DAVICOM SEMICONDUCTOR , INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of DAVICOM Semiconductor, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of DAVICOM Semiconductor, Inc. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. 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, we do not provide a separate opinion on these matters.

The Company's key audit matters are as follows:

Evaluation of accounts receivable

Description

Please refer to Note 4(7) for accounting policies on accounts receivable recognition and valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to impairment of accounts receivable, Note 6(3) for details of accounts receivable. The balance of accounts receivable amounted to NT$17,713 thousand as at December 31, 2023.

The Company's accounts receivable arises from selling goods, and collecting in accordance with credit period which is determined by the Credit Quality Control Policy of individual customers' credit quality.

Allowance for uncollectible accounts are based on expected credit losses during its existing period. For the purpose of measurement, underlying receivables should be grouped appropriately and the assumptions should be assessed and analyzed. The aging categories, expected loss ratio and forward-looking information usually include subjective judgement, therefore, the valuation of accounts receivable was identified as a key audit matter.

How our audit addressed the matter

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

1. Checked and tested the assumptions of expected credit losses and assessed the reasonableness of the aging categories, including objective evidences used to determine the accuracy of periods and credit terms. Verified whether there are long overdue unrecoverable accounts receivable on the list to assess the adequacy of allowance for uncollectible accounts.

2. Based on subsequent collections, discussed with management for its assessment of recoverability of past due receivables and further evaluate the possibility of the impairment from past due receivables.

Evaluation of inventories

Description

Please refer to Note 4(10) for accounting policies on inventory valuation, Note 5 for uncertainty of accounting estimates and assumptions in relation to inventory valuation, Note 6(4) for details of inventory. The balance of inventory and allowance for inventory valuation losses amounted to NT$22,821 thousand and NT$19,111 thousand as at December 31, 2023, respectively.

The Company is engaged in research, development, production, manufacturing and sales of local area network chipset. Due to rapid changes in technology, the life cycle of products is short and easily affected by market prices, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company measures inventory for normal sales at the lower of cost or net realisable value method. For inventory aging over certain period, individual inventory valuation losses and obsolete inventory, provision for loss is made through individual identification and measured at net realisable value. As a result of the significant amount, numerous items, and since identifying obsolete and damaged inventory usually involves management judgement, it also belongs to one of the audit scopes involving professional judgement. Therefore, the estimate of inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding of the business, industry, products and inventory aging to assess the provision policy of allowance for inventory valuation losses, verifying whether the related accounting policies are consistent with the last period, and evaluating whether the provision policy is reasonable.

2. Obtained inventory aging report from management, analyse and compare the different reasons for loss due to market value decline and obsolete and slow-moving inventories to assess the appropriateness of loss for market value decline and obsolete and slow-moving inventory policy.
3. For summary statement that management uses to valuate loss for market value decline and obsolete and slow-moving inventories, confirming whether it agrees with the statement details generated from system, and verifying that obsolete and slow-moving inventories which were provided valuation losses, has been completely listed in the statement.
4. Tested book value of ending inventory, through selecting samples and obtaining invoices of last period to verify whether they were measured at the lower of cost or net realizable value method, and recalculating and valuating the reasonableness of changes in allowance for inventory valuation losses.
5. Participating and observing the year-end physical inventory count to verify the existence and completeness of inventory, and checking the condition of inventory to assess the appropriateness of allowance for inventory valuation losses of obsolete and slow-moving inventories.

Other matters

Reference to report of the other auditors

The share of profit or loss of related companies recognised under the equity method, which is recognised based on the audit report of other auditors for the years ended December 31, 2023 and 2022, is NT$33 thousand and NT($1,692) thousand, respectively. Additionally, the recognised comprehensive income comprising share of other comprehensive income in subsidiaries, were both NT$0 thousand for the abovementioned periods. As of December 31, 2023 and 2022, the balance of the related investments accounted for using the equity method was NT$281,831 thousand and NT$324,799 thousand, 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 accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal controls as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 controls.
2. Obtain an understanding of internal controls 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 controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 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 footnote 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Chia-Hung Hsiao, Chun-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 29, 2024

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

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

DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 344,727	30	$ 330,112	28
1150	Notes receivable, net	6(3)	-	-	499	-
1170	Accounts receivable, net	6(3)	17,713	2	22,385	2
1200	Other receivables		248	-	215	-
1220	Current tax assets		3,645	-	-	-
130X	Inventories, net	6(4)	22,821	2	39,081	3
1410	Prepayments		886	-	1,003	-
11XX	**Current Assets**		390,040	34	393,295	33
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	38,527	3	28,244	2
1550	Investments accounted for under equity method	6(5)	386,562	34	425,952	36
1600	Property, plant and equipment	6(6)	124,758	11	128,717	11
1755	Right-of-use assets	6(7)	86,081	8	88,559	7
1760	Investment property - net	6(9)	108,360	9	111,660	9
1780	Intangible assets		718	-	1,004	-
1840	Deferred income tax assets	6(25)	7,187	1	6,841	1
1900	Other non-current assets	6(10)	5,125	-	7,566	1
15XX	**Non-current assets**		757,318	66	798,543	67
1XXX	**Total assets**		$ 1,147,358	100	$ 1,191,838	100

