Stock Code: 3015

FSP Technology Inc.

Parent Company Only Financial Statements and Independent Auditors' Report

Fiscal years of 2023 and 2022

Company Address: No. 22 Jianguo East Road, Taoyuan District, Taoyuan City
Telephone: (03)3759888

Table of Contents

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

The balance sheet of FSP Technology Inc. as of December 31, 2023 and the balance sheet after reorganization as of December 31 and January 1, 2022 along with the comprehensive income statement, statement of changes in equity, and statement of cash flows for the period from January 1 to December 31, 2023 and the period from January 1 to December 31, 2022 after reorganization, have been audited by our certified public accountants. The individual financial report notes, including a summary of significant accounting policies, have also been audited.

Based on our audit results and the audit reports of other auditors (please refer to the Other Matters section), it is our opinion that the individual financial statements, prepared in accordance with the Financial Reporting Standards for Issuers of Securities, of FSP Technology Inc. as of December 31, 2023, December 31, 2022 (restated) and January 1, 2022, present fairly, in all material respects, the financial position of the company as of those dates and the financial performance and cash flows for the periods from January 1 to December 31, 2023, and January 1 to December 31, 2022 (restated).

Basis for Opinions

Our accountant conducted the audit work in accordance with the Certified Public Accountants' Rules for Attestation of Financial Statements and Audit Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Parent Company Only Financial Statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV (XV) for the accounting policy of revenue recognition and Note VI (XIX) for the related disclosure of revenue.

Description of key audit matter:

Sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. Furthermore, the timing of revenue recognition may vary depending on the transaction conditions with customers, which poses a risk of income not being recorded in the appropriate period near the balance sheet date. Hence, it is crucial to determine the recognition of revenue and the timing of transferring control over goods close to the balance sheet date in order to accurately present the financial statements. The accountant acknowledges that revenue is a crucial aspect to consider during the audit of the financial statements for the current fiscal year.

Audit procedure to address the matter:

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

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

Under the equity method of investment adopted by FSP Technology Inc., our accountants have not audited the financial reports of certain invested companies. Instead, these reports have been audited by other accountants. Hence, the accountant's assessment of the financial statements of the mentioned entity suggests that certain figures mentioned in the financial statements of the invested companies rely on audit reports from other accountants. As of December 31, 2023 and restated as of January 1 to December 31, 2022, the long-term equity investment amounts recognized represented 4.29%, 4.30%, and 3.58% of the total assets, respectively. For the period from January 1 to December 31, 2023, and restated from January 1 to December 31, 2022, the share of income or loss from subsidiaries, associated enterprises, and joint ventures accounted for using the equity method amounted to 11.69% and 15.64% of the profit before tax, respectively.

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

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and maintain internal controls which are necessary for the preparation of the Parent Company Only Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's governance body, including the Audit Committee, is responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only 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 significant level of assurance. However, the audit work conducted in compliance with auditing standards cannot ensure the identification of significant errors in the individual financial statements. Misstatements can arise from fraud or error Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

The auditor exercised professional judgment and professional skepticism in accordance with auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Parent Company Only 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 Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
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 Company'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 Parent Company Only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements, including the disclosures, and whether the Parent Company Only Financial Statements

represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investee companies under the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the Company's Parent Company Only Financial Statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chang, Chun-I and Chao, Min-Ju.

KPMG Taiwan
Taipei, Taiwan (Republic of China)
March 14, 2024

<u>*Notice to Readers*</u>

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

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

FSP Technology Inc.

Parent Company Only Balance Sheets

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
11xx	**Current Assets:**						
1100	Cash and cash equivalents (Note VI (I))	$ 2,760,841	15	2,390,487	13	1,683,746	9
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	417,543	2	293,290	2	316,390	2
1136	Financial assets at amortized cost	-	-	-	-	10,800	-
1150	Notes receivable, net (Notes VI (IV) and (XIX))	1,357	-	1,791	-	2,682	-
1170	Accounts receivable, net (Notes VI (IV) and (XIX))	1,425,871	8	1,922,560	11	2,359,536	13
1180	Accounts receivable - related parties, net (Notes VI (IV), (XIX) and VII)	701,256	4	802,722	5	985,345	5
1200	Other receivables (Notes VI (III) and (V))	155,729	1	34,519	-	16,480	-
1210	Other receivables - related parties (Notes VI (V) and VII)	54,146	-	36,107	-	40,968	-
130x	Inventories (Note VI (VI))	1,552,915	9	1,879,414	10	2,162,501	12
1410	Prepayments (Note VII)	39,031	-	26,326	-	65,083	-
1470	Other current assets	10,011	-	12,097	-	14,822	-
	Total current assets	7,118,700	39	7,399,313	41	7,658,353	41
15xx	**Non-current Assets:**						
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III) and (XVII))	6,990,413	39	6,350,320	36	6,736,644	36
1550	Investment under equity method (Note VI (VII))	2,986,585	16	2,993,349	17	2,948,906	16
1600	Property, plant and equipment (Notes VI (VIII), (XI), and (XII), VIII and IX)	993,198	5	967,991	5	966,351	5
1755	Right-of-use assets (Note VI (IX) and (XIII))	47,156	-	48,373	-	49,919	-
1780	Intangible assets (Note VI (X))	117,892	1	119,139	1	117,968	1
1840	Deferred income tax assets (Note VI (XVI))	65,218	-	53,246	-	67,326	-
1900	Other non-current assets (Notes VI (VIII), VIII and IX)	4,734	-	3,767	-	3,844	-
1975	Net defined benefit assets - non-current (Note VI (XV))	781	-	-	-	-	-
	Total non-current assets	11,205,977	61	10,536,185	59	10,890,958	58
1xxx	**Total assets**	$ 18,324,677	100	17,935,498	100	18,549,311	100

Code	Liabilities and Equity	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
21xx	**Current Liabilities:**						
2150	Notes payable	$ 11,450	-	13,057	-	14,445	-
2170	Accounts payable	2,299,409	13	2,607,891	15	3,417,288	18
2180	Accounts payable - related parties (Note VII)	298,189	2	439,919	3	330,210	2
2200	Other payables (Note VI (XV) and (XX))	843,239	5	891,094	5	825,993	4
2220	Other payables - related parties (Note VII)	38,882	-	30,153	-	47,611	-
2230	Current income tax liabilities	67,669	-	86,960	-	111,599	1
2250	Provisions - current (Note VI (XIV))	130,311	1	131,155	1	146,223	1
2280	Lease liabilities - current (Notes VI (XIII))	4,337	-	3,483	-	3,040	-
2300	Other current liabilities (Notes VI (XII), (XIX and X))	183,757	1	137,945	1	64,258	-
2320	Long-term liabilities due within one year or one operating cycle (Notes VI (VIII), (XII) and VIII)	75,616	-	74,930	-	73,014	-
	Total current liabilities	3,952,859	22	4,416,587	25	5,033,681	26
25xx	**Non-current Liabilities:**						
2540	Long-term borrowings (Notes VI (VIII), (XII) and VIII)	48,788	-	124,404	1	199,334	1
2570	Deferred income tax liabilities (Note VI (XVI))	6,360	-	4,502	-	2,919	-
2580	Lease liabilities - non-current (Notes VI (XIII))	45,684	-	47,517	-	49,239	-
2640	Net defined benefit liabilities - non-current (Note VI (XV))	-	-	8,511	-	44,234	-
2670	Other non-current liabilities - others (Notes VI (XII) and VII)	3,550	-	4,726	-	6,312	-
	Total non-current liabilities	104,382	-	189,660	1	302,038	1
2xxx	**Total liabilities**	4,057,241	22	4,606,247	26	5,335,719	27
31xx	**Equity (Note VI (III), (VII), (XV), (XVI) and (XVII)):**						
3100	Capital Stock	1,872,620	10	1,872,620	10	1,872,620	10
3200	Capital Surplus	861,207	5	1,011,016	6	1,011,016	5
3300	Retained earnings:						
3310	Legal reserve	1,301,707	7	1,175,322	6	1,033,544	6
3350	Unappropriated earnings	4,126,229	23	3,719,335	21	3,213,826	17
	Total retained earnings	5,427,936	30	4,894,657	27	4,247,370	23
34xx	Other Equity:						
3410	Exchange differences on translation of financial statements of foreign operations	(126,335)	(1)	(77,349)	-	(117,703)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,232,008	34	5,628,307	31	6,200,289	33
	Total other equity	6,105,673	33	5,550,958	31	6,082,586	32
3xxx	**Total equity**	14,267,436	78	13,329,251	74	13,213,592	70
2-3xxx	**Total liabilities and equity**	$ 18,324,677	100	17,935,498	100	18,549,311	100

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Fiscal year Amount	%	2022 Fiscal year (Revised Edition) Amount	%
4000	**Operating revenue (Notes VI (XIX) and VII)**	$ 10,306,305	100	10,831,532	100
5000	**Operating costs (Notes VI (VIII), (IX), (X), (XIV), (XIV), (XV), VII and XX)**	8,496,076	82	9,056,686	84
5910	Add: Unrealized sales gains (losses)	(12,065)	-	(4,269)	-
5900	**Gross profit**	1,798,164	18	1,770,577	16
6000	**Operating expenses (Notes VI (IV), (VIII), (IX), (X), (XIII), (XIV), (XVI), (XX), VII and XII):**				
6100	Selling and marketing expenses	524,144	5	440,189	4
6200	General and administrative expenses	423,636	4	458,921	4
6300	Research and development expenses	439,990	4	387,628	3
6450	Gain on expected credit loss	(15,912)	-	(6,290)	-
	Total operating expenses	1,371,858	13	1,280,448	11
6900	**Net operating income**	426,306	5	490,129	5
7000	**Non-operating income and expenses (Notes VI (III), (VII), (XII), (XIII), (XXI) and VII):**				
7100	Interest income	49,974	-	12,449	-
7010	Other income	208,553	2	144,206	1
7020	Other gains and losses	18,236	-	168,638	2
7050	Finance costs	(14,719)	-	(7,061)	-
7070	Share of profits (losses) of subsidiaries, associates and joint ventures under equity method	23,526	-	42,942	-
	Total non-operating income and expenses	285,570	2	361,174	3
7900	**Income before income tax from continuing operations**	711,876	7	851,303	8
7950	**Less: Income tax expense (Note VI (XVI))**	112,638	1	128,864	1
8200	**Net Income**	599,238	6	722,439	7
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Note VI (XV), (XVI) and (XVII))**				
8311	Gains (losses) on re-measurements of defined benefit plans	(1,046)	-	25,058	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,100,229	10	(50,513)	-
8330	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	136	-	1,297	-
8349	Less: Income tax related to items that will not be reclassified subsequently	(209)	-	5,012	-
	Total items that will not be reclassified to profit or loss	1,099,528	10	(29,170)	-
8360	**Items that may be reclassified subsequently to profit or loss (Note VI (VII) and (XVII))**				
8361	Exchange differences on translation of financial statements of foreign operations	(48,945)	-	36,972	-
8380	Share of other comprehensive income (losses) of subsidiaries, associates and joint ventures under equity method	(41)	-	3,382	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(48,986)	-	40,354	-
8300	**Other Comprehensive Income**	1,050,542	10	11,184	-
8500	**Total Comprehensive Income**	**$ 1,649,780**	**16**	**733,623**	**7**
	Earnings per share (unit: NT$) (Note VI (XVIII))				
9750	Basic earnings per share	**$ 3.20**		**3.86**	
9850	Diluted earnings per share	**$ 3.17**		**3.82**	

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Capital stock - common shares	Capital Surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Retained earnings: Total	Other equity items: Exchange differences on translation of financial statements of foreign operations	Other equity items: Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other equity items: Total	Total Equity
Balance as of January 1, 2022	$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961
Retroactive adjustments to new standards	-	-	-	4,631	4,631	-	-	-	4,631
Balance after restatement as of January 1, 2022	1,872,620	1,011,016	1,033,544	3,213,826	4,247,370	(117,703)	6,200,289	6,082,586	13,213,592
Appropriation and distribution of earnings:									
Appropriation of legal surplus reserve	-	-	141,778	(141,778)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)
Net Income	-	-	-	722,439	722,439	-	-	-	722,439
Other Comprehensive Income	-	-	-	21,343	21,343	40,354	(50,513)	(10,159)	11,184
Total Comprehensive Income	-	-	-	743,782	743,782	40,354	(50,513)	(10,159)	733,623
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	521,469	521,469	-	(521,469)	(521,469)	-
Balance after restatement as of December 31, 2022	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251
Appropriation and distribution of earnings:									
Appropriation of legal surplus reserve	-	-	126,385	(126,385)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)
Changes in other capital surplus:									
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)
Net Income	-	-	-	599,238	599,238	-	-	-	599,238
Other Comprehensive Income	-	-	-	(701)	(701)	(48,986)	1,100,229	1,051,243	1,050,542
Total Comprehensive Income	-	-	-	598,537	598,537	(48,986)	1,100,229	1,051,243	1,649,780
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	496,528	496,528	-	(496,528)	(496,528)	-
Balance as of December 31, 2023	$ 1,872,620	861,207	1,301,707	4,126,229	5,427,936	(126,335)	6,232,008	6,105,673	14,267,436

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.

