Thinking Electronic Industrial Company Limited

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Opinion

We have audited the accompanying financial statements of Thinking Electronic Industrial Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is described as follows:

<u>Authenticity of sales revenue</u>

The Company's operating revenue for the year ended December 31, 2023 included sales revenue from specific customers. As these revenues had a higher correlation to the calculation of key performance indicators of corporations, the authenticity of sales revenue from specific customers was determined to be the key audit matter based on the presumption in the statements of auditing standards that significant risk exists in revenue recognition. For the accounting policy on revenue recognition, refer to Note 4 (K) to the financial statements.

Our main audit procedures performed in response to the above-mentioned key audit matter included the following:

1. We obtained an understanding of and tested the effectiveness of the management's internal control process that is related to the authenticity of revenue recognition.

2. We obtained details on the sales revenues of specific customers, randomly selected an adequate number of samples and examined shipping documents and receipt vouchers. We also verified the amounts collected and confirmed that payers and sales customers were in agreement with one another regarding the authenticity of revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

3. 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 auditors' report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the 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, 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 financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

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

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 712,390	6	$ 1,752,733	13
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	-	-	92,250	1
Notes receivable (Note 9)	2,288	-	2,557	-
Accounts receivable, net (Notes 4 and 9)	671,220	5	833,552	7
Accounts receivables from related parties (Notes 9 and 28)	171,023	2	179,793	1
Other receivables	3,019	-	5,822	-
Other receivables from related parties (Note 28)	54	-	1,058	-
Current tax assets (Notes 4 and 23)	4,086	-	-	-
Inventories (Notes 4 and 10)	279,573	2	350,148	3
Other financial assets - current (Notes 11 and 29)	28,800	-	151,700	1
Other current assets	36,439	-	53,181	-
Total current assets	1,908,892	15	3,422,794	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	27,682	-	25,723	-
Investments accounted for using the equity method (Notes 4 and 12)	8,930,161	70	7,955,007	61
Property, plant and equipment (Notes 4, 13, 28 and 30)	1,709,060	13	1,368,831	11
Right-of-use assets (Notes 4 and 14)	49,065	-	51,078	1
Computer software, net (Note 4)	27,338	-	29,015	-
Deferred tax assets (Notes 4 and 23)	104,462	1	94,791	1
Prepayments for equipment (Note 28)	55,018	1	49,726	-
Net defined benefit assets - non-current (Notes 4 and 19)	32,966	-	13,514	-
Other financial assets - non-current (Notes 11 and 29)	2,807	-	2,315	-
Other non-current assets	17,968	-	-	-
Total non-current assets	10,956,527	85	9,590,000	74
TOTAL	$ 12,865,419	100	$ 13,012,794	100