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DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities		$ 135	-	$ 143	-
2150	Notes payable		153	-	138	-
2170	Accounts payable		2,337	-	4,135	-
2200	Other payables	6(11)	28,540	3	32,454	3
2230	Current income tax liabilities	6(25)	-	-	5,449	1
2280	Current lease liabilities	6(27)	1,546	-	1,535	-
2310	Advance receipts		1,300	-	1,286	-
21XX	**Current Liabilities**		34,011	3	45,140	4
	Non-current liabilities					
2570	Deferred income tax liabilities	6(25)	1,905	-	1,827	-
2580	Non-current lease liabilities	6(27)	71,520	6	73,068	6
2600	Other non-current liabilities	6(12)	6,506	1	6,843	1
25XX	**Non-current liabilities**		79,931	7	81,738	7
2XXX	**Total Liabilities**		113,942	10	126,878	11
	Equity					
	Share capital	6(15)				
3110	Common stock		831,171	72	831,171	70
	Capital surplus	6(16)				
3200	Capital surplus		63,597	6	84,000	7
	Retained earnings	6(17)				
3310	Legal reserve		95,866	8	88,782	7
3320	Special reserve		12,799	1	22,711	2
3350	Undistributed earnings	6(24)	51,157	5	59,410	5
	Other equity interest					
3400	Other equity interest		(12,859)	(1)	(12,799)	(1)
	Treasury shares	6(15)				
3500	Treasury shares		(8,315)	(1)	(8,315)	(1)
3XXX	**Total equity**		1,033,416	90	1,064,960	89
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 1,147,358	100	$ 1,191,838	100

The accompanying notes are an integral part of these parent company only financial statements.

DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars,except earnings per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18)	$ 231,982	100	$ 295,990	100
5000	Operating costs	6(4)(23)(24)	(71,214)	(31)	(78,036)	(27)
5900	Net operating margin		160,768	69	217,954	73
	Operating expenses	6(23)(24)				
6100	Selling expenses		(30,493)	(13)	(27,739)	(9)
6200	General and administrative expenses		(48,032)	(21)	(49,764)	(17)
6300	Research and development expenses		(66,024)	(28)	(74,397)	(25)
6450	Impairment on expected credit gains (losses)	6(3) and 12(2)	550	-	300	-
6000	Total operating expenses		(143,999)	(62)	(151,600)	(51)
6900	Operating income		16,769	7	66,354	22
	Non-operating income and expenses					
7100	Interest income	6(19)	4,543	2	1,369	-
7010	Other income	6(20)	28,103	12	35,293	12
7020	Other gains and losses	6(21)	4,930	2	(15,000)	(5)
7050	Finance costs	6(22)	(665)	-	(653)	-
7070	Share of profit (loss) of associates and joint ventures accounted for under equity method	6(5)	2,670	1	(735)	-
7000	Total non-operating income and expenses		39,581	17	20,274	7
7900	**Income from continuing operations before income tax**		56,350	24	86,628	29
7950	Income tax expense	6(25)	(5,606)	(2)	(17,597)	(6)
8000	**Profit for the year from continuing operations**		50,744	22	69,031	23
8200	**Profit for the year**		$ 50,744	22	$ 69,031	23
	Other comprehensive income, net					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(13)	$ 471	-	$ 2,256	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(94)	-	(451)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		377	-	1,805	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(60)	-	9,912	3
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(60)	-	9,912	3
8300	**Other comprehensive income for the year, net**		$ 317	-	$ 11,717	4
8500	**Total comprehensive income for the year**		$ 51,061	22	$ 80,748	27
	Basic earnings per share	6(26)				
9750	Total basic earnings per share		$ 0.61		$ 0.84	
	Diluted earnings per share	6(26)				
9850	Total diluted earnings per share		$ 0.61		$ 0.84	

The accompanying notes are an integral part of these parent company only financial statements.

DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus			Retained Earnings					
	Notes	Common stock	Additional paid-in capital	Treasury share transactions	Others	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Treasury shares	Total equity
Year 2022											
Balance at January 1, 2022		$ 846,321	$ 82,458	$ -	$ 38,714	$ 81,835	$ -	$ 69,517	($ 22,711)	($ 50,851)	$1,045,283
Profit for the year		-	-	-	-	-	-	69,031	-	-	69,031
Other comprehensive income for the year		-	-	-	-	-	-	1,805	9,912	-	11,717
Total comprehensive income		-	-	-	-	-	-	70,836	9,912	-	80,748
Appropriation and distribution of 2022 earnings	6(17)										
Legal reserve		-	-	-	-	6,947	-	(6,947)	-	-	-
Special reserve		-	-	-	-	-	22,711	(22,711)	-	-	-
Cash dividends		-	-	-	-	-	-	(39,796)	-	-	(39,796)
Cash dividends distributed from capital surplus	6(16)(17)	-	(41,921)	-	-	-	-	-	-	-	(41,921)
Decrease in treasury shares	6(15)	(15,150)	(1,476)	-	-	-	-	(11,489)	-	28,115	-
Treasury stock sold to employee	6(14)	-	-	6,225	-	-	-	-	-	14,421	20,646
Balance at December 31, 2022		$ 831,171	$ 39,061	$ 6,225	$ 38,714	$ 88,782	$ 22,711	$ 59,410	($ 12,799)	($ 8,315)	$1,064,960
Year 2023											
Balance at January1,2023		$ 831,171	$ 39,061	$ 6,225	$ 38,714	$ 88,782	$ 22,711	$ 59,410	($ 12,799)	($ 8,315)	$1,064,960
Profit for the year		-	-	-	-	-	-	50,744	-	-	50,744
Other comprehensive income (loss) for the year		-	-	-	-	-	-	377	(60)	-	317
Total comprehensive income (loss)		-	-	-	-	-	-	51,121	(60)	-	51,061
Appropriation and distribution of 2023 earnings	6(17)										
Legal reserve		-	-	-	-	7,084	-	(7,084)	-	-	-
Reversal of special reserve		-	-	-	-	-	(9,912)	9,912	-	-	-
Cash dividends		-	-	-	-	-	-	(62,202)	-	-	(62,202)
Cash dividends distributed from capital surplus	6(16)(17)	-	(20,403)	-	-	-	-	-	-	-	(20,403)
Balance at December 31, 2023		$ 831,171	$ 18,658	$ 6,225	$ 38,714	$ 95,866	$ 12,799	$ 51,157	($ 12,859)	($ 8,315)	$1,033,416

The accompanying notes are an integral part of these parent company only financial statements.

DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 56,350	$ 86,628
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(6)(7)(9)	9,862	9,840
Amortisation	6(23)	2,884	4,418
Impairment on expected credit gains	6(3) and 12(2)	(550)	(300)
Net profit on financial assets at fair value through profit or loss	6(2)(21)	(8,283)	29,314
Interest expense	6(22)	665	653
Interest income	6(19)	(4,543)	(1,369)
Stock-based payment	6(14)	-	6,207
Share of profit of associates accounted for under equity method	6(5)	(2,670)	735
Deferred charges transferred to research and experimental expenses		-	1,364
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss-non-current		(2,000)	(7,000)
Notes receivable		499	(221)
Accounts receivable		5,222	10,809
Other receivables		(13)	(20)
Inventories, net		16,260	(8,293)
Prepayments		117	3,089
Changes in operating liabilities			
Current contract liabilities		(8)	(144)
Notes payable		15	(2,547)
Accounts payable		(1,798)	(3,082)
Other payables		(3,914)	4,939
Advance receipts		14	76
Net defined benefit liabilities		114	(8,744)
Cash inflow generated from operations		68,223	126,352
Interest received		4,523	1,337
Interest paid		(665)	(653)
Income tax paid		(15,062)	(17,352)
Net cash flows from operating activities		57,019	109,684

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DAVICOM SEMICONDUCTOR , INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of investments accounted for using equity method		$ 42,000	$ -
Acquisition of property, plant and equipment	6(6)	(76)	(392)
Acquisition of investment property	6(9)	(49)	(237)
Increase in intangible assets		(157)	(183)
Increase in other assets		-	(964)
Net cash flows from (used in) investing activities		41,718	(1,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in guarantee deposits received	6(12)(27)	20	76
Repayment of principal portion of lease liabilities	6(7)(27)	(1,537)	(1,522)
Payments of cash dividends	6(17)	(62,202)	(39,796)
Cash dividends from capital surplus	6(16)	(20,403)	(41,921)
Employee purchases of treasury shares		-	14,439
Net cash flows used in financing activities		(84,122)	(68,724)
Net increase in cash and cash equivalents		14,615	39,184
Cash and cash equivalents at beginning of year		330,112	290,928
Cash and cash equivalents at end of year		$ 344,727	$ 330,112

The accompanying notes are an integral part of these parent company only financial statements.

DAVICOM SEMICONDUCTOR , INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Davicom Semiconductor, Inc. (the “Company”) was incorporated on August, 1996, as a corporation limited by shares and opened in the same year. The Company is primarily engaged in the research, development, production, manufacturing and sales of communications network ICs. The Company's stock has been listed on the Taiwan Stock Exchange since August 6, 2007.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These financial statements were authorised for issuance by the Board of Directors on February 29, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF Material SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

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

B. The preparation of financial statements in conformity with IFIRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

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

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

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

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

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

(7) Accounts and notes receivable

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

B. The Company initially measures accounts and notes receivable at fair value and subsequently recognises the amortised interest income over the period of circulation using the effective interest method and the impairment loss. A gain or loss is recognised in profit or loss.

(8) Impairment of financial assets

The Company assesses at each balance sheet date including accounts receivable that have a significant financing, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / Subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries.

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

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

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

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

F. Accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", the profit and loss of the parent company only financial statements and other comprehensive gains and losses should be the same as the current profit and loss and other comprehensive gains and losses in the financial statements prepared on an individual basis, which is the share of the owner of the parent company. The parent company only financial statements owner's equity should be included in the financial statements prepared on an individual basis. The owners' equity attributable to the parent company is the same.

(12) Property, plant and equipment

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

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

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

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

Buildings	2~51 years
Computer communications equipment	4 years
Other equipment	4 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 5~51 years.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(16) Impairment of non-financial assets

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

(17) Notes and accounts payable

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

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) Employee share-based payment

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

B. Restricted stocks:

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

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Company and the Company must refund their payments on the stocks. The Company recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(20) Income tax

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

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

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Share capital

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

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

(22) Dividends

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

(23) Revenue recognition

A. The Company manufactures and sells communications network ICs. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, when the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. No element of financing is deemed present as the sales are made with a credit term of 30 to 75 days, which is consistent with market practice.

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

(24) Government grants

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

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

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

Critical accounting estimates and assumptions

(1) Evaluation of accounts receivable

When there is objective evidence showing signs of impairment, the Company considers future cash flow estimates. The amount of the impairment loss is measured by the difference between the carrying amount of the asset and the estimated future cash flow at the original effective interest rate of the financial asset. If the actual cash flow is less than expected, there may be significant impairment losses.

(2) Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 110	$ 125
Checking accounts and demand deposits	137,725	130,295
Time deposits	206,892	199,692
	$ 344,727	$ 330,112

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

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

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 39,761	$ 39,761
Limited Partnership	8,000	6,000
Subtotal	47,761	45,761
Valuation adjustment	(9,234)	(17,517)
	$ 38,527	$ 28,244

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

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	$ 8,283	($ 29,314)

B. As of December 31, 2023 and 2022, the Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 499
Accounts receivable	$ 18,464	$ 23,686
Less: Allowance for uncollectible accounts	(751)	(1,301)
	$ 17,713	$ 22,385

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 18,318	$ -	$ 23,686	$ 499
Up to 30 days	146	-	-	-
	$ 18,464	$ -	$ 23,686	$ 499

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $32,894.