Parent Company Only Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Cash flows from operating activities:		
Income before income tax	$ 711,876	851,303
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	71,916	65,293
Amortization expenses	4,424	5,960
Expected credit impairment losses (gains)	(15,912)	(6,290)
Interest expense	14,719	7,061
Interest income	(49,974)	(12,449)
Dividend income	(192,370)	(127,003)
Share of profits of subsidiaries, associates and joint ventures	(23,526)	(42,942)
Loss on disposal of property, plant, and equipment	443	644
Unrealized sales gains (losses)	12,065	4,269
Unrealized foreign currency exchange gain	(10,545)	29,440
Total adjustments for profit or loss	(188,760)	(76,017)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(124,253)	23,100
Notes receivable	434	891
Accounts receivable	451,537	440,984
Accounts receivable - related parties	101,466	182,623
Other receivables	(110,785)	(17,828)
Other receivables - related parties	(18,039)	4,861
Inventories	326,499	283,087
Prepayments	(12,705)	38,757
Other current assets	2,086	2,725
Total changes in operating assets	616,240	959,200
Changes in operating liabilities:		
Notes payable	(1,607)	(1,388)
Accounts payable	(249,339)	(830,676)
Accounts payable - related parties	(132,113)	109,949
Other payables	(48,177)	51,571
Other payables - related parties	8,901	(17,522)
Provisions for liabilities	(844)	(15,068)
Other current liabilities	45,614	73,459
Net defined benefit liabilities	(10,338)	(10,665)
Other non-current liabilities	(978)	(1,358)
Total changes in operating liabilities	(388,881)	(641,698)
Total changes in operating assets and liabilities	227,359	317,502
Total adjustments	38,599	241,485
Cash flows generated by operating activities	750,475	1,092,788
Interest received	46,483	12,404
Interest paid	(14,719)	(7,061)
Income tax paid	(141,834)	(142,852)
Net cash flows generated from operating activities	640,405	955,279
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,745)	(187,324)
Disposal of financial assets at fair value through other comprehensive income	502,498	523,135
Disposal of financial assets at amortized cost	-	10,959
Acquisition of investments accounted for using the equity method	(92,600)	-
Acquisition of property, plant, and equipment	(88,791)	(56,992)
Decrease in deposits for guarantees	(967)	76
Acquisition of intangible assets	(3,177)	(7,131)
Dividends received	254,345	162,884
Net cash flows from investing activities	520,563	445,607
Cash flows from financing activities:		
Repayments of long-term loans	(74,930)	(73,014)
Repayment of the principal of lease liabilities	(4,089)	(3,167)
Cash dividends paid	(711,595)	(617,964)
Net cash flows used in financing activities	(790,614)	(694,145)
Increase in cash and cash equivalents for the period	370,354	706,741
Cash and cash equivalents at the beginning of the year	2,390,487	1,683,746
Cash and cash equivalents at the end of the year	**$ 2,760,841**	**2,390,487**

(Please see accompanying notes to the Parent Company Only Financial Statements)

Chairman: Cheng, Ya-Jen **Manager: Cheng, Ya-Jen** **Accounting Supervisor: Sang, Hsi-Yun**

FSP Technology Inc.
Notes to Parent Company Only Financial Statements
Fiscal years of 2023 and 2022
(Amounts in NT$ thousands, unless specified otherwise)

I. Company History

FSP Technology Inc. (the "Company") was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company is primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements were authorized for issue by the Board of Directors on March 18, 2024.

III. Application of new and amended standards and interpretations

(I) Impact of adoption of new or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The company began applying the following new and amended International Financial Reporting Standards (IFRS) accounting standards starting from January 1, 2023, and the impact is explained as follows:

1. Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

   The amendment restricts the scope of the recognition exemption. When the original recognition of a transaction results in an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. This accounting adjustment resulted in an increase of NT$4,631,000 in the investment and retained earnings under the equity method as of January 1, 2022. Additionally, there was an increase of NT$6,117,000, NT$6,039,000, and NT$78,000 in the investment, retained earnings, and foreign operation financial statement translation adjustment under the equity method as of December 31, 2022. These adjustments have no significant impact on basic earnings per share, diluted earnings per share, and the cash flow statement.

   In fiscal year 2023, if processed according to the previous accounting policy, the current changes have no significant impact on the company's individual financial statements.

2. Others

The following new amendments are also effective as of January 1, 2023, but have no material impact on the individual financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has adopted the following new amendments, which do not have a significant impact on the Parent Company Only Financial Statements, since May 23, 2023.

- Amendment to IFRS 12 “International Rental Tax Reform Pillar Two Model Rules”

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Company

The Company assesses that the adoption of the following new amendments effective from January 1, 2024 will not have a significant impact on the Parent Company Only Financial Statements.

- Amendments to IAS 1 “Classification of liabilities as current or non-current”
- Amendment to IAS 1, “Non-current Liabilities with Contractual Provisions”
- Amendment to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendment to IFRS 16 “Lease Liabilities in Sales and Leaseback”

(III) IFRSs issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The Company expects that the upcoming new releases and revised guidelines, which are yet to be approved, will not have a significant impact on individual financial reporting.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendment to International Accounting Standard No. 21: Lack of Convertibility

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Parent Company Only Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Parent Company Only Financial Statements.

(I) Compliance declaration

The Company's accompanying Parent Company Only Financial Statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(II) Preparation basis

1. Measurement basis

   The Parent Company Only Financial Statements have been prepared on a historical cost basis except for the following items:

   (1) Financial assets measured at fair value through profit or loss;

   (2) Financial assets measured at fair value through other comprehensive income;

   (3) Defined benefit liability, which are measured based on pension fund assets plus unrecognized service costs in the previous period and unrecognized actuarial losses, less unrecognized actuarial gains, the present value of defined benefit obligations and effect of the asset ceiling as mentioned in Note IV(XVII).

2. Functional and presentation currency

   The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The Parent Company Only Financial Statements are presented in NT$, which is the Company's functional currency. All financial information presented in NT$ has been rounded to the nearest thousand.

(III) Foreign currencies

1. Foreign currency transactions

   Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

   Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

   The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

When disposing of foreign operating entities that result in loss of control, joint control, or significant influence, the accumulated translation differences related to those entities are reclassified in their entirety to profit or loss. When disposing of investments that include affiliated enterprises or joint ventures with foreign operating organizations, the accumulated exchange differences related to these investments should be reclassified proportionally in the income statement.

(IV) Classification criteria for current and non-current assets and liabilities

Assets are classified as current assets when one of the following criteria is met, and all other assets are classified as non-current assets:

1. It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Assets that are expected to be realized within twelve months after the balance sheet date.
4. Cash or cash equivalents, excluding restricted cash or cash equivalents that are reserved for exchange, debt repayment or under other restrictions for more than twelve months after the balance sheet date.

Liabilities are classified as current liabilities when one of the following criteria is met, and all other liabilities are classified as non-current liabilities:

1. It is expected to be settled in the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Liabilities that are expected to be settled upon maturity within twelve months after the balance sheet date.
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents.

(VI) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

   The Company applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

   The financial assets were initially classified as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. When the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

   (1) Financial assets at amortized cost

   Financial assets are measured at amortized cost if all of the following conditions are met and the financial assets are not designated as measured at fair value through profit or loss:

   - Financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
   - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   These assets are subsequently measured at amortized cost, using initial recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

   At initial recognition of investments in equity instruments that are not held for trading, the Company may make an irrevocable election to present subsequent changes in fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss unless the dividend clearly represents the recovery of part of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the date that the Company is eligible to receive the dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or fair value through other comprehensive income, such as financial assets held for trading and managed and evaluated for performance based on fair value, are measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including related dividend and interest income, are recognized in profit or loss.

(4) Impairment of financial assets

The Company recognizes loss allowance for expected credit loss on financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits.

The Group measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience, credit assessment, as well as forward-looking information, the Company measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contracts and the cash flows that the Company expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets is written off when the Company has no reasonable expectation of recovering the entire or part of the financial assets. The Company individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Company neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Company enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset is retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the amount of consideration received, less the direct issuing cost.

(2) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition is also recognized in profit or loss.

(3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or canceled, or has expired. The Group also derecognizes a financial liability when its terms are amended and the cash flows of the amended liability are substantially different, in which case a new financial liability based on the amended terms is recognized at fair value.

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

(VIII) Investments in associates

An associate is an entity in which the Company has significant influence, but not control over their financial and operating policies. The Company is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Company's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(IX) Investments in subsidiaries

When preparing the Parent Company Only Financial Statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, profit or loss and other comprehensive income recognized in the Parent Company Only Financial Statements are in line with profit or loss and other comprehensive income attributable to owners of the Parent in the consolidated financial statements. In addition, shareholder's equity in the Parent Company Only Financial Statements is in line with the equity attributable to the shareholders of the parent in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(X) Property, Plant, and Equipment

1. Recognition and measurement

   Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

   If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

   Any gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

   Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

   Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

   Land is not depreciated.

   The estimated useful lives for the current and comparative periods are as follows:

Housing and Construction	1~50 years
Buildings and Building Improvements	5~10 years
Machinery	1~19 years
Transportation Equipment	5~11 years
Other Equipment	1~26 years

   The Company reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

(XI) Leases - Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Company's incremental borrowing rate is applied. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1. Fixed payments, including in-substance fixed payments;
2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
3. Amounts expected to be payable under residual value guarantees; and
4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;
2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;
3. There is a change in the assessment on the purchase option of the underlying asset;

4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;
5. There is any modification in lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

When the lease liability is remeasured due to lease modification that decreases the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes the difference between the carrying amount of the right-of-use asset and the remeasurement amount of lease liability in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Balance Sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases of buildings and construction, machinery and equipment, and transportation equipment leases and for leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company applies the practical expedient to the rent concessions that meet all of the following criteria without assessing if they are lease modification.

1. Rent concession is a direct consequence of the COVID-19 pandemic;
2. As a result of the change in lease payments, revised consideration for the lease is almost the same as, or less than, the consideration for the lease prior to the change;
3. Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
4. There is no change in substance to the other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments arising from rent concessions is recognized in profit or loss for the reporting period.

(XII) Intangible assets

1. Recognition and measurement

Goodwill of the Company occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Company elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

Company's other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software cost	1~5 years
Patent	91 months

The Company reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(XIV) Provisions for liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs 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 are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Company has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Company can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Company recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Company's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

(XVII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

   The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

   The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Company, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

   The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

   When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses is recognized in profit or loss. When the settlement occurs, the Company shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

   Short-term employee benefit obligations are expensed during the period in which employees render services. If the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

(XVIII) Income Tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

The Company has determined that interest or penalties associated with income tax, including uncertain tax treatments, do not fall under the definition of income tax. As a result, they are subject to accounting treatment in accordance with International Accounting Standard 37.

Current income taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received based on tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized based on the temporary differences between the carrying amounts of assets and liabilities as of the reporting date and their tax bases. Deferred income taxes are not recognized for the following temporary differences:

1. Assets or liabilities that are not initially recognized as part of a business combination and do not impact accounting profit, taxable income (loss), or generate equal temporary differences for taxable and deductible purposes at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

1. The Company has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) The same taxable entity; or

(2) Different taxable entities which intend to settle current income tax assets and income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered or significant amounts of deferred income tax liabilities are expected to be settled.

(XIX) Earnings per Share

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the Parent Company Only Financial Statements. Basic EPS of the Company is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include estimates of employee compensation.

