	$ 73,192	$ -	$ 73,192
Share of profit of associates and joint ventures accounted for using equity method	($ 2,603)	$ -	($ 2,603)
Income tax expense	$ 82,461	$ -	$ 82,461

	Year ended December 31, 2022		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 4,256,952	$ -	$ 4,256,952
Total	$ 4,256,952	$ -	$ 4,256,952
Reportable segments profit	$ 517,780	$ -	$ 517,780
Segments profit, including:			
Interest income	$ 10,440	$ -	$ 10,440
Depreciation and amortization	$ 91,441	$ -	$ 91,441
Share of profit of associates and joint venturess accounted for using equity method	$ 3,853	$ -	$ 3,853
Income tax expense	$ 158,098	$ -	$ 158,098

(3) Reconciliation for segment income

The Group has only one reportable operating segment. The profit and assets of the reportable segment are consistent with that in the consolidated financial statements. Related information is as follows:

	Years ended December 31,	
	2023	2022
Reportable segments income	$ 329,251	$ 517,780
Income before tax from continuing operations	$ 329,251	$ 517,780
Reportable segment assets	$ 7,221,712	$ 6,414,246
Total assets	$ 7,221,712	$ 6,414,246

(4) Information on products and services

It is not applicable since the Group operates as a single segment.

(5) Geographical information

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

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 1,555,438	$ 182,612	$ 1,996,444	$ 229,836
Thailand	354,690	-	529,272	-
Philippines	318,571	-	476,111	-
Others	827,525	18,521	1,255,125	31,716
	$ 3,056,224	$ 201,133	$ 4,256,952	$ 261,552

(6) Major customer information

Information relating to major customers who account for more than 10% of sales revenue disclosed on the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Sales amount	Percentage (%)	Sales amount	Percentage (%)
Customers				
Company A	$ 478,789	16	$ 564,406	13
Company B	393,954	13	184,880	4
Company C	366,839	12	586,993	14

Creative Sensor Inc. and Subsidiaries

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

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2023				
Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	Footnote
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	47,562	$ 2,225,902	2.22%	$ 2,225,902	Note 3
〃	〃	Koryo Electronics Co., Ltd.	The Company’s key management	〃	9,882	289,542	19.07%	289,542	
〃	〃	MUTUALPAK	-	〃	108	-	0.65%	-	
〃	〃	Taiwan Pelican Express Co., Ltd.	-	〃	281	11,549	0.29%	11,549	
〃	〃	DARJIUN VENTURE CORPORATION	The Company is the Company’s corporate director	〃	5,000	50,000	13.33%	50,000	
〃	Bond	U.S. Treasury bond U.S. dollar semiannual sovereign bond	-	〃	30	89,204	-	89,204	
						$ 2,666,197		$ 2,666,197	

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

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

Creative Sensor Inc. and Subsidiaries

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

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023		Footnote
Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain on disposal	Number of shares (in thousand shares)	Amount	
The Company	Stock TECO ELECTRIC & MACHINERY CO., LTD.	Non-current financial assets at fair value through other comprehensive income	-	-	69,489	$ 1,914,422	-	$ -	21,927	$ 897,759	$ 593,910	$ 303,849	47,562	$ 2,225,902	Note 3

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

Note 2: 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 3: Balance as at December,31, 2023 included fair value valuation amounting to $937,649.

Creative Sensor Inc. and Subsidiaries

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

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Nanchang Creative Sensor Technology Co., Ltd.	The Company's third-tier subsidiary	Purchases	$ 2,590,930	100%	75~90 days after monthly billing	$ -	-	($ 410,817)	99.59%	-

Creative Sensor Inc. and Subsidiaries
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Nanchang Creative Sensor Technology Co., Ltd.	The Company	Parent company	$ 410,817	3.76	$ -	-	$ 133,589	$ -

Creative Sensor Inc. and Subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)	Note
0	The Company	Nanchang Creative Sensor Technology Co., Ltd.	1	Accounts payable	$ 410,817	75~90 days after monthly billing	5.69%	-
〃	〃	〃	〃	Purchases	2,590,930	〃	84.78%	-
1	Nanchang Creative Sensor Technology Co., Ltd.	The Company	2	Accounts payable	26,976	60 days after monthly billing	0.37%	-

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:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: Individual transactions not reaching $10,000 and their corresponding transactions will not be disclosed.