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

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Work in progress	$ 19,120	($ 11,069)	$ 8,051
Finished goods	22,812	(8,042)	14,770
	$ 41,932	($ 19,111)	$ 22,821

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Work in progress	$ 26,315	($ 9,958)	$ 16,357
Finished goods	29,347	(6,623)	22,724
	$ 55,662	($ 16,581)	$ 39,081

The cost of the inventories recognised as expense for the period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 68,684	$ 74,636
Loss on decline in market value	2,530	3,400
	$ 71,214	$ 78,036

(5) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Davicom Investment Inc.	$ 210,573	$ 209,031
TSCC Inc.	104,123	101,153
Medicom Corp.	608	43,000
Aidialink Corp.	71,258	72,768
	$ 386,562	$ 425,952

A. The investment gain (loss) recognised by the Company for the years ended December 31, 2023 and 2022 using the equity method are $2,670 and ($735), respectively, which were recognised based on the investees’ financial statements audited by independent auditors in the same periods.

B. For information relating to the subsidiaries of the Company, please refer to Note 4(3) of the 2023 consolidated financial statements of the Company.

(6) Property, plant and equipment

	2023			
	Buildings	Computer communications equipment	Others	Total
At January 1				
Cost	$ 190,926	$ 496	$ 381	$ 191,803
Accumulated depreciation	(62,596)	(336)	(154)	(63,086)
	$ 128,330	$ 160	$ 227	$ 128,717
Opening net book amount as at January 1	$ 128,330	$ 160	$ 227	$ 128,717
Additions	56	-	20	76
Depreciation charge	(3,825)	(117)	(93)	(4,035)
Closing net book amount as at December 31	$ 124,561	$ 43	$ 154	$ 124,758
At December 31				
Cost	$ 190,982	$ 496	$ 401	$ 191,879
Accumulated depreciation	(66,421)	(453)	(247)	(67,121)
	$ 124,561	$ 43	$ 154	$ 124,758

	2022			
	Buildings	Computer communications equipment	Others	Total
At January 1				
Cost	$ 190,658	$ 555	$ 522	$ 191,735
Accumulated depreciation	(58,802)	(281)	(287)	(59,370)
	$ 131,856	$ 274	$ 235	$ 132,365
Opening net book amount as at January 1	$ 131,856	$ 274	$ 235	$ 132,365
Additions	268	17	107	392
Depreciation charge	(3,794)	(131)	(115)	(4,040)
Closing net book amount as at December 31	$ 128,330	$ 160	$ 227	$ 128,717
At December 31				
Cost	$ 190,926	$ 496	$ 381	$ 191,803
Accumulated depreciation	(62,596)	(336)	(154)	(63,086)
	$ 128,330	$ 160	$ 227	$ 128,717

(7) Leasing arrangements－lessee

A. The Company leases various assets including land. Rental contracts are typically made for periods for 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 57,873	$ 59,725
Buildings	28,208	28,834
	$ 86,081	$ 88,559

	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 1,852	$ 1,852
Buildings	626	626
	$ 2,478	$ 2,478

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $0 and $13,732, respectively.

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

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 613	$ 626
Expense on short-term lease contracts	$ 50	$ 56
Expense on leases of low-value assets	$ 220	$ 151

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases was $2,420 and $2,355, respectively.

(8) Leasing arrangements – lessor

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of $26,995 and $26,827, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	$ -	23,342
2024	23,452	1,763
2025	17,319	-
	$ 40,771	$ 25,105

(9) Investment property-Buildings

	Years ended December 31, 2023	2022
At January 1		
Cost	$ 167,127	$ 166,890
Accumulated depreciation	(55,467)	(52,145)
	$ 111,660	$ 114,745
Opening net book amount as at January 1	$ 111,660	$ 114,745
Additions	49	237
Depreciation charge	(3,349)	(3,322)
Closing net book amount as at December 31	$ 108,360	$ 111,660
At December 31		
Cost	$ 167,176	$ 167,127
Accumulated depreciation	(58,816)	(55,467)
	$ 108,360	$ 111,660

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31, 2023	2022
Rental income from investment property	$ 26,995	$ 26,827
Direct operating expenses arising from the investment property that generated rental income during the period	($ 6,046)	($ 5,788)

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was $187,663 and $183,694, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy. Key assumptions are as follows:

	Overall capital interest rate	Profit margin	Ratio of salvage value
Cost approach	2.060%~2.145%	18.00%	5.00%
			Capitalisation rate
Income approach			3.35%~8.20%

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Deferred charges	$ 2,883	$ 5,324
Guarantee deposits paid	102	102
Restricted assets	2,140	2,140
	$ 5,125	$ 7,566

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

(11) Other payables

	December 31, 2023	December 31, 2022
Wages and bonus payable	$ 21,503	$ 25,222
Processing fees payable	2,518	3,101
Others	4,519	4,131
	$ 28,540	$ 32,454

(12) Other non-current liabilities

	December 31, 2023	December 31, 2022
Net defined benefit liability	$ 3,015	$ 3,372
Guarantee deposits received	3,491	3,471
	$ 6,506	$ 6,843

(13) Pensions

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

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 34,853)	($ 37,006)
Fair value of plan assets	31,838	33,634
Net defined benefit liability	($ 3,015)	($ 3,372)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 37,006)	$ 33,634	($ 3,372)
Current service cost	(102)	-	(102)
Interest (expense) income	(406)	370	(36)
	(37,514)	34,004	(3,510)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	321	321
Experience adjustments	150	-	150
	150	321	471
Pension fund contribution	-	24	24
Paid pension	2,511	(2,511)	-
Balance at December 31	($ 34,853)	$ 31,838	($ 3,015)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	($ 37,116)	$ 22,744	($ 14,372)
Current service cost	(102)	-	(102)
Interest (expense) income	(186)	113	(73)
	(37,404)	22,857	(14,547)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,858	1,858
Change in financial assumptions	771	-	771
Experience adjustments	(373)	-	(373)
	398	1,858	2,256
Pension fund contribution	-	8,919	8,919
Balance at December 31	($ 37,006)	$ 33,634	($ 3,372)

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

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

	Years ended December 31, 2023	2022
Discount rate	1.10%	1.10%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 569)	$ 588	$ 493	($ 483)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 619)	$ 640	$ 539	($ 527)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $135.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 1.2 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 33,160
1-5 year(s)	1,359
Over 5 years	334
	$ 34,853

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

(b) The pension costs under defined contribution pension plans of the company for the years ended December 31, 2023 and 2022, was $4,489 and $4,353, respectively.