(XX) Segment Information

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the Parent Company Only Financial Statements.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When preparing the individual financial statements, management must make judgments, estimates, and assumptions that will affect the adoption of accounting policies and the reporting amounts of assets, liabilities, income, and expenses. Actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

This financial report pertains to the invested company, FSP Group USA Corp. Does substantial control involve significant judgments, and does it have a significant impact on the amounts recognized in the individual financial statements? For relevant information, please refer to the consolidated financial statements for 2023.

In the Parent Company Only Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Parent Company Only Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

		2023.12.31	2022.12.31
Cash on hand	$	2,251	2,180
Deposits in saving accounts		659,966	1,000,164
Deposits in checking accounts		4,075	2,487
Time deposits		1,988,707	1,385,656
Cash equivalents Repurchase agreements		105,842	-
	$	2,760,841	2,390,487

Please refer to Note VI (XXII) for the disclosure of interest rate risk of the Company's financial assets and liabilities.

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

		2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Beneficiary certificates	$	277,366	203,658
Private equity funds		68,545	18,000
Foreign unlisted stocks		71,632	71,632
Total	$	417,543	293,290

The company recorded dividend income of NT$552,000 and NT$592,000 for the fiscal years 2023 and 2022, respectively, from the financial assets measured at fair value through profit or loss as listed above.

Please refer to Note VI (XXI) for the amount recognized in profit or loss remeasured at fair value.

Please consult Note VI (XXII) for information regarding market risk.

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

		2023.12.31	2022.12.31
Equity instruments at fair value through other comprehensive income:			
Domestic listed stock - Voltronic Power Technology Corp.	$	5,774,366	5,665,240
Domestic listed stock - JESS-LINK Products Co., Ltd.		841,000	400,000
Domestic listed stock - WT Microelectronics Co., Ltd.		45,650	47,750
Domestic listed stock - Taiwan Cement Corp.		1,917	1,851
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.		5,930	4,485
Domestic over-the-counter (OTC) stock - Coretronic Corporation		61,347	56,900
Domestic over-the-counter (OTC) stock - Champ-Ray Industrial Co., Ltd.		17,884	-
Foreign listed stocks		9,253	11,302
Domestic unlisted stocks		233,066	162,792
Total	$	6,990,413	6,350,320

1. Investments in equity instruments at fair value through other comprehensive income

   The Company holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

   The dividend income recognized by the company for 2023 and 2022 from equity instruments designated as at fair value through other comprehensive income amounted to NT$191,818,000 and NT$126,411,000, respectively.

   In fiscal year 2023, we sold shares of Voltronic Power Technology Corp, Guoyu Global Company Limited., and Coretronic Corporation. These shares were measured at fair value through other comprehensive income, in line with our company's capital utilization plan. The total fair value of the disposals was NT$510,881,000, resulting in disposal gains of NT$496,528,000. As of December 31, 2023, the outstanding disposal price is NT$8,442,000, which is recorded as other receivables. In 2022, the company sold its designated equity investment in Voltronic Power Technology Corp, which was measured at fair value through other comprehensive income, to align with the capital utilization plan of the consolidated company. The fair value at the time of disposal was NT$523,135,000, resulting in a disposal gain of NT$521,496,000. As of December 31, 2022, the outstanding proceeds from disposal amounted to NT$59,000, which was recognized under other receivables.
2. Please refer to Note VI (XXII) for the information on market risk.

(IV) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	$ 1,357	1,791
Accounts receivable	1,436,474	1,946,818
Accounts receivable - related parties	701,256	802,722
Less: Allowance for impairment loss	(10,603)	(24,258)
	$ 2,128,484	2,727,073

Company's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Company applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macro economy and related industry information, is taken into consideration as well.

Analysis of expected credit loss on notes receivable and accounts receivable of the Company was as follows:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 1,862,743	0.24	4,533
Past due within 30days	48,729	6.30	3,068
Past due 31-60days	1,453	19.88	289
Past due 91-120days	1,303	45.45	592
Past due over 121days	1,645	100.00	1,645
	$ 1,915,873		10,127

The book value of accounts receivable and accounts payable mentioned above does not include the total accounts receivable from the subsidiary company and a specific sales customer. These amounts to NT$220,833,000 and NT$2,381,000, respectively.

For all accounts receivable from a specific sales customer, due to the unstable assessment of their collection status, the entire receivable amount has been provisioned for bad debts after deducting their insurance claim limit, totaling NT$476,000. Therefore, it is not included in the company's provision for expected credit losses based on the remaining expected credit loss calculation period.

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 2,457,331	0.46	11,182
Past due within 30days	72,291	7.58	5,478
Past due 31-60days	3,285	23.93	786
Past due 61-90days	2,846	46.14	1,313
	$ 2,535,753		18,759

The carrying amount of the above notes and accounts receivable did not include the account receivable due from subsidiaries and a specific customer, amounting to NT$188,085,000 and NT$27,493,000, respectively. The above-mentioned accounts receivable was not overdue.

Due to poor recovery of the account receivable due from this customer, the Company has specifically recorded an allowance for loss of NT$5,499 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

Changes in the allowance for notes receivable and accounts receivable were as follows:

		2023 Fiscal year	2022 Fiscal year
Beginning balance	$	24,258	32,806
Reversal of impairment loss		(15,912)	(6,290)
Write-off		-	(2,258)
Write-off amounts turnover in the previous year		2,257	-
Ending balance	$	10,603	24,258

(V) Other receivables

		2023.12.31	2022.12.31
Other receivables	$	155,729	34,519
Other receivables - related parties		54,146	36,107
Less: Allowance for impairment loss		-	-
	$	209,875	70,626

As of December 31, 2023 and 2022, there were no overdue for all other receivables (including related parties).

(VI) Inventories

		2023.12.31	2022.12.31
Finished goods	$	927,573	1,051,801
Work in process		246,930	417,950
Raw materials		378,412	409,663
	$	1,552,915	1,879,414

Breakdown of cost of goods sold:

		2023 Fiscal year	2022 Fiscal year
Inventories sold	$	8,418,819	8,868,064
Loss on inventory write-down		12,591	59,459
Unallocated manufacturing expense		35,594	99,915
Loss on inventory obsolescence		29,055	29,244
Loss on inventory		17	4
	$	8,496,076	9,056,686

As of December 31, 2023 and 2022, the Company did not pledge any inventories as collateral.

(VII) Investments Accounted for Using the Equity Method

A summary of the Company's investments accounted for using the equity method at the reporting date is provided below:

	2023.12.31	December 31, 2022 (restated)	January 1, 2022 (restated)
Subsidiary	$ 2,952,024	2,959,149	2,921,959
Associate invested through subsidiary	34,561	34,200	26,947
	$ 2,986,585	2,993,349	2,948,906

1. Subsidiary

   Please refer to the consolidated financial statements for the year ended 2023.

2. Associate invested through subsidiary

   The financial information of insignificant associates that are invested through subsidiary and the Company adopts the equity method for recognition is summarized below. The amount is included in the Parent Company Only Financial Statements.

	2023.12.31	2022.12.31
The carrying amount of investments in associates that were not individually material to the Company at the end of the period	$ 34,561	34,200

	2023 Fiscal year	2022 Fiscal year
Attributable to the Company:		
Income from continuing operations	$ 2,453	3,612
Other comprehensive income	(41)	3,382
Total comprehensive income	$ 2,412	6,994

3. Collateral

   As of December 31, 2023 and 2022, the Company did not pledge any investments accounted for under the equity method as collateral.

(VIII) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment for the years ended December 31, 2023 and 2022 were as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Construction in progress and equipment under installation	Total
Cost or deemed cost:								
Balance as of January 1, 2023	$ 264,211	868,382	4,115	241,708	3,493	254,142	73	1,636,124
Addition	-	11,058	-	55,405	1,657	15,771	9,348	93,239
Disposal	-	(540)	-	(1,750)	(643)	(5,217)	-	(8,150)
Reclassification	-	-	-	-	-	73	(73)	-
Balance as of December 31, 2023	$ 264,211	878,900	4,115	295,363	4,507	264,769	9,348	1,721,213
Balance as of January 1, 2022	$ 264,211	809,633	4,076	229,073	3,493	244,889	27,875	1,583,250
Addition	-	33,660	39	13,302	-	17,069	73	64,143
Disposal	-	(1,447)	-	(1,393)	-	(8,429)	-	(11,269)
Reclassification	-	26,536	-	726	-	613	(27,875)	-
Balance as of December 31, 2022	$ 264,211	868,382	4,115	241,708	3,493	254,142	73	1,636,124

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Construction in progress and equipment under installation	Total
Depreciation and impairment loss:								
Balance as of January 1, 2023	$ -	259,311	2,054	190,673	2,385	213,710	-	668,133
Recognition in current period	-	33,457	484	15,248	455	17,945	-	67,589
Disposal	-	(272)	-	(1,646)	(642)	(5,147)	-	(7,707)
Balance as of December 31, 2023	$ -	292,496	2,538	204,275	2,198	226,508	-	728,015
Balance as of January 1, 2022	$ -	229,126	1,574	179,712	2,067	204,420	-	616,899
Recognition in current period	-	31,129	480	12,339	318	17,593	-	61,859
Disposal	-	(944)	-	(1,378)	-	(8,303)	-	(10,625)
Balance as of December 31, 2022	$ -	259,311	2,054	190,673	2,385	213,710	-	668,133
Carrying amounts:								
Balance as of December 31, 2023	$ 264,211	586,404	1,577	91,088	2,309	38,261	9,348	993,198
Balance as of December 31, 2022	$ 264,211	609,071	2,061	51,035	1,108	40,432	73	967,991

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of December 31, 2023 and 2022.

(IX) Right-of-use assets

The costs and depreciation of land, buildings, and transportation equipment leased by the company are detailed as follows:

	Land	Housing and Construction	Transportation Equipment	Total
Costs of right-of-use assets:				
Balance as of January 1, 2023	$ 11,375	46,381	2,603	60,359
Addition	-	1,010	2,100	3,110
Balance as of December 31, 2023	$ 11,375	47,391	4,703	63,469
Balance as of January 1, 2022	$ 11,375	46,381	1,507	59,263
Addition	-	-	1,888	1,888
Reduction (contract expired)	-	-	(792)	(792)
Balance as of December 31, 2022	$ 11,375	46,381	2,603	60,359
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	$ 2,186	9,215	585	11,986
Depreciation in current period	544	2,332	1,451	4,327
Balance as of December 31, 2023	$ 2,730	11,547	2,036	16,313
Balance as of January 1, 2022	$ 1,642	6,912	790	9,344

	Land	Housing and Construction	Transportation Equipment	Total
Depreciation in current period	544	2,303	587	3,434
Reduction (contract expired)	-	-	(792)	(792)
Balance as of December 31, 2022	$ 2,186	9,215	585	11,986
Carrying amounts:				
Balance as of December 31, 2023	$ 8,645	35,844	2,667	47,156
Balance as of December 31, 2022	$ 9,189	37,166	2,018	48,373

(X) Intangible assets

The Company's costs, amortization and impairment loss of intangible assets for the years ended December 31, 2023 and 2022 were as follows:

	Goodwill	Software cost	Patent	Total
Costs:				
Balance as of January 1, 2023	$ 114,411	9,606	15,863	139,880
Addition in current period	-	3,177	-	3,177
Reduction in current period	-	(6,577)	-	(6,577)
Balance as of December 31, 2023	$ 114,411	6,206	15,863	136,480
Balance as of January 1, 2022	$ 114,411	7,068	15,863	137,342
Addition in current period	-	7,131	-	7,131
Reduction in current period	-	(4,593)	-	(4,593)
Balance as of December 31, 2022	$ 114,411	9,606	15,863	139,880
Amortization and impairment loss:				
Balance as of January 1, 2023	$ -	4,878	15,863	20,741
Amortization for the period	-	4,424	-	4,424
Reduction in current period	-	(6,577)	-	(6,577)
Balance as of December 31, 2023	$ -	2,725	15,863	18,588
Balance as of January 1, 2022	$ -	3,511	15,863	19,374
Amortization for the period	-	5,960	-	5,960
Reduction in current period	-	(4,593)	-	(4,593)
Balance as of December 31, 2022	$ -	4,878	15,863	20,741

	Goodwill	Software cost	Patent	Total
Carrying amounts:				
Balance as of December 31, 2023	$ 114,411	3,481	-	117,892
Balance as of December 31, 2022	$ 114,411	4,728	-	119,139

1. Amortization expenses

The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2023 and 2022:

	2023 Fiscal year	2022 Fiscal year
Operating costs	$ 183	454
Operating expenses	4,241	5,506

2. Impairment test for goodwill

(1) In accordance with International Accounting Standard No. 36, goodwill acquired through business combinations must undergo annual impairment testing. This testing involves allocating the goodwill to the cash-generating units that are expected to benefit from the synergies of the combination. Since all the goodwill generated from business combinations belongs to the Company and its subsidiary, the impairment of goodwill is assessed by comparing the recoverable amount of the Company and its subsidiary with their respective carrying amounts of net assets.