Creative Sensor Inc. and Subsidiaries
Information on investees
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31,2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the nine months ended December 31, 2023	Investment income (loss) recognized by the Company for the nine months ended December31, 2023 (Note 1)	Footnote
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	$ 583,416	$ 583,416	15,414,994	100	$ 1,634,997	$ 95,021	$ 95,021	Subsidiary
The Company	Creative Sensor (USA) Co.	U.S.A.	Collection of marketing information and maintaining customer relationship	3,169	3,169	100,000	100	4,680	183	183	Subsidiary
The Company	Teco Image Systems Co., Ltd.	Taiwan	Design, manufacturing and trading of multi-function printer, fax machine and scanner	737,506	737,506	33,408,000	29.69	682,561	7,118	(13,496)	Investee accounted for using equity method
The Company	Tien Da Investment Co., Ltd.	Taiwan	Investing company	223,040	223,040	21,340,000	29.85	234,515	36,492	10,893	Investee accounted for using equity method
Creative Sensor Inc.	Creative Sensor Co., Ltd.	Hong Kong	Holding company	586,837	586,837	15,501,368	100	1,302,511	102,728	-	Subsidiary of the company

Note 1: The Company has not directly recognized the income (loss) on investment in Creative Sensor Co., Ltd.

Creative Sensor Inc. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Information on reinvestment in Mainland Area

					Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended December31, 2023								
Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December31, 2023 (Note 3)	Net income of investee for the six months ended December31, 2023	Ownership held by the Company (direct or indirect)	Investment income recognized by the Company for the six months ended December31, 2023 （Note 4）	Book value of investments in Mainland China as of December31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December31, 2023	Footnote
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	$ 35,815	Note 1	$ 28,095	$ -	$ -	$ 28,095	$ 4,668	100	$ 4,668	$ 170,046	$ 637,020	Note 5
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	941,670	Note 1	445,223	-	-	445,223	105,392	100	105,392	1,129,591	437,459	Note 6

Note 1: Through investing in an existing company in the third area (Creative Sensor Inc.), which then invested in the investee in Mainland China.
Note 2: The paid-in capital of two investee companies in the original currency amounted to RMB$8,261 thousand and RMB$217,215 thousand, respectively.
Note 3: Wuxi Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2023 in the original currency was both US$915 thousand. Nanchang Creative Sensor accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2023 in the original currency was both US$14,500 thousand.
Note 4: Investment income recognized for the six months ended December 31, 2023 was evaluated and disclosed based on the financial statements reviewed by R.O.C. parent company’s CPA.
Note 5: The investment facility of US$15,005 thousand was approved by the Investment Commission, as of December 31, 2023, the Investment Commission also approved the investment income of US$21,440 thousand which has been remitted back to Taiwan and proceeds from capital reduction of US$14,000 thousand which have been remitted back, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.
Note 6: The investment facility of US$14,500 thousand and US$15,300 thousand of Wuxi Creative Sensor Technology Co., Ltd.’s reinvestment in Nanchang Creative Sensor Technology Co., Ltd. through capitalisation of earnings which was approved by the Investment Commission, as of December 31, 2023, the Investment Commission also approved that the investment income of US$15,121 thousand which has been remitted back to Taiwan, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

B. Ceiling on reinvestments in Mainland Area

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December31, 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
The Company	$ 473,318	$ 476,081	$ 3,097,944

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 in original currency amounted to US$15,415 thousand.
Note 2: Investment amount in the original currency approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to US$15,505 thousand.
Furthermore, as of December 31, 2023, the Investment Commission approved that the investment income from reinvestment business in Mainland China remitted back to Taiwan was US$36,561 thousand which could be deducted from the accumulated investment amounts in Mainland China.

Creative Sensor Inc. and Subsidiaries

Major shareholders information

December 31, 2023

Table 8

Major shareholders name	Ownership	Ownership (%)
Teco Image Systems Co., Ltd.	28,906,260	19.39%
UNIVERSAL CEMENT CORPORATION	13,158,000	8.82%
Tien Da Investment Co., Ltd.	12,318,000	8.26%
Yurui Co., Ltd.	9,018,029	6.50%
Huan Ni Investment Co., Ltd.	9,000,000	6.03%
Teco International Investment Co., Ltd.	7,913,310	5.30%

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

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