(14) Share-based payment (Year ended December 31, 2023: None)

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

Type of arrangement	Grant date	Quantity granted (share in thousands)	Contract period	Vesting conditions
Treasury stock sold to employees	2022.07.01	888	-	Immediately

B. The information on the fair value of the transferred employees of the Company's treasury shares is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Fair value per unit
Treasury stock sold to employees	2022.07.01	23.25	16.26	6.99

C. For the years ended December 31, 2022, compensation costs for employees of the Company due to the transfer of treasury shares amounted to $6,207, respectively.

(15) Share capital

A. As of December 31, 2023, the Company's authorized capital was $1,200,000, consisting of 120,000 thousand shares of ordinary stock (including 18,000 thousand shares reserved for employee stock options and 400 thousand shares reserved for convertible bonds issued by the Company), and the paid-in capital was $831,171 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
At January 1	82,605	81,717
Treasury stock sold to employees	-	888
At December 31	82,605	82,605

B. Treasury shares

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

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares (share in thousand)	Carrying amount
The Company	To be reissued to employees	512	$ 8,315

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (share in thousand)	Carrying amount
The Company	To be reissued to employees	512	$ 8,315

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

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition. The Board of Directors at their meeting in January of 2022 adopted a resolution to decrease treasury shares by 1,515 thousand shares amounting to $28,115. The registration of alteration has been completed on February 15, 2022.

(16) Capital surplus

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

On May 31, 2023 and June 29, 2022, the distribution of cash dividends from capital surplus was approved by the shareholders and amounted to $20,403 and $41,921, respectively. In addition, on February 29, 2024, the Board of Directors proposed to distribute cash of $4,956 from capital surplus.

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings shall first be used to pay all taxes and offset prior years' operating losses and 10% of the remaining amount shall be set aside as legal reserve, then set aside or reverse special reserve in accordance with related regulations. The appropriation of the remainder along with the earnings in prior years shall be proposed by the Board of Directors and resolved at the stockholders' meeting. The Company shall appropriate all the current distributable earnings, taking into consideration the Company's financials, business and operations. Dividends to shareholders can be distributed in the form of cash or shares and cash dividends to shareholders shall account for at least 80% of the total dividends to shareholders.

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

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

D. The appropriation of 2022 and 2021 earnings was resolved by the shareholders on May 31, 2023 and June 29, 2022, respectively. Details are as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 7,084		$ 6,947	
(Reversal of) special reserve	(9,912)		22,711	
Cash dividends	62,202	$ 0.753	39,796	$ 0.49

On May 31, 2023 and June 29, 2022, the distribution of cash dividends from capital surplus was approved by the shareholders and amounted to $20,403 and $41,921, respectively. The abovementioned appropriation of earnings of 2022 and 2021 was in agreement with those amounts proposed by the Board of Directors on March 7, 2023 and April 11, 2022, respectively.

E. The details of the appropriation of 2023 earnings was proposed by the Board of Directors on February 29, 2024. Details are follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 5,112	
Special reserve	60	
Cash dividends	45,433	$ 0.55

On February 29, 2024, the Board of Directors proposed the distribution of cash of $4,956 from capital surplus. Abovementioned appropriation of earnings and distribution of cash from capital surplus has not been resolved by the shareholders.

(18) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 231,982	$ 295,990

Disaggregation of revenue from contracts with customers

The Company derives revenue at a point in time in the following geographical regions:

	Years ended December 31,	
	2023	2022
China	$ 123,335	$ 176,362
Taiwan	23,498	48,569
USA	37,535	4,972
Others	47,614	66,087
	$ 231,982	$ 295,990

(19) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 4,494	$ 1,344
Other interest income	49	25
	$ 4,543	$ 1,369

(20) Other income

	Years ended December 31,	
	2023	2022
Rent income	$ 26,995	$ 26,827
Dividend income	-	6,994
Other income, others	1,108	1,472
	$ 28,103	$ 35,293

(21) Other gains and losses

	Years ended December 31, 2023	Years ended December 31, 2022
Net currency exchange gain	$ 2,696	$ 20,102
Net profit on financial asssets at fair value through profit (loss)	8,283	(29,314)
Other losses	(6,049)	(5,788)
	$ 4,930	($ 15,000)

(22) Finance costs

	Years ended December 31, 2023	Years ended December 31, 2022
Interest expense	$ 665	$ 653

(23) Expenses by nature

	Years ended December 31, 2023	Years ended December 31, 2022
Change in finished goods, work-in-process and raw materials inventory	$ 45,318	$ 37,393
Employee benefit expense	118,449	124,919
Product testing fees	12,728	20,434
Amortisation charges	2,884	4,418
Depreciation charges on property, plant and equipment (including right-of-use assets)	6,513	6,518
Other costs and expenses	29,321	35,954
Operating costs and expenses	$ 215,213	$ 229,636

(24) Employee benefit expense

	Years ended December 31, 2023	Years ended December 31, 2022
Wages and salaries	$ 100,110	$ 106,508
Labour and health insurance fees	8,468	8,079
Pension costs	4,627	4,528
Directors' remuneration	2,132	2,755
Other personnel expenses	3,112	3,049
	$ 118,449	$ 124,919

As of December 31, 2023 and 2022, the number of employees of the Company was 76 and 75, respectively, and the number of directors who were not concurrently employees were both 2.