(2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:

A. The cash flow projections were based on historical figures, actual operating results and 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

B. According to the estimated weighted average cost of capital, the discount rates as of December 31, 2023 and 2022 were 9.88% and 8.75% respectively.

(3) According to the asset impairment test conducted in 2023 and 2022, no impairment losses were recognized as the recoverable amount of cash-generating unit exceeding the carrying amount.

(XI) Short-term loans

The details of the Company's short-term borrowings are provided below:

		2023.12.31	2022.12.31
Secured bank borrowings	$	-	-
Unused facility	$	661,000	750,500
Interest rate range (%)		-	-

Please refer to Note VIII for the details of the Company's assets pledged as collateral for bank borrowings.

(XII) Long-term loans

The details of the Company's long-term borrowings are provided below:

		2023.12.31	2022.12.31
Secured bank borrowings	$	124,404	199,334
Less: current portion of long-term debt		75,616	74,930
Total	$	48,788	124,404
Unused facility	$	-	-
Interest rate range (%)		1.58	1.58

1. Collateral for bank borrowings

   Please refer to Note VIII for the details of the Company's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

   In August 2020, the Company obtained a NT$371,000,000 low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". Drawdown period was until December 31, 2021 and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Company was NT$296,650,000 as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT$6,585,000 which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Deferred income for the 2023 and 2022 fiscal years was reclassified as other income in the amounts of NT$976,000and NT$1,362,000, respectively.

(XIII) Lease liabilities

The carrying amount of lease liabilities were as follows:

		2023.12.31	2022.12.31
Current	$	4,337	3,483
Non-current		45,684	47,517
Total	$	50,021	51,000

For maturity analysis, please refer to Note VI (XXII) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	2023 Fiscal year	2022 Fiscal year
Interest expense on lease liabilities	$ 896	897
Variable lease payments not included in the measurement of lease liabilities	$ 432	397
Expenses of short-term leases	$ 1,501	897

Amount recognized in the Statements of Cash Flows was as follows:

	2023 Fiscal year	2022 Fiscal year
Total cash outflow in operating activities	$ 2,829	2,191
Total cash outflow in financing activities	4,089	3,167
Total cash flows on lease	$ 6,918	5,358

1. Lease of land, buildings and construction

   The Company leases land, buildings and construction as factories, office premises, staff quarters and warehouses with lease terms ranging from 3 to 10 years for factories and 1 to 3 years for office premises and warehouses. Some of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

   The lease payments for some of the warehouses are based on the actual floor area used each month.

   For these lease contracts, the variable lease payments paid by the Company in 2023 were as follows:

	Variable payment	The estimated impact on rent for every 1% increase in actual usable area
Lease contracts with variable payment calculated based on the actual floor area used per month	$ 432	4

2. Other leases

   The Company leases machinery and transportation equipment with the lease terms ranging from three months to three years.

   The lease terms of some of Company's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Company elected to apply exemption and did not recognize related right-of-use assets and lease liabilities.

(XIV) Provisions for liabilities

		2023 Fiscal year	2022 Fiscal year
Balance as of January 1	$	131,155	146,223
Addition of provision during the year		63,163	65,515
Amount utilized during the year		(64,007)	(80,583)
Balance at December 31	**$**	**130,311**	**131,155**

The provision of the Company is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

(XV) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

		2023.12.31	2022.12.31
Present value of defined benefit obligation	$	130,884	142,971
Fair value of plan assets		(131,665)	(134,460)
Net defined benefit liabilities	**$**	**(781)**	**8,511**

The Company makes contribution of defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2023, the balance of the labor pension reserve account at Bank of Taiwan was NT$130,174,000. For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in present value of the defined benefit obligations

Changes in the present value of the Company's defined benefit obligations in 2023 and 2022 were as follows:

		2023 Fiscal year	2022 Fiscal year
Defined benefit obligations at January 1	$	142,971	198,693
Service costs and interest in the year		3,258	4,847
Remeasurement on the net defined benefit liabilities (assets)			
— Actuarial loss arising from experience adjustments		1,829	(4,149)
— Actuarial loss arising from changes in demographic assumption		1	(2)
— Actuarial loss (gain) arising from changes in financial assumption		595	(9,273)
Benefits paid by the plan		(370)	(240)
Effect of plan curtailment		(17,400)	(46,905)
Defined benefit obligations at December 31	**$**	**130,884**	**142,971**

(3) Changes in fair value of plan assets

Changes in fair value of defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

		2023 Fiscal year	2022 Fiscal year
Fair value of plan assets on January 1	$	134,460	154,459
Interest income		1,628	1,052
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)		1,379	11,634
Amount contributed to the plan		10,285	9,674
Benefits paid by the plan		(370)	(240)
Payment Amount for Project Asset Amortization		(15,717)	(42,119)
Fair value of plan assets on December 31	**$**	**131,665**	**134,460**

(4) Expenses recognized in profit or loss

Details of expenses (gains) recognized in profit or loss for the years ended December 31, 2023 and 2022:

	2023 Fiscal year	2022 Fiscal year
Service costs for the current period	$ 1,542	3,498
Net interest expense of net defined benefit liabilities	88	297
Benefits of Clearing	(1,683)	(4,786)
	$ (53)	(991)
Operating costs	$ (4)	-
Selling and marketing expenses	(7)	-
General and administrative expenses	(18)	(991)
Research and development expenses	(24)	-
	$ (53)	(991)

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

The Company intends to allocate NT$2,717,000 to the defined benefit plan within one year following the reporting date of fiscal year 2023.

The weighted-average duration of the defined benefit plan is 7 years.

(6) Sensitivity analysis

The following is the impact of changes in the main actuarial assumptions on the present value of defined benefit obligations as of December 31, 2023 and 2022:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate (change by 0.25%)	(2,477)	2,567
Future salary adjustment rate (change by 0.25%)	2,506	(2,429)
December 31, 2022		
Discount rate (change by 0.25%)	(2,994)	3,106
Future salary adjustment rate (change by 0.25%)	3,035	(2,940)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

2. Defined contribution plans

Per Company's defined contribution plan, the Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

The retirement expenses for the 2023 and 2022 fiscal years, as determined by the Company's allocation of retirement benefits, were NT$30,913,000 and NT$28,100,000, respectively. These expenses have been allocated to the Labor Insurance Bureau.

3. Short-term employee benefits

For the fiscal years 2023 and 2022, the company allocated employee incentives to specific trust property accounts in the amounts of NT$35,024,000 and NT$11,670,000, respectively. These amounts have been reported as operating costs and expenses.

As of December 31, 2023 and 2022, the accrued unused vacation bonuses for the Company were NT$25,937,000 and NT$23,915,000, respectively. These amounts have been recorded under other accounts payable.

(XVI) Income Tax

1. Income tax expense

Below are the details of the income tax expenses for the 2023 and 2022 fiscal years of our company:

	2023 Fiscal year	2022 Fiscal year
Income tax expense (benefit) for the period		
Income tax expense incurred	$ 122,543	146,816
Adjustment for prior year	-	(28,603)
	122,543	118,213
Deferred income tax expenses (benefits)		
Origination and reversal of temporary differences	(9,905)	10,651
Income tax expense	**$ 112,638**	**128,864**

Details of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Items that will not be reclassified to profit or loss:		
Gains (losses) on re-measurements of defined benefit plans	$ (209)	5,012

The adjustments for the relationship between income tax expenses and pre-tax net income for the 2023 and 2022 fiscal years of our company are as follows:

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Income before Tax	$ 711,876	851,303
Income tax using the Company's statutory tax rate	$ 142,375	170,261
Invest gain on long-term investment under the equity method	(4,705)	(8,589)
Cash dividend income	(38,474)	(25,401)
Non-deductible expenses	8,691	8,691
Gains on securities transactions	99,305	104,294
Exemption of income from securities transaction tax	(101,763)	(104,968)
Overestimation in previous periods	-	(28,603)
Tax on undistributed earnings 5%	7,209	13,179
Total	$ 112,638	128,864

2. Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities for the 2023 and 2022 fiscal years are as follows:

	Pension provision	Unrealized valuation gains	Total
Deferred income tax liabilities:			
January 1, 2023	$ (1,583)	(2,919)	(4,502)
Debit income statement	(2,067)	-	(2,067)
Credit other comprehensive income	209	-	209
December 31, 2023	$ (3,441)	(2,919)	(6,360)
January 1, 2022	$ -	(2,919)	(2,919)
Debit other comprehensive income	(1,583)	-	(1,583)
December 31, 2022	$ (1,583)	(2,919)	(4,502)

		Allowance for inventory valuation loss	Pension provision	Unrealized foreign exchange gain or loss	Others	Total
Deferred income tax assets:						
January 1, 2023	$	28,053	-	9,172	16,021	53,246
Debit income statement		2,518	-	6,637	2,817	11,972
December 31, 2023	**$**	**30,571**	**-**	**15,809**	**18,838**	**65,218**
January 1, 2022	$	16,161	5,562	30,777	14,826	67,326
(Debit)/Credit income statement		11,892	(2,133)	(21,605)	1,195	(10,651)
Debit other comprehensive income		-	(3,429)	-	-	(3,429)
December 31, 2022	**$**	**28,053**	**-**	**9,172**	**16,021**	**53,246**

3. Income tax assessment

The tax returns for the years up to 2021 filed by the Company have been approved by the tax authority.

(XVII) Capital and other equity

1. Common stock issuance

As of December 31, 2023 and 2022, the Company's authorized common stock was NT$3,600,000,000 with the par value of NT$10 per share. 187,262,000 shares were issued.

2. Capital Surplus

The Company's capital surplus was as follows:

		2023.12.31	2022.12.31
Paid-in capital in excess of par value	$	856,427	1,006,236
Adjustments arising from changes in percentage of ownership in subsidiaries		4,780	4,780
	$	**861,207**	**1,011,016**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

Moreover, during the board meeting held on March 10, 2023, the company resolved to distribute the cash surplus of NT$149,809 at a rate of NT$0.8 per share.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders' meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy set forth in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. In light of our company's stable growth phase and the industry consolidation trend, we are committed to continuously expanding our scale to ensure sustainable operation and stable growth. According to our dividend policy, if there are no accumulated losses in the previous period, the company will distribute dividends to shareholders amounting to at least 50% of the annual net profit after tax. Dividends can be in the form of either stock or cash, with cash dividends constituting no less than 30% of the total shareholder dividends.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders' meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

Pursuant to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders' equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

(3) Earning distribution

On March 10, 2023 and March 18, 2022, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended December 31, 2022 and 2021, respectively, and the amount of dividends distributed to shareholders was as follows:

	2022 Fiscal year	2021 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 561,786	617,964

On March 14, 2024, the shareholders' meeting resolved on the distribution of earnings for the year ended December 31, 2023, and the amount of dividends distributed to shareholders was as follows:

	2023 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 599,238

For information on the distribution of our company's earnings, please contact the Public Information Observation Station.

4. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance after restatement as of January 1, 2023	$ (77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	(48,945)	-	(48,945)
Share of other comprehensive income (losses) of associates and joint ventures under equity method	(41)	-	(41)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,100,229	1,100,229
Disposal of equity instruments at fair value through other comprehensive income	-	(496,528)	(496,528)
December 31, 2023	$ (126,335)	6,232,008	6,105,673

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance after restatement as of January 1, 2022	$ (117,703)	6,200,289	6,082,586
Exchange differences on translation of financial statements of foreign operations	36,972	-	36,972
Share of other comprehensive income (losses) of associates and joint ventures under equity method	3,382	-	3,382
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(50,513)	(50,513)
Disposal of equity instruments at fair value through other comprehensive income	-	(521,469)	(521,469)
Balance after restatement as of December 31, 2022	$ (77,349)	5,628,307	5,550,958

(XVIII) Earnings per Share

		2023 Fiscal year	2022 Fiscal year (Revised Edition)
Basic earnings per share:			
Net income attributable to the ordinary shareholders of the Company	$	599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)		187,262	187,262
Basic earnings per share (Unit: Thousands of shares)	$	3.20	3.86
Diluted earnings per share:			
Net income attributable to the ordinary shareholders of the Company	$	599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)		187,262	187,262
Employee Compensation (Unit: in Thousand Shares)		1,564	2,044
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)		188,826	189,306
Basic earnings per share (Unit: NT$ Thousands)	$	3.17	3.82

(XIX) Revenue from contracts with customers

1. Breakdown of revenue

		2023 Fiscal year	2022 Fiscal year
Primary geographical markets:			
Taiwan	$	1,688,460	2,065,431
China		2,070,096	2,952,315
U.S.A.		2,237,489	1,514,692
Germany		1,200,705	1,833,858
Other countries		3,109,555	2,465,236
	$	10,306,305	10,831,532
Major product/service line:			
Sales of power supply	$	10,306,305	10,831,532

2. Contract balance

		2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$	2,139,087	2,751,331	3,380,369
Less: Allowance for impairment loss		(10,603)	(24,258)	(32,806)
Total	$	2,128,484	2,727,073	3,347,563
Contract liabilities (recognized in other current liabilities)	$	43,468	67,139	41,625

The amounts recognized as income for the contract liabilities' initial balances of January 1, 2023 and 2022 were NT$38,839,000 andNT$27,861,000, respectively. The change in contract liabilities primarily occurs due to the discrepancy between the timing of fulfilling performance obligations and the timing of customer payments.

Please refer to Note VI (V) for notes receivable, accounts receivable and related impairment.

(XX) Remuneration of Employees and Directors

The Company's Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The estimated amounts of employee remuneration for the 2023 and 2022 fiscal years of the Company are NT$66,000,000 and NT$66,000,000, respectively. The estimated amounts of director remuneration are NT$7,000,000 and NT$7,000,000, respectively. These estimates are based on the Company's pre-tax net profit for the respective periods, after deducting the amounts of employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration as stipulated in the Company's articles of incorporation. They are reported as operating expenses for the 2023 and 2022 fiscal years. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the Parent Company Only Financial Statements for the years ended 2023 and 2022. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange.

(XXI) Non-operating income and expenses

1. Interest income

		2023 Fiscal year	2022 Fiscal year
Bank deposits	$	49,974	11,405
Interest income of financial assets at amortized cost		-	1,044
	$	49,974	12,449

2. Other income

	2023 Fiscal year	2022 Fiscal year
Dividend income	$ 192,370	127,003
Other income		
Government grant	1,105	1,645
Income of management fee / service fee	7,455	7,101
Others	7,623	8,457
	$ 208,553	144,206

3. Other gains and losses

	2023 Fiscal year	2022 Fiscal year
Foreign currency exchange gain, net	$ 6,391	165,908
Gain on financial assets measured at fair value through profit or loss	12,288	3,374
Loss on disposal of property, plant and equipment	(443)	(644)
	$ 18,236	168,638

4. Finance costs

	2023 Fiscal year	2022 Fiscal year
Interest expense:		
Bank borrowings	$ 13,823	6,164
Lease liabilities	896	897
	$ 14,719	7,061

(XXII) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of December 31, 2023 and 2022, three major customers contributed 26% and 25% respectively to the balance of accounts receivable.

(3) Credit risk from receivables and debt securities

Please refer to Note VI (IV) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI (V). Financial assets measured at amortized cost include other receivables, ordinary corporate bonds, restricted bank deposits, and deposited margin. The above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.

2. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Long-term loans	$ 124,404	126,118	38,579	38,455	47,859	1,225	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,299,409	2,299,409	2,299,409	-	-	-	-
Accounts payable - related parties	298,189	298,189	298,189	-	-	-	-
Other payables	843,239	843,239	843,239	-	-	-	-
Other payables - related parties	38,882	38,882	38,882	-	-	-	-
Lease liabilities	50,021	56,694	2,616	2,595	5,058	10,836	35,589
Guarantee deposits received	330	330	-	-	-	-	330
	$ 3,665,924	3,674,311	3,532,364	41,050	52,917	12,061	35,919
December 31, 2022							
Non-derivative financial liabilities							
Long-term loans	$ 199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	2,607,891	2,607,891	2,607,891	-	-	-	-
Accounts payable - related parties	439,919	439,919	439,919	-	-	-	-
Other payables	891,094	891,094	891,094	-	-	-	-
Other payables - related parties	30,153	30,153	30,153	-	-	-	-
Lease liabilities	51,000	58,439	2,178	2,178	4,131	10,902	39,050
Guarantee deposits received	332	332	-	-	-	-	332
	$ 4,232,780	4,244,532	4,023,117	40,882	81,165	59,986	39,382

The Company does not expect that the cash flows included in the maturity analysis will occur significantly earlier or at significantly different amounts.

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Company's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

		2023.12.31			2022.12.31		
		Foreign currencies	Exchange Rate	NT$	Foreign currencies	Exchange Rate	NT$
Financial assets							
Monetary items							
RMB	$	53,926	4.327	233,338	80,239	4.408	353,694
USD		123,083	30.705	3,779,264	132,106	30.710	4,056,975
Non-monetary items							
USD		2,534	28.268	71,632	2,534	28.268	71,632
USD		1,280	30.705	39,302	1,201	30.710	36,883
HKD		2,355	3.929	9,253	2,868	3.941	11,302
Financial liabilities							
Monetary items							
RMB		81,148	4.327	351,127	83,262	4.408	367,019
USD		74,502	30.705	2,287,584	88,353	30.710	2,713,321
HKD		5,925	3.929	23,279	8,669	3.938	34,139

(2) Sensitivity analysis

The Company's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. In the years of December 31, 2023 and 2022, if the New Taiwan Dollar depreciates or appreciates by 5% against the US Dollar, Renminbi, and Hong Kong Dollar, with all other factors remaining unchanged, the after-tax net profit for fiscal year 2023 and 2022 will increase or decrease by NT$54,024,000 and NT$51,848,000, respectively. The analysis for both periods is based on the same foundation.

(3) Foreign exchange gain (loss) on monetary items

As our company engages in currency transactions with a wide range of foreign currencies, we provide information on the gains and losses from currency exchange through consolidation. In the 2023 and 2022 fiscal years, the gains from foreign currency exchange, including both realized and unrealized amounts, amounted to NT$6,391,000 and NT$165,908,000, respectively.

4. Market risk

If the prices of equity securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

Security price at the reporting date	2023 Fiscal year: Other comprehensive income (pre-tax)	2023 Fiscal year: Pre-tax income	2022 Fiscal year: Other comprehensive income (pre-tax)	2022 Fiscal year: Pre-tax income
Increase by 5%	$ 337,867	13,868	309,376	10,183
Decrease by 5%	$ (337,867)	(13,868)	(309,376)	(10,183)

Please refer to Note VI (IV) "Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions" for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

The Company's demand deposits and time deposits are subject to floating interest rates. However, changes in market interest rates are not significant and thus changes in interest rates do not give rise to significant cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

Company's financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 277,366	277,366	-	-	277,366
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Subtotal	417,543	277,366	-	140,177	417,543
Financial assets at fair value through other comprehensive income					

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Domestic listed (OTC) stock	6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	233,066	-	-	233,066	233,066
Subtotal	6,990,413	6,757,347	-	233,066	6,990,413
Financial assets at amortized cost					
Cash and cash equivalents	2,760,841	-	-	-	-
Notes and accounts receivable (including related parties)	2,128,484	-	-	-	-
Other receivables - related parties	209,875	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	4,176	-	-	-	-
Subtotal	5,103,476	-	-	-	-
Total	$ 12,511,432	7,034,713	-	373,243	7,407,956
Financial liabilities measured at amortized cost					
Bank borrowings	$ 124,404	-	-	-	-
Accounts payable and trade payables (including related parties)	2,609,048	-	-	-	-
Other payables - (related parties)	882,121	-	-	-	-
Lease liabilities	50,021	-	-	-	-
Guarantee deposits received	330	-	-	-	-
Total	$ 3,665,924	-	-	-	-

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 203,658	203,658	-	-	203,658
Private equity funds	18,000	-	-	18,000	18,000

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Subtotal	293,290	203,658	-	89,632	293,290
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,176,226	6,176,226	-	-	6,176,226
Foreign listed stock	11,302	11,302	-	-	11,302
Non-publicly quoted equity instruments measured at fair value	162,792	-	-	162,792	162,792
Subtotal	6,350,320	6,187,528	-	162,792	6,350,320
Financial assets at amortized cost					
Cash and cash equivalents	2,390,487	-	-	-	-
Notes and accounts receivable (including related parties)	2,727,073	-	-	-	-
Other receivables - related parties	70,626	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	3,208	-	-	-	-
Subtotal	5,191,494	-	-	-	-
Total	$ 11,835,104	6,391,186	-	252,424	6,643,610
Financial liabilities measured at amortized cost					
Bank borrowings	$ 199,334	-	-	-	-
Accounts payable and trade payables (including related parties)	3,060,867	-	-	-	-
Other payables - (related parties)	921,247	-	-	-	-
Lease liabilities	51,000	-	-	-	-
Guarantee deposits received	332	-	-	-	-
Total	$ 4,232,780	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Company, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer 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 Balance Sheets date.

The fair value of financial instruments held by the Group that are not publicly quoted equity instruments with no active market is estimated using the market method and net asset value method. The market method is measured by reference to the recent fundraising activities of the investee or based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies, adjusted for the effect of discount on the lack of marketability of the equity securities. Net assets value method is based on the assumption that the net worth of the investee is measured on a per share basis.

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Level 3 of fair value measurements mainly includes financial assets measured at fair value through profit or loss - investments in equity securities, investments in private equity funds and financial assets measured at fair value through other comprehensive income.

The Company's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	• The equity-to-net-asset ratio multiplier as of (December 31, 2023 and 2022 was 2.57 and 2.27~4.54, respectively).	• The higher the multiple, the higher the fair value
		• There is a lack of market liquidity discount (29.39%on December31, 2023 and 2022).	• The higher the discount for lack of market liquidity, the lower the fair value
	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value

(4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

	Input	Upward or downward change	Fair value change reflected in current profit or loss: Favorable change	Fair value change reflected in current profit or loss: Unfavorable change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)
December 31, 2022						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	3,313	(3,313)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXIII) Financial risk management

1. Overview

The Company is exposed to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this Note, the Company has disclosed the information on exposure to the aforementioned risks, and the Company’s objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed on a regular basis to reflect the changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Company's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Company's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Company continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Company's accounts receivable risk. The Company regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

The Company has established the credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Company on an prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the counterparties of transactions and obligations of the Company are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

(3) Guarantee

It is the policy of the Company to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, the Company did not provide any guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Company manages its liquidity by ensuring that the Company has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Company's reputation.

The Company ensures that it has sufficient cash to meet all contractual obligations. In addition, the unused borrowing facilities of our company amounted to NT$661,000,000 and NT$750,500,000 as of December 31, 2023 and 2022 fiscal years, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable level, while optimizing the return of investment.

(1) Foreign exchange risk

The Company is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the functional currencies of the Company. Company's functional currencies mainly include NT$. The currencies used in these transactions are mainly NT$, Hong Kong Dollar, US Dollar and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Company, so the Company currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Company's financial assets exposed to the risk of fair value change arising from interest rate changes are bank deposits, but the impact of changes in interest rates on the fair value of the related financial assets is not significant.

(3) Other market price risk

Company's current financial assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income mainly consist of investment in domestic funds, private equity funds, listed stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Company is exposed to the risk of changes in the market price of equity securities. In order to manage market risk, the Company selects investment targets carefully and controls its position in order to mitigate the market risk.

(XXIV) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Company's share capital, capital surplus, retained earnings, other equity. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2023 and 2022, debt-to-equity ratio was as follows:

	2023.12.31	December 31, 2022 (restated)
Total Liabilities	$ 4,057,241	4,606,247
Less: cash and cash equivalents	(2,760,841)	(2,390,487)
Net liability	**$ 1,296,400**	**2,215,760**
Equity	**$ 14,267,436**	**13,329,251**
Debt-to-equity ratio	**9.09%**	**16.62%**

As of December 31, 2023, there was no material change in the Company's capital management.