For the years ended December 31, 2023 and 2022, average employee benefits were $1,572 and $1,673, respectively; average employee salary were $1,353 and $1,459, respectively. The average employee salary increased by (7.27%) year over year.

A. According to the Articles of Incorporation of the Company, a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Directors' remuneration shall be distributed in cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive employees' compensation in the form of stock or cash are set by the Board of Directors.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $5,352 and $8,227, respectively; directors' and supervisors' remuneration was accrued at $1,259 and $1,932, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 8.5% and 2% of distributable profit of current year as of the end of reporting period. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $5,352 and $1,259, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the meeting of the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2023	Years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 6,282	$ 13,951
Additional income tax imposed on unappropriated earnings	-	1
Prior year income tax overestimation	(314)	(520)
Total current tax	5,968	13,432
Deferred tax:		
Origination and reversal of temporary differences	(362)	4,165
Income tax expense	$ 5,606	$ 17,597

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

	Years ended December 31, 2023	Years ended December 31, 2022
Remeasurement of defined benefit obligations	($ 94)	($ 451)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 11,270	$ 17,326
Effect from items disallowed by tax regulation	(2,368)	6,201
Effect from temporary difference	(716)	(251)
Effect from tax credits of investment	(2,266)	(5,160)
Additional tax on undistributed earnings	-	1
Prior year income tax overestimation	(314)	(520)
Income tax expense	$ 5,606	$ 17,597

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

	Year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences:				
Inventory retirement losses	$ 814	$ -	$ -	$ 814
Loss for market value decline and obsolete and slow-moving inventories	3,316	506	-	3,822
Unused compensated absences	1,478	(66)	-	1,412
Other	1,233	-	(94)	1,139
Subtotal	$ 6,841	$ 440	($ 94)	$ 7,187
Deferred tax liabilities:				
–Temporary differences:				
Currency temporary differences	($ 512)	$ -	$ -	($ 512)
Unrealised exchange gain	(515)	(101)	-	(616)
Other	(800)	23	-	(777)
Subtotal	($ 1,827)	($ 78)	$ -	($ 1,905)
Total	$ 5,014	$ 362	($ 94)	$ 5,282

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences:				
Inventory retirement losses	$ 814	$ -	$ -	$ 814
Loss for market value decline and obsolete and slow-moving inventories	2,636	680	-	3,316
Unrealised exchange loss	2,705	(2,705)	-	-
Unused compensated absences	1,354	124	-	1,478
Other	2,633	(949)	(451)	1,233
Subtotal	$ 10,142	($ 2,850)	($ 451)	$ 6,841
Deferred tax liabilities:				
–Temporary differences:				
Currency temporary differences	($ 512)	$ -	$ -	($ 512)
Unrealised exchange loss	-	(515)	-	(515)
Other	-	(800)	-	(800)
Subtotal	(512)	(1,315)	-	(1,827)
Total	$ 9,630	($ 4,165)	($ 451)	$ 5,014

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 50,744	82,605	$ 0.61
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 50,744	82,605	
Employees' bonus	-	178	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 50,744	82,783	$ 0.61

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 69,031	82,165	$ 0.84
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 69,031	82,165	
Employees' bonus	-	424	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 69,031	82,589	$ 0.84

(27) Changes in liabilities from financing activities

	Year ended December 31, 2023		
	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 74,603	$ 3,471	$ 78,074
Changes in cash flow from financing activities	(1,537)	20	(1,517)
At December 31	$ 73,066	$ 3,491	$ 76,557

	Year ended December 31, 2022		
	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 60,948	$ 3,395	$ 64,343
Changes in cash flow from financing activities	(1,522)	76	(1,446)
Changes in other non-cash items	15,177	-	15,177
At December 31	$ 74,603	$ 3,471	$ 78,074

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Aidialink Corp.	Subsidiary

(2) Significant related party transactions

A. Other revenue:

	Years ended December 31,	
	2023	2022
Management consulting (shown as miscellaneous income)		
Aidialink Corp.	$ 540	$ 540
Rent income		
Aidialink Corp.	$ 1,008	$ 1,008

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 18,661	$ 18,046

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Time deposits (shown as other non-current assets)	$ 2,140	$ 2,140	Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHER

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 38,527	$ 28,244
Financial assets at amortised cost		
Cash and cash equivalents	$ 344,727	$ 330,112
Notes receivable	-	499
Accounts receivable	17,713	22,385
Other receivables	248	215
Guarantee deposits paid	102	102
Other financial assets	2,140	2,140
	$ 364,930	$ 355,453

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 153	$ 138
Accounts payable	2,337	4,135
Other accounts payable	28,540	32,454
Guarantee deposits received	3,491	3,471
	$ 34,521	$ 40,198
Lease liability	$ 73,066	$ 74,603

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023					
				Sensitivity analysis		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comperehersive income
Financial assets						
Monetary items						
USD:NTD	$ 4,770	30.710	$ 146,487	1%	$ 1,465	$ -
CNY:NTD	14	4.330	$ 61	1%	1	$ -
Investments accounted for using equity method						
USD:NTD	$ 3,391	30.710	$ 104,138	1%	$ -	$ 1,041
Financial liabilities						
Monetary items						
USD:NTD	$ 76	30.710	$ 2,334	1%	$ 23	$ -

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comperehersive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 4,089	30.710	$ 125,573	1%	$ 1,256	$ -
CNY:NTD	14	4.410	$ 62	1%	1	-
Investments accounted for using equity method						
USD:NTD	$ 3,294	30.710	$ 101,159	1%	$ -	$ 1,012
Financial liabilities						
Monetary items						
USD:NTD	$ 134	30.710	$ 4,115	1%	$ 41	$ -

ii. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $2,696 and $20,102, respectively.

Price risk

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

ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, for the years ended December 31, 2023 and 2022, other components of equity would have increased/decreased by $385 and $282, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

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

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.

v. The Company used the forecast ability of Taiwan Institute of Economic Research report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

	Group A	Group B	Total
December 31, 2023			
Expected loss rate	0.03%	3.96%~3.98%	
Total book value	$ 11,735	$ 6,729	$ 18,464
Loss allowance	$ 4	$ 747	$ 751

	Group A	Group B	Total
December 31, 2022			
Expected loss rate	0.03%	3.76%	
Total book value	$ 19,055	$ 4,630	$ 23,685
Loss allowance	$ 6	$ 1,295	$ 1,301

vi. Movement in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	Years ended December 31,	
	2023	2022
At January 1	$ 1,301	$ 1,601
Reversal of impairment loss	(550)	(300)
At December 31	$ 751	$ 1,301

According to the above method, the allowance loss on the accounts receivable as of December 31, 2023 and 2022, should be $278 and $179, respectively, which is not significantly different from the amount of allowance loss on the current account. For the years ended December 31, 2023 and 2022, there was no impairment loss arising from customers' contracts.

(c) Liquidity risk

i. Cash flow forecasting is performed by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. Surplus cash held by the operating entities over and above balance required for working capital management will be invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2023				
Lease liability	$ 2,148	$ 2,148	$ 6,444	$ 74,263
Other financial liabilities (shown as other non-current liabilities)	996	2,495	-	-

Non-derivative financial liabilities:	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2022				
Lease liability	$ 2,148	$ 2,148	$ 6,444	$ 76,411
Other financial liabilities (shown as other non-current liabilities)	-	3,471	-	-

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Fair value information of investment property at cost is provided in Note 6(9).

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

(a) The related information of nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ -	$ 30,995	$ 30,995
Limited partnership	-	-	7,532	7,532
Equity securities	$ -	$ -	$ 38,527	$ 38,527

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ -	$ 21,957	$ 21,957
Limited partnership	-	-	6,287	6,287
Equity securities	$ -	$ -	$ 28,244	$ 28,244

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

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

	Listed shares	Emerging stocks
Market quoted price	Closing price	Last transaction price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments 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 sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

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

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

	Years ended December 31,			
	2023		2022	
	Non-derivative equity instrument		Non-derivative equity instrument	
At January 1	$	28,244	$	50,558
Acquired in the period		2,000	$	7,000
Gains and losses recognised in profit or loss				
Recorded as non-operating income and expenses		8,283	(	29,314)
At December 31	$	38,527	$	28,244

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

G. Finance department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments.

Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 30,995	Market comparable companies	Discount for lack of marketability	1.47	The higher the discount for lack of marketability, the lower the fair value
		Net asset value	Control premium	0.65	The higher the control premium, the higher the fair value
			Discount for lack of marketability	0.66	The higher the discount for lack of marketability, the lower the fair value
Limited partnership	7,532	Net asset value	Not applicable	-	Not applicable

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 21,957	Market comparable companies	Discount for lack of marketability	1.47	The higher the discount for lack of marketability, the lower the fair value
		Net asset value	Control premium	0.65	The higher the control premium, the higher the fair value
			Discount for lack of marketability	0.66	The higher the discount for lack of marketability, the lower the fair value
Limited partnership	6,287	Net asset value	Not applicable	-	Not applicable

13. <u>SUPPLEMENTARY DISCLOSURES</u>

(1) Significant transactions information

A. Loans to others: None.

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

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

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

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 2.

(3) Major shareholders information

Major shareholders information: Please refer to table 3.

14. <u>SEGMENT INFORMATION</u>

Not applicable.

DAVICOM SEMICONDUCTOR , INC.
CASH
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 1

Items	Summary	Amount	Footnote
Petty cash		$ 110	
Cash in banks			
Checking accounts		1,170	
Demend deposits		4,626	
Foreign currency deposits	USD 4,295	131,869	Exchange rate 30.710
	CNY 14	60	Exchange rate 4.330
Time deposits		206,892	
		$ 344,727	

DAVICOM SEMICONDUCTOR , INC.
ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 2

Client's name	Summary	Amount	Footnote
C		$ 6,136	
B		3,272	
F		2,643	
D		1,828	
E		1,245	
Others		3,340	The balance of each client is less than 5% of this account.
		18,464	
Less: Allowance for uncollectible accounts		(751)	
		$ 17,713	

DAVICOM SEMICONDUCTOR , INC.
INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 3

Items	Summary	Amount		Footnote
		Cost	Value	
Work in process		$ 19,120	$ 15,490	The net realizable value of work in process and finished is the market price.
Finished goods		22,812	17,913	
		41,932	$ 33,403	
Less: Allowance for valuation loss and obsolescence		(19,111)		
		$ 22,821		

DAVICOM SEMICONDUCTOR , INC.
SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 4

Items	Quantity	Amount	Footnote
Sales revenue			
Network control chipset	4,019,723 PCS	$ 181,797	
Electronic paper	2,270,577 PCS	38,020	
Video Decoder	92,252 PCS	7,345	
Others	96,117 PCS	4,820	
		$ 231,982	

DAVICOM SEMICONDUCTOR , INC.
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 5

Items	Amount
Cost of purchases	-
Purchased in this period	24,015
Less: Engineering experiment requirments	(315)
Raw materials used in this period	23,700
Manufacturing expense	25,897
Manufacturing cost	49,597
Add: Beginning work in process	26,315
Less: Ending work in progress	(19,120)
Return of engineering experiment requirments	4
Cost of finished goods	56,796
Add: Beginning finished goods	29,347
Purchased in this period	5,362
Less: Ending finished goods	(22,812)
Engineering experiment requirments	(9)
Cost of goods sold	68,684
Loss from price recovery of inventory	2,530
Operating costs	$ 71,214