(XXV) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2023 and 2022 was as follows:

			Non-cash changes					
	2023.1.1	**Cash flows from:**	**Addition**	**Disposal**	**Changes in foreign exchange rate**	**Changes in lease payment**	**Others**	**2023.12.31**
Long-term loans	$ 199,334	(74,930)	-	-	-	-	-	124,404
Lease liabilities	51,000	(4,089)	3,110	-	-	-	-	50,021
Total liabilities from financing activities	**$ 250,334**	**(79,019)**	**3,110**	**-**	**-**	**-**	**-**	**174,425**

	2022.1.1	Cash flows from:	Non-cash changes: Addition	Disposal	Changes in foreign exchange rate	Changes in lease payment	Others	2022.12.31
Long-term loans	$ 272,348	(73,014)	-	-	-	-	-	199,334
Lease liabilities	52,279	(3,167)	1,888	-	-	-	-	51,000
Total liabilities from financing activities	$ 324,627	(76,181)	1,888	-	-	-	-	250,334

VII. Related Party Transactions

(I) Related party name and relationship

Related parties that had transactions with the Company during the reporting periods were listed below:

Name of Related Party	Relationship with the Company
FSP Group USA Corp.	Associate of the Company
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. (“Amacrox”)	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. (“Voltronic”)	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
FSP International Inc. (BVI)	Subsidiary of the Company
FSP Group Inc.	Subsidiary of the Company
Amacrox Technology Co., Ltd. (BVI)	Subsidiary of the Company
Power Electronics Co., Ltd.	Subsidiary of the Company
FSP Technology Inc. (BVI)	Subsidiary of the Company
Harmony Trading (HK) Ltd.	Subsidiary of the Company
FSP Technology USA Inc.	Subsidiary of the Company
FSP Turkey Dis Tic.Ltd.Sti.	Subsidiary of the Company
FSP International (HK) Ltd.	Subsidiary of the Company
Proteck Electronics (Samoa) Corp.	Subsidiary of the Company
FSP Technology Vietnam Co., Ltd. (SPV)	Subsidiary of the Company
Famous Holding Ltd.	Subsidiary of the Company
Amacrox GmbH	Subsidiary of the Company
Proteck Power North America, Inc.	Subsidiary of the Company
3Y Power Technology Inc.	Subsidiary of the Company

Name of Related Party	Relationship with the Company
3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Subsidiary of the Company
FSP-C R&D Center ("FSP Jiangsu")	Subsidiary of the Company
Shenzhen Huili Electronic Co., Ltd. ("Huili")	Subsidiary of the Company
Dongguan Protek Electronics Corp.	Subsidiary of the Company
Amacrox Technology Co., Ltd.	Subsidiary of the Company
WUXI SPI Technology Co., Ltd. ("WUXI SPI")	Subsidiary of the Company
Wuxi Zhonghan Technology Co., Ltd.	Subsidiary of the Company
Haohan Electronic Technology (Ji'an) Co., Ltd.	Subsidiary of the Company
Shenzhen Zhonghan Technology Co., Ltd.	Subsidiary of the Company
Wuxi Xiangyuan Electronics Co., Ltd.	Subsidiary of the Company

(II) Significant transactions of related party

1. Operating revenue

Significant sales amount to related parties was as follows:

	2023 Fiscal year	2022 Fiscal year
Subsidiary	$ 956,054	1,134,940
Associate	75,259	48,046
Other related party	1,632,636	2,076,361
	$ 2,663,949	3,259,347

The prices and credit terms of the Company's sales to the above related parties were not significantly different from those of its regular customers.

2. Purchases

The amounts of goods purchased from related parties, raw materials purchased by related parties on behalf of the Company and processing of products were as follows:

	2023 Fiscal year	2022 Fiscal year
Subsidiary	$ 1,711,287	1,787,616
Other related party	337,062	375,168
	$ 2,048,349	2,162,784

The Company did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers except that the payment term for some subsidiaries was 5 days after the monthly settlement.

3. Receivables from related parties

The detailed breakdown of receivables generated by our company due to sales transactions and advances for business needs is as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts receivable	Subsidiary	$ 220,833	188,085
Accounts receivable	Associate	19,427	2,254
Accounts receivable	Other related party	460,996	612,383
		701,256	802,722
Other receivables	Subsidiary		
	3Y Power	5,374	7,631
	Famous Holding Ltd.	14,304	4,662
	Others	3,549	3,932
Other receivables	Associate	347	36
Other receivables	Other related party		
	FSP Power Solution GmbH	21,974	11,462
	Others	8,598	8,384
		54,146	36,107
		$ 755,402	838,829

As of December 31, 2023 and 2022, loss allowance for the above accounts receivable was recognized based on the expected credit loss rate. As of December 31, 2023 and 2022, there was no loss allowance recognized for other receivables.

4. Payable and prepayment to related parties

Accounts payable and prepayment arising from purchases of goods and raw materials and processing of products:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts payable	Subsidiary	$ 211,124	288,146
Accounts payable	Other related party	87,065	151,773
		298,189	439,919

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Other payables	Subsidiary	8,525	7,980
Other payables	Other related party	9,293	-
		17,818	7,980
		$ 316,007	447,899

5. Service from related party

The Company entered into a billing management service contract with 3Y Power, a subsidiary of the Company, to provide management guidance on the establishment of related departments, application systems and professional information services to 3Y Power at an annual cost of US$240,000. The Company also provides machinery and equipment services to 3Y Power.

The breakdown of the above income from the provision of management and equipment services to 3Y Power is as follows:

	2023 Fiscal year	2022 Fiscal year
Income from management service	$ 7,455	7,101
Income from machinery and equipment service	611	613
	$ 8,066	7,714

The details of technical service fees, labor costs and commissions paid by the Company to the related parties are as follows:

	2023 Fiscal year	2022 Fiscal year
Subsidiary		
FSP Jiangsu	$ 46,263	45,795
FSP Technology USA Inc.	11,843	2,890
Others	3,125	2,606
Associate		
FSP Group USA Corp.	11,390	8,918
Other related party	15,738	12,104
	$ 88,359	72,313

The Company recognized the following payables to related parties and advance receipts (recorded as other current liabilities and other non-current liabilities) as a result of the above transactions:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Other payables	Subsidiary	$ 14,753	11,593
Other payables	Associate	1,279	934
Other payables	Other related party	5,032	9,646
		21,064	22,173
Other current liabilities	Subsidiary		
	3Y Power	620	620
Other non-current liabilities	Subsidiary		
	3Y Power	790	1,401
		$ 22,474	24,194

(III) Compensation for key management personnel

Compensation for key management personnel

	2023 Fiscal year	2022 Fiscal year
Short-term employee benefits	$ 56,967	57,262
Post-employment benefits	529	542
	$ 57,496	57,804

VIII. Pledged Assets

The carrying amount of pledged assets for custom duty performance guarantee, and borrowings was as follows:

Name of Assets	Pledged to secure	2023.12.31	2022.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$ 100	100
Land	Long-term and short-term loan facilities	161,077	161,077
Housing and Construction	Short-term loan facilities	170,455	178,451
Total		$ 331,632	339,628

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) On December 31, 2023 and 2022, the bank provided the company with customs and goods tax accounting guarantee limits of NTS200,000,000 each, with a utilization of NT$30,000,000.

(II) The Company purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Company in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the Company, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court.

The litigation between the Company and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the Company has not yet received a notice of hearing from the US Court.

The Company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products involved in such disputes, the Company has switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the Company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Company's financial statements. The Company recognized the aforementioned expenses in as expenses for the year in which they occurred based on fiscal conservatism.

(III) The Company believes that since a ruling was rendered in the litigation between O2 and Beyond Innovation in the United States, the Company filed a civil lawsuit against Beyond Innovation based on the intellectual property rights guarantee provided by Beyond Innovation. The Company first requested the partial payment of the litigation costs and related expenses incurred by the O2 lawsuit in the United States in connection with the use of Beyond Innovation's products. However, on December 26, 2008, the Taiwan Taipei District Court rejected the claim for damages, and the Company did not agree with the rejection. On January 16, 2019, our company filed an appeal with the Taiwan High Court and successfully won the lawsuit on November 27, 2019. However, Beyond Innovation Technology Co., Ltd. appealed to the Supreme Court on December 30, 2019. After mediation by the Supreme Court of Taiwan, the two parties reached a settlement on October 5, 2022, regarding the aforementioned dispute.

(IV) The company has signed significant contracts for real estate, factory, and equipment procurement in 2023 and 2022. The contract prices were NT$16,534,000 and NT$0, respectively. Payments made for these contracts amounted to NT$8,045,000 and NT$0, respectively. These assets are recorded under unfinished projects and other non-current assets.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function / By nature	2023 Fiscal year			2022 Fiscal year		
	Operation Costs	**Operation Expenses**	**Total**	**Operation Costs**	**Operation Expenses**	**Total**
Employee benefits						
Salary expense	53,638	692,938	746,576	54,751	706,444	761,195
Insurance expense	5,531	57,379	62,910	5,952	52,544	58,496
Pension expense	2,017	28,843	30,860	1,999	25,110	27,109
Remuneration Paid to Directors	-	9,675	9,675	-	9,180	9,180
Other employee benefit expense	2,390	26,175	28,565	2,902	24,489	27,391
Depreciation expenses	10,061	61,855	71,916	8,376	56,917	65,293
Amortization expenses	183	4,241	4,424	454	5,506	5,960

Information regarding the number of employee and employee benefit expenses as of December 31, 2023 and 2022 is as follows:

	2023 Fiscal year	2022 Fiscal year
Number of Employees	756	750
Directors not in concurrent employment	8	7
Average employee benefits expense	$ 1,162	1,177
Average employee salary expense	$ 998	1,024
Average adjustment of employee salary	(2.54)%	
Supervisor's remuneration	$ -	-

The Company's compensation policy, including Directors, Supervisors, managers and employees, is as follows:

(I) Remuneration Paid to Directors

According to the Article 20 of the Company's Articles of Incorporation, if there is any profit in the year, no more than 3% shall be allocated as the Director's remuneration. The payment standard of transportation fee is in accordance with the regulations on the payment of remuneration for Directors and functional members, and the transportation fee is NT$5 thousand per person each time. If Director is also an employee, remuneration shall be paid in accordance with the provision of (3).

(II) Remuneration of Independent Directors

The Company's independent directors do not participate in the distribution of Directors' remuneration under Article 20 of the Company's Articles of Incorporation. However, the Company is required to pay each independent director a fixed quarterly compensation regardless of profit or loss. If an Independent Director resigns during the quarter, his or her remuneration shall be calculated proportionally based on the period of services in the quarter.

(III) Remuneration of Managerial Officers

The remuneration of the Company's managers is based on the Company's "Manager Salary and Remuneration Management Regulations", taking into account the salary level of the position in the market, the scope of roles and responsibilities of the position in the Company and the contribution to the Company's business goals. The remuneration of the managers is reviewed by the Remuneration Committee and implemented after the approval by the Board of Directors. When determining reasonable remuneration, the Company considers its overall operating performance, future business risks, development trends of the industry, individual performance achievement and contribution to the Company's financial results. Manager's performance and reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors, who will also revise the remuneration policy if deemed appropriate according to the actual operating conditions and relevant laws and regulations.

(IV) Remuneration of Employees

Employee salaries are determined in accordance with the Company's "Salary Management Guidelines" and with reference to average salary in the market and organizational structure. Employee salaries are adjusted in a timely manner according to market salary trends and government regulations. According to the Article 20 of the Company's Articles of Incorporation, the Company should allocate a minimum of 6% of annual profit, if any, to employee remuneration. But if there is any accumulated deficit, the Company's profit should be reserved to cover the deficit in the first place. Remuneration of employees can be paid in stock or cash, and the distribution of stock or cash to employees may include subsidiary's employees who meet certain criteria. The Board of Directors is authorized to determine the method of distribution. To retain talented employees, the Company has created an employee stock ownership trust and makes fixed monthly contributions to the Company's incentive fund as rewards for employees.