DAVICOM SEMICONDUCTOR , INC.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 6

Item	Amount
Selling expenses	
Salary expenditure	$ 20,943
Insurance expenses	1,935
Other expenses	7,615
Subtotal	30,493
General & administrative expenses	
Salary expenditure	26,275
Depreciation	2,423
Services expense	3,025
Other expenses	16,309
Subtotal	48,032
Research and development expenses	
Salary expenditure	48,456
Insurance expenses	4,181
Other expenses	13,387
Subtotal	66,024
Reversal of impairment loss	(550)
Total	$ 143,999

DAVICOM SEMICONDUCTOR , INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 7

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	$ 6,568	$ 93,542	$ 100,110	$ 6,973	$ 99,535	$ 106,508
Labour and health insurance fees	638	7,830	8,468	634	7,445	8,079
Pension costs	332	4,295	4,627	345	4,183	4,528
Directors' remuneration	-	2,132	2,132	-	2,755	2,755
Other personnel expenses	240	2,872	3,112	241	2,808	3,049
Depreciation Expense	405	6,108	6,513	470	6,048	6,518
Amortisation Expense	912	1,972	2,884	1,767	2,651	4,418

Note:

1. As of December 31, 2023 and 2022, the number of employees of the Company was 76 and 75, respectively. The number of directors who were not employees were both 2.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：
   (1) For the years ended December 31, 2023 and 2022, average employee benefits were $1,572 and $1,673, respectively.
   (2) For the years ended December 31, 2023 and 2022, average employee salary were $1,353 and $1,459, respectively.
   (3) The average employee salary decreased by (7.27%) year over year.

DAVICOM SEMICONDUCTOR , INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 7

3.Please disclose the company's remuneration policy (including directors, individual directors, managerial officers and employees).

(1) Directors and Independent Director's remuneration policies, procedures, standards and structure, as well as the linkage to resposibilities, risk and time spent:

A. According to the standard of payment on attendance and transportation by board of directors, directors' remuneration were paid on normal level.

B. According to the Articles 28 of Incorporation of the Company, the Board of Directors is authorised to determine a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

(2) Managerial officers' remuneration policies, procedures, standards and structure, as well as the linkage to resposibilities, risk and time spent:

A. The total compensation paid to the executive officers is decided based on their job responsibility, contribution, and company performance. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

B. According to the Articles 28 of Incorporation of the Company, the Board of Directors is authorised to determine a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

(3) Employees' remuneration policies, procedures, standards and structure, as well as the linkage to resposibilities, risk and time spent:

A. The compensation policy of employees have a positive correlation with contribution for company, personal performance, and operating performance.
And the Company has control to future risk appropriately, so compensation policy was also related to future risks to a certain degree.
Salary compensations were composed of three parts: basic wages, bonus and employee compensation, benefit.
The payment standard for basic wages is based on company policy and market competition about his/her position.
Bonus and employee compensation are based on company operating performance and targets completed by employees or departments.
Employee benefits, prior to compliance with laws and regulations, are based on integrated needs of employees to create excellent benefits.

DAVICOM SEMICONDUCTOR , INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Detail List 7

B. According to the Article 28 of the Company's Articles of Incorporation, the Board of Directors is authorised to determine a ratio of gain on current pre-tax profit before deduction of employees' compensation and directors' remuneration, after covering accumulated losses, shall be distributed as employees'compensation and directors' remuneration. The ratio shall not be lower than 8.5% for employees' compensation and shall not be higher than 2% for directors' remuneration.

(4) The company has set up an audit committee, so there is no supervisors' remuneration.

DAVICOM Semiconductor, Inc.

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

December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
The Company	Unitech Capital Inc.	—	Financial assets at fair value through profit or loss - non-current	1,000,000	$ 29,850	2.00%	$ 29,850	
The Company	Mesh Cooperative Ventures, Inc.	—	Financial assets at fair value through profit or loss - non-current	800,000	7,532	0.82%	7,532	
The Company	M2 COMMUNICATION INC.		Financial assets at fair value through profit or loss - non-current	250,000	1,145	2.47%	1,145	
Davicom Investment Inc.	Global Mobile Corp.	—	Financial assets at fair value through profit or loss - non-current	892,458	-	0.32%	-	
Davicom Investment Inc.	MTECH Corporation	—	Financial assets at fair value through profit or loss - non-current	200,000	-	0.93%	-	
Davicom Investment Inc.	Schroder fund	—	Financial assets at fair value through profit or loss - non-current	2,900,000	22,528		22,528	

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

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

DAVICOM Semiconductor, Inc.

Information on investees(not including investees in mainland China)

December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
The Company	TSCC Inc.	Samoa	General investment	$ 143,224	$ 143,224	4,400,000	100	$ 104,123	$ 3,028	$ 3,028	-
The Company	Davicom Investment Inc.	Taiwan	General investment	222,000	222,000	21,200,000	100	210,573	1,542	1,542	-
The Company	Medicom Corp.	Taiwan	Designing and manufacturing of IC	20,036	62,036	100,000	100	608	(391)	(391)	-
The Company	Aidialink Corp.	Taiwan	Wireless communication machinery and equipment manufacturing industry	81,070	81,070	8,000,000	100	71,258	(1,509)	(1,509)	-
TSCC Inc.	Jubilink Ltd.	British Virgin Islands	General investment	-	-	22,775,207	100	-	-	-	-

DAVICOM Semiconductor, Inc.

Major shareholders information

December 31, 2023

Table 3

Name of major shareholders	Shares	
	Number of shares	Shareholding Percentage (%)

As of December 31, 2023, the company has no shareholders holding more than 5% of the shares.