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

The relevant information regarding significant transactions that the company should disclose again according to the financial reporting standards for issuers of securities for the fiscal year 2023 is as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Number of Shares: [insert number of shares]

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock:							
	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	
	Beneficiary certificates:							
	Fuh Hwa Money Market Fund	—	〃	3,650,421	53,984	-	53,984	
	Fuh Hwa Guardian Fund	—	〃	3,504,199	70,176	-	70,176	
	Fuh Hwa Ruei Hua Fund	—	〃	1,961,169	22,966	-	22,966	
	Fuhua three to eight-year callable bonds A and bonds (NT$)			5,000,000	50,737	-	50,737	
	Fuhua three to eight-year callable bonds A and bonds (USD)	—	〃	200,000	65,439	-	65,439	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund	—	〃	400,000	14,064	-	14,064	
	Private equity fund:							
	Harmony Mobile Communication Co., LTD partnership	—	〃	44,545,455	44,545	1.11	44,545	
	Mesh Cooperative Ventures Fund	—	〃	24,000,000	24,000	2.46	24,000	
					417,543		417,543	

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value	
The Company	Stock:							
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,637,822	5,774,366	3.85	5,774,366	
	JESS-LINK Products Co., Ltd.	—	〃	10,000,000	841,000	8.19	841,000	
	WT Microelectronics Co., Ltd.	—	〃	1,000,000	45,650	0.74	45,650	
	Taiwan Cement Corp.	—	〃	54,996	1,917	-	1,917	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	〃	10,000	5,930	-	5,930	
	Coretronic Corporation			858,000	61,347	0.22	61,347	
	TOT BIOPHARM International Co., Ltd.	—	〃	1,195,200	9,253	0.15	9,253	
	Eastern Union Interactive Corp.			880,000	58,667	4.03	58,667	
	Taiwan Truewin Technology Co., Ltd.	—	〃	1,965,317	147,399	3.67	147,399	
	StockFeel	—	〃	340,000	17,000	0.97	17,000	
	Liwatt X Inc.	—	〃	1,000,000	10,000	14.29	10,000	
	Champ-ray Industrial Co., Ltd.	—	〃	200,000	17,884	0.75	17,884	
					6,990,413		6,990,413	
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	〃	-	-	12.04	-	
FSP Jiangsu	Powerland Technology Inc.	—	〃	-	26,493	3.39	26,493	
					7,016,906		7,016,906	

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$300,000,000 or 20% of the paid-in capital:

Number of Shares: [insert number of shares]

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				End of Term	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,666,822	5,665,240	-	-	290,000	496,840	1,368	495,472	3,376,822	5,774,366 (Note)

Note: The ending balance includes unrealized gain or loss on financial assets.

5. Acquisition of real estate at costs which exceed NT$300,000,000 or 20% of the paid-in capital: None.
6. Disposal of real estate at prices which exceed NT$300,000,000 or 20% of the paid-in capital: None.
7. Total purchases from and sales to related parties which exceed NT$100,000,000 or 20% of the paid-in capital:

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(344,771)	(3.35)	Note 1			110,866	5.18	
The Company	FSP North America	Substantive related party of the Company	(Sales)	(371,529)	(3.60)	Note 1			91,415	4.27	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(574,694)	(5.58)	Note 1			189,476	8.86	

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(324,151)	(3.15)	Note 1			62,050	2.90	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(270,544)	(2.63)	Note 1			91,600	4.28	
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(126,526)	(1.23)	Note 1			49,171	2.30	
The Company	Zhong Han	100% owned investment via indirect shareholding	(Sales)	(357,359)	(3.47)	Note 1			-	-	
The Company	FSP TECHNOLOGY VIETNAM	100% owned investment via indirect shareholding	(Sales)	(102,867)	(1.00)	Note 1			48,261	2.26	
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	731,339	11.28	Note 4		Note 4	59,496 (Note 3)	2.28	
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	302,896	4.67	Note 4		Note 4	25,148 (Note 3)	0.96	
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	220,980	3.41	Note 4		Note 4	34,139 (Note 3)	1.31	
The Company	Voltronic	The Company is the Director of this company	Purchases	337,063	5.20	Note 5			87,065	3.34	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	365,859	5.65	Note 1			101,425	3.89	
3Y Power	3Y Power Technologh Inc.	100% owned investment via direct shareholding	(Sales)	(352,189)	(15.75)	Note 1			15,531	2.86	
3Y Power	FSP Group USA Corp.	Affiliate	(Sales)	(365,859)	-	Note 1			-	-	
3Y Power	Zhong Han	Affiliate	(Sales)	(461,862)	(20.65)	Note 1			-	-	
3Y Power	Huili	Affiliate	Purchases (Note 2)	311,616	-	Note 4		Note 4	- (Note 3)	-	

Note 1: The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2: Including purchases of products, purchases of raw materials and processing.

Note 3: Including accounts payable arising from purchases of products and raw materials and processing fee.

Note 4: The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.

Note 5: The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

8. Receivables from related parties which exceed NT$100,000,000 or 20% of the paid-in capital:

Company with accounts receivable	Name of Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	110,866	2.45	-		59,735	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	189,476	3.07	-		76,745	-
3Y Power	The Company	65.87% owned investment via indirect shareholding	101,425	3.74	-		52,100	-

Note: As of March 1, 2024.

9. Derivative instruments transactions: None.

(II) Information on Invested Companies:

Investment information in 2023 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount: Ending Balance for the Current Period	Initial Investment Amount: At the end of last year	End-of-period Holdings: Shares	End-of-period Holdings: Shareholding (%)	End-of-period Holdings: Carrying amount	Profit (Loss) of Investee for the Period (Note 1)	Investment gain (loss)recognized for the period (Note 1)	Remark
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,241,751	1,241,751	32,202,500	100.00	2,028,018	(70,849)	(70,849)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	299	(1)	(1)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	70,442	1,806	1,806	Subsidiary
	3Y Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	785,987	126,346	83,245	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	1,950	24	24	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	6,012	4,134	4,134	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	16,333	13,885	12,692	Subsidiary
	FSP Technology VIETNAM CO.,LTD.	Vietnam	Manufacturing and trading of power supply	70,500 (Note 3)	-	70,500,000	100.00	77,544	(7,525)	(7,525)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	102,892	(10,949)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	156,806	(46,020)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,348,275	(1,637)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	32,707	(1,369)	-	Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	46,159	(13,155)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,012	(62)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	34,561	5,452	2,453	Associate
	Proteck Power North America Inc.	U.S.A.	Investment holdings	(Note 2)	3,279	1,000	100.00	-	-	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	266,516	(9,079)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	2,835	(425)	-	Sub-subsidiary

Note 1: The investment gain or loss recognized by the company is based on the financial statements of the investees audited by the CPA of the parent company in Taiwan and accounted for under the equity method, except for the financial statements of 3Y Power, 3Y Power Technology Inc. and Luckyied Co. which are audited by other CPA.

Note 2: Proteck Power North America Inc. completed its liquidation on August 29, 2023.

Note 3: The Company established FSP VN for NT$30,500,000 (US$1,000,000) on June 19, 2023 and it became a subsidiary of the Company since then.

(III) Information on investment in Mainland China:

1. Information on the name of investee company in Mainland China and their main businesses and products:

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period: Remitted	Amount of Investments Remitted or Repatriated for the Period: Repatriated	Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	Percentage of ownership of direct or indirect investment	Share of profits/losses for the period (Note 3)	Carrying amount of investment at the end of the period (Note 3)	Accumulated Investment Income Repatriated at End of Period
Huili	Processing of power supply	144,522	(II)、1	176,873	-	-	176,873	(578)	100.00	(578)	246,204	197,299
Zhonghan	Processing of power supply	223,230 (Note 2)	(II)、1	104,342	-	-	104,342	(46,022)	100.00	(46,022)	154,155	75,044
WUXI SPI	Processing of power supply	719,537 (Note 2)	(II)、1	508,326	-	-	508,326	(1,497)	100.00	(1,497)	85,730	-
WUXI Zhonghan	Manufacturing and trading of power supply	414,470	(II)、1	380,595	-	-	380,595	(236)	100.00	(236)	1,264,010	-
Zhong Han	Manufacturing and trading of power supply	129,810	(II)、1	20,196	-	-	20,196	1,802	100.00	1,802	763,247	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II)、1	13,380	-	-	13,380	(10,949)	100.00	(10,949)	104,453	-
Protek Dongguan	Processing of power supply	39,237	(II)、1	38,038	-	-	38,038	1,367	100.00	1,367	32,444	-
Hao Han	Transformer processing	163,033 (Note 2)	(II)、1	-	-	-	-	(13,155)	100.00	(13,155)	46,127	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,106	(II)、2	-	-	-	-	(425)	65.87	(280)	2,835	-

Note 1: Method of investmentcan be divided into the following 3 categories:

(I) Direct investment in mainland China.

(II) Indirect investment in mainland China through a holding company established in other countries

1. Via FSP International Inc. The company is reinvesting in mainland China.
2. Through 3Y Power to invest in mainland China.

(III) Others.

Note 2: This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

Note 3: The investment profits and losses and the carrying amount of the investment at the end of the period recognized by the company are based on the financial statements of the investee company audited by the CPA of Taiwan's parent company, except for WUXI 3Y, whose financial statements are audited by other CAP in Taiwan.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK$ 12,500,000 and US$ 35,640,000)	1,649,150 (Note 2) (HK$ 12,500,000 and US$ 52,110,000)	8,560,462 (Note1)

Note 1: 60% of net worth.

Note 2: The relevant amounts of investment in the Mainland China region mentioned above, except for the cumulative amount of investment from Taiwan to the Mainland China region at the end of this period, are based on the historical exchange rate. The recognition of investment gains and losses for this period is based on the weighted average exchange rate, with the exchange rate of USD to TWD at 1: 31.1548, the exchange rate of RMB to TWD at 1: 4.3954, and the exchange rate of HKD to TWD at 1: 3.9794. The paid-in capital, the approved amount by the Ministry of Economic Affairs Investment Commission, and the end-of -period investment book value are calculated based on the exchange rate on December 31, 2023, with the exchange rate of USD to TWD at 1: 30.7050, the exchange rate of RMB to TWD at 1: 4.3270, and the exchange rate of HKD to TWD at 1: 3.9290.

3. Significant transactions with the investee company in mainland China:

For the direct or indirect significant transactions between the Company and its investee companies in mainland China in 2023, please refer to the description of "Information on Significant Transactions".

(IV) Information on Major Shareholders:

Shareholding Name of Major Shareholders	Number of Shares Held (Shares)	Percentage of Ownership
Chuan Han Investment Co., Ltd.	15,191,766	8.11%
Cheng Ya-Jen	11,792,834	6.29%
Yang Fu-An	11,167,477	5.96%

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury

shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.

2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

FSP Technology Inc.

Details of cash and cash equivalents

December 31, 2023

Unit: NT$ thousand

Foreign currencies

Item	Summary	Amount
Cash	Patty cash	$ 100
	Cash in foreign currencies:	
	Japanese Yen (JPY147,000 (@0.217)	32
	Euro (EUR3,500.00 @33.980)	119
	USD (USD63,900.00 @30.705)	1,962
	Renminbi (CNY8,700.00 @4.327)	38
	Subtotal	2,251
Bank deposits	Time deposits：	
	NT$	724,990
	USD (USD41,150,000.00@ 30.705)	1,263,717
	Deposits in checking accounts	4,075
	Demand deposits:	
	NT$	295,386
	Euro (EUR32,686.75 @33.980)	1,111
	Australian Dollars (AUD906.74 @20.980)	19
	USD (USD 10,709,676.24 @30.705)	328,894
	HKD (HKD286,222.84 @ 3.929)	1,125
	Japanese Yen (JPY1,482,270 @0.217)	322
	Renminbi (CNY7,646,323.81 @4.327)	33,109
	GBP (GBP0.57 @39.150)	-
	Subtotal	2,652,748
Cash equivalents	Attached repurchase bonds (USD3,446,502.51 @30.705)	105,842
		$ 2,760,841

FSP Technology Inc.

Statement of Notes Receivable

December 31, 2023

Unit: NT$ thousand

Customer Name	Summary	Amount	Remark
Non-related party:			
Protech Systems Co., Ltd.	Business	$ 560	
Winsson Enterprises Co., Ltd.	〃	295	
LEX Computech Co., Ltd.	〃	502	
		$ 1,357	

FSP Technology Inc.

Breakdown of accounts receivable

December 31, 2023

Unit: NT$ thousand

Customer Name	Summary	Amount	Remark
Related party:			
Sparkle Power Inc.	Business	$ 110,866	
Fortron/Source (Europa) GmbH	〃	62,050	
FSP (GB) Ltd.	〃	7,189	
3Y Power Technology Inc.	〃	13,647	
FSP Group USA Corp.	〃	19,427	
FSP North America Inc.	〃	91,415	
FSP Power Solution GmbH	〃	189,476	
FSP Technology USA Inc.	〃	49,171	
Wuxi Zhonghan Technology Co., Ltd.	〃	91,600	
3Y Power Technology (Taiwan) Inc.	〃	5,832	
FSP Turkey Dis Tic. Ltd. Sti.	〃	48,261	
FSP Technology Vietnam Co., Ltd	〃	12,322	
Subtotal		701,256	
Non-related party:			
Listan GmbH	Business	238,396	
Tongfang International Information Technology Co., Ltd.	〃	120,357	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	1,077,721	
Subtotal		1,436,474	
Less: Allowance for impairment loss		10,603	
Subtotal		1,425,871	
		$ 2,127,127	

FSP Technology Inc.

Breakdown of other accounts receivable

December 31, 2023

Unit: NT$ thousand

Customer Name	Summary	Amount	Remark
Related party:			
FSP Power Solution GmbH	Business	21,974	
3Y Power Technology (Taiwan) Inc.	〃	5,374	
Famous Holding Ltd.	〃	14,304	
Sparkle Power Inc.	〃	2,804	
FSP North America Inc.	〃	5,354	
3Y Power Exchange Inc.	〃	362	
FSP Technology USA Inc.	〃	2,963	
FSP-C R&D Center (Jiangsu)	〃	103	
Fortron/Source (Europa) GmbH	〃	249	
FSP (GB) Ltd.	〃	189	
FSP Group USA Corp.	〃	347	
FSP Turkey Dis Tic.Ltd.Sti.	〃	33	
Dongguan Protek	〃	45	
Wuxi Zhonghan Technology Co., Ltd.	〃	45	
Subtotal		54,146	
Non-related party:			
Shenzhen Zhencheng Wangshi Imp. & Exp. Co., Ltd.	Business	119,279	
CELESTICA (THAILAND) LIMITED	〃	3,744	
Cystech Electronics Corp	〃	3,602	
Elitegroup Computer Systems (ECS)	〃	2,492	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	26,612	
Subtotal		155,729	
		$ 209,875	

FSP Technology Inc.

Statement of Inventories

December 31, 2023

Unit: NT$ thousand

Item	Amount		Remark
	Cost	Net realizable value	
Finished goods	$ 1,019,546	1,176,186	Market value refers to the estimated net realizable value
Work in process	253,264	500,195	〃
Raw materials	432,960	379,072	〃
Total	1,705,770	**2,055,453**	
Less: allowance for inventory valuation loss	152,855		
	$ 1,552,915		

Breakdown of prepayment

Customer Name	Summary	Amount	Remark
Prepaid expenses		$ 27,545	
Tax overpaid retained for offsetting the future tax payable		9,122	
Prepayment for purchase:		2,364	
		$ 39,031	

FSP Technology Inc.

Statement of Other Current Assets

December 31, 2023

Unit: NT$ thousand

Item	Summary	Amount	Remark
Payments on behalf of others		$ 9,785	
Others (the amount of individual item in others does not exceed 5% of the account balance)		226	
		$ 10,011	

FSP Technology Inc.

Changes in financial assets at fair value through other comprehensive income - Non-current

January 1 to December 31, 2023

Unit: NT$ thousand

Name	Beginning of Period		Increase for the period		Reduction in current period		End of Term		Provide Collateral Pledge or Collateral Status	Remark
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Voltronic Power Technology Corp.	3,666,822	$ 5,665,240	-	605,966	29,000	496,840	3,637,822	5,774,366	None	
JESS-LINK Products Co., Ltd.	10,000,000	400,000	-	441,000	-	-	10,000,000	841,000	None	
WT Microelectronics Co., Ltd.	1,000,000	47,750	-	-	-	2,100	1,000,000	45,650	None	
Taiwan Cement Corp.	54,996	1,851	-	66	-	-	54,996	1,917	None	
Taiwan Semiconductor Manufacturing Co., Ltd.	10,000	4,485	-	1,445	-	-	10,000	5,930	None	
Coretronic Corporation	1,000,000	56,900	-	15,986	142,000	11,539	858,000	61,347	None	
TOT BIOPHARM International Co., Ltd.	1,195,200	11,302	-	-	-	2,049	1,195,200	9,253	None	
Eastern Union Interactive Corp.	880,000	58,667	-	-	-	-	880,000	58,667	None	
Guoyu Global Co., Ltd.	500,000	5,000	-	-	500,000	5,000	-	-	None	
Taiwan Truewin Technology Co., Ltd.	1,387,925	89,125	577,392	58,274	-	-	1,965,317	147,399	None	
StockFeel	-	-	340,000	17,000	-	-	340,000	17,000	None	
Champ-ray Industrial Co., Ltd.	-	-	200,000	17,884	-	-	200,000	17,884	None	
Liwatt X Inc.	1,000,000	10,000	-	-	-	-	1,000,000	10,000	None	
		$ 6,350,320		1,157,621		517,528		6,990,413		

FSP Technology Inc.

Statement of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2023

Unit: NT$ thousand

	Opening balance after (restatement)		Increase for the period		Reduction in current period		Ending balance			Market price or net worth			
Name	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Percentage of Ownership**	**Amount**	**Unit Price**	**Total**	**Guarantee or Pledge**	**Remark**
FSP International Inc. (BVI)	32,202,500	$ 2,137,387	-	-	-	109,369	32,202,500	100.00%	2,028,018	63.63	2,049,159	None	
FSP Group Inc.	50,000	300	-	-	-	1	50,000	100.00%	299	5.97	299	None	
Amacrox Technology Co., Ltd. (BVI)	1,109,355	70,235	-	2,317	-	2,110	1,109,355	100.00%	70,442	70.49	78,218	None	
3Y Power	16,309,484	771,122	-	83,412	-	68,547	16,309,484	65.87%	785,987	48.23	786,817	None	
Harmony Trading (HK) Ltd.	10,000	1,926	-	24	-	-	10,000	100.00%	1,950	195.04	1,950	None	
FSP Technology USA Inc.	100,000	1,938	-	4,134	-	60	100,000	100.00%	6,012	60.12	6,012	None	
FSP Turkey Dis Tic.Ltd.Sti.	6,673,000	10,441	-	16,272	-	10,380	6,673,000	91.41%	16,333	3.41	22,756	None	
FSP TECHNOLOGY VIETNAM	-	-	70,500,000	92,600	-	15,056	70,500,000	100.00%	77,544	1.14	80,498		
		$ 2,993,349		198,759		205,523			2,986,585		3,025,709		

Note: This includes investment income of 23,526,000, new investments of NT$92,600,000, exchange differences from the financial reports of overseas operating institutions of (NT$48,986,000), benefits from defined welfare plans of subsidiaries of 136,000, net changes in deferred credits (unrealized gains or losses on sales of goods) of (NT$12,065,000), and cash dividends paid by invested companies of (NT$61,975,000).

FSP Technology Inc.

Breakdown of other non-current assets

December 31, 2023

Unit: NT$ thousand

Item	Summary	Amount	Remark
Refundable deposits	Deposits for factories, office premises, and staff quarters	$ 4,176	
Others (the amount of individual item in others does not exceed 5% of the account balance)	Others	558	
		$ 4,734	

Breakdown of notes payable

Customer Name	Summary	Amount	Remark
Hey Bro International Corp.	〃	$ 3,898	
KPMG Taiwan	〃	765	
TUV Rheinland Taiwan Ltd.	〃	3,378	
168 Food Co., Ltd.	〃	753	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	2,656	
		$ 11,450	

FSP Technology Inc.

Statement of Accounts Payable

December 31, 2023

Unit: NT$ thousand

Customer Name	Summary	Amount		Remark
Related party:				
Shenzhen HuiLi Electronics Co., Ltd.	Business	$	53,605	
Zhonghan Electronics Shenzhen Co., Ltd.	〃		23,142	
Wuxi SPI Technology Co., Ltd.	〃		28,845	
3Y Power Technology (Taiwan) Inc.	〃		100,676	
Dongguan Protek Electronics Corp.	〃		4,642	
Harmony Trading (HK) Ltd.	〃		214	
Voltronic Power Technology Corp.	〃		87,065	
Subtotal			298,189	
Non-related party:				
Yuen Tai Electrical Co., Ltd.	Business		196,858	
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃		2,102,551	
Subtotal			2,299,409	
		$	2,597,598	

FSP Technology Inc.

Statement of Other Payables

December 31, 2023

Unit: NT$ thousand

Item	Summary	Amount
Non-related party:		
Salaries and bonuses payable	Business	$ 361,078
Safety test fee payable	〃	125,634
Advertising fees payable	〃	68,649
Remuneration payable to employees and directors	〃	85,415
Commission Payable	〃	59,816
Others (the amount of individual item in others does not exceed 5% of the account balance)	〃	142,647
		$ 843,239

Statement of Other Current Liabilities

Item	Summary	Amount	Remark
Advance payment received		$ 43,468	
Temporary Receipt		115,683	
Collection for others		18,024	
Others (individual balances not reaching 5%of this item)		6,582	
		$ 183,757	

FSP Technology Inc.

Statement of Operating Revenue

January 1 to December 31, 2023

Unit: NT$ thousand

Item	Quantity	Amount	Remark
Power supplies:			
Personal computer	3,290,341 PCS	$ 4,807,577	
Consumer application	9,286,385 PCS	3,943,846	
Industrial use	297,766 PCS	843,919	
Medical use	324,213 PCS	476,616	
Semi-finished goods	556,190 PCS	29,506	
Raw material	102,814,605 PCS	204,841	
		$ 10,306,305	

FSP Technology Inc.

Statement of Operating Costs

January 1 to December 31, 2023

Unit: NT$ thousand

Item	Amount	
	Subtotal	Total
Cost of self-produced goods sold		
Direct raw material	$ 5,380,313	
Add: raw materials - beginning of the period	449,733	
Purchase	5,557,592	
Less: raw materials - end of the period	(432,960)	
Sales of raw materials	(180,889)	
Loss on inventory obsolescence	(9,991)	
Loss on raw materials	(7)	
Used by departments	(3,165)	
Director labor	19,510	
Manufacturing overheads	1,838,849	
Manufacturing overheads	7,238,672	
Add: work in process - beginning of the period	455,005	
Purchase	5,114	
Less: work in process - end of the period	(253,264)	
Sales of semi-finished goods	(19,245)	
Loss on inventory obsolescence	(2,537)	
Loss on semi-finished goods	(2)	
Used by departments	(515)	
Cost of finished goods	7,423,228	
Add: finished goods at beginning of the period	1,114,940	
Finished goods purchased	769,587	
Less: finished goods at end of the period	(1,019,546)	
Loss on inventory obsolescence	(16,527)	
Loss on semi-finished goods	(8)	
Used by departments	(17,395)	
Total cost of goods sold		8,254,279
Cost of raw material sold		180,889
Cost of semi-finished goods sold		19,245
Loss on inventory obsolescence		29,055
Loss on inventory write-down		12,591
Loss on inventory		17
Total operating costs		**$ 8,496,076**

FSP Technology Inc.

Statement of Selling and Marketing Expenses

January 1 to December 31, 2023

Unit: NT$ thousand

Item	Summary	Amount	Remark
Salary expenses		$ 127,854	
Commission expense		172,222	
Shipping expense		75,958	
Insurance expenses		29,157	
Labor costs		26,999	
Others (the amount of individual item in others does not exceed 5% of the account balance)		91,954	
		$ 524,144	

Statement of General and Administrative Expenses

Item	Summary	Amount	Remark
Salary expenses		$ 255,181	
Depreciation		30,933	
Labor costs		26,501	
Others (the amount of individual item in others does not exceed 5% of the account balance)		111,021	
		$ 423,636	

FSP Technology Inc.

Breakdown of R&D expenses

January 1 to December 31, 2023

Unit: NT$ thousand

Item	Summary	Amount	Remark
Salary expenses		$ 319,578	
Insurance expenses		30,121	
Others (the amount of individual item in others does not exceed 5% of the account balance)		90,291	
		$ 439,990	

For the table of changes in property, plant and equipment, please refer to Note VI (VIII).

For the table of changes in accumulated depreciation of property, plant and equipment, please refer to Note VI (VIII).

For the table of changes in right-of-use assets, please refer to Notes VI (IX).

For the table of changes in intangible assets, please refer to Notes VI (X).

For the table of lease liabilities, please refer to Notes VI (XIII).

For the table of provisions, please refer to Notes VI (XIV).

For the table of interest income, please refer to Note VI (XXI).

For the table of other income, please refer to Note VI (XXI).

For the table of other gains and losses, please refer to Note VI (XXI).

For the table of financial costs, please refer to Note VI (XXI).