LIABILITIES AND EQUITY	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	$ 100,000	1	$ 678,000	5
Financial liabilities at fair value through profit or loss- current (Notes 4,7 and 27)	629	-	92,340	1
Accounts payable (Note 16)	34,497	-	26,974	-
Accounts payable to related parties (Notes 16 and 28)	364,372	3	378,977	3
Other payables (Note 17)	356,427	3	356,036	3
Other payables to related parties (Note 28)	1,418	-	3,999	-
Current tax liabilities (Notes 4 and 23)	12,712	-	144,994	1
Lease liabilities - current (Notes 4 and 14)	1,508	-	1,465	-
Current portion of long-term borrowings (Notes 4 and 15)	131,589	1	14,458	-
Refund liabilities - current (Notes 4 and 18)	76,342	1	84,696	1
Other current liabilities (Notes 4 and 25)	12,101	-	3,073	-
Total current liabilities	1,091,595	9	1,785,012	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 15)	895,659	7	1,022,218	8
Deferred tax liabilities (Notes 4 and 23)	1,498,435	12	1,324,251	10
Lease liabilities - non-current (Notes 4 and 14)	50,727	-	52,235	-
Long-term deferred revenue (Notes 4 and 25)	19,107	-	19,879	-
Guarantee deposits received	120	-	120	-
Total non-current liabilities	2,464,048	19	2,418,703	18
Total liabilities	3,555,643	28	4,203,715	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 12 and 20)				
Ordinary shares	1,281,127	10	1,281,127	10
Capital surplus	352,907	3	352,907	3
Retained earnings				
Legal reserve	1,454,089	11	1,316,508	10
Special reserve	140,627	1	222,378	2
Unappropriated earnings	6,337,262	49	5,776,786	44
Total retained earnings	7,931,978	61	7,315,672	56
Other equity	(256,236)	(2)	(140,627)	(1)
Total equity	9,309,776	72	8,809,079	68
TOTAL	$ 12,865,419	100	$ 13,012,794	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 28)	$ 3,172,798	100	$ 3,619,285	100
OPERATING COSTS (Notes 10, 22 and 28)	2,022,702	64	2,466,157	68
GROSS PROFIT	1,150,096	36	1,153,128	32
UNREALIZED GAINS FROM SALES (Notes 4 and 28)	(1,180)	-	(26,915)	(1)
REALIZED GAINS FROM SALES (Note 4)	26,915	1	29,161	1
REALIZED GROSS PROFIT	1,175,831	37	1,155,374	32
OPERATING EXPENSES (Notes 4, 9, 22 and 28)				
Selling and marketing expenses	133,433	4	122,438	3
General and administrative expenses	199,956	6	198,016	6
Research and development expenses	145,843	5	140,083	4
Expected credit loss (gain)	4,144	-	(130)	-
Total operating expenses	483,376	15	460,407	13
PROFIT FROM OPERATIONS	692,455	22	694,967	19
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22, 25 and 28)				
Interest income	16,117	1	25,666	1
Other income	4,015	-	3,474	-
Other gains and losses	(15,456)	-	141,037	4
Finance costs	(11,110)	-	(11,939)	-
Share of profit of subsidiaries	937,247	30	837,609	23
Total non-operating income and expenses	930,813	31	995,847	28
PROFIT BEFORE INCOME TAX	1,623,268	53	1,690,814	47
INCOME TAX EXPENSE (Notes 4 and 23)	315,465	10	316,981	9
NET PROFIT FOR THE YEAR	1,307,803	43	1,373,833	38

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (299)	-	$ 1,360	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,959	-	(10,550)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	551	-	884	-
Income tax related to items that will not be reclassified subsequently to profit or loss	60	-	(272)	-
	2,271	-	(8,578)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(59,119)	(2)	611,730	17
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(87,841)	(3)	(496,354)	(14)
Income tax related to items that may be reclassified subsequently to profit or loss	29,392	1	(23,075)	(1)
	(117,568)	(4)	92,301	2
Other comprehensive income (loss) for the year, net	(115,297)	(4)	83,723	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,192,506	39	$ 1,457,556	40
EARNINGS PER SHARE (Note 24)				
Basic	$ 10.21		$ 10.72	
Diluted	$ 10.17		$ 10.66	

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

			Retained Earnings				Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
BALANCE, JANUARY 1, 2022	$ 1,281,127	$ 352,907	$ 1,159,089	$ 201,436	$ 5,386,452	$ 6,746,977	$ (224,709)	$ 2,331	$ (222,378)	$ 8,158,633
Appropriation of 2021 earnings (Note 20)										
Legal reserve	-	-	157,419	-	(157,419)	-	-	-	-	-
Special reserve	-	-	-	20,942	(20,942)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(807,110)	(807,110)	-	-	-	(807,110)
	-	-	157,419	20,942	(985,471)	(807,110)	-	-	-	(807,110)
Net profit for the year ended December 31, 2022	-	-	-	-	1,373,833	1,373,833	-	-	-	1,373,833
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,972	1,972	92,301	(10,550)	81,751	83,723
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,375,805	1,375,805	92,301	(10,550)	81,751	1,457,556
BALANCE AT DECEMBER 31, 2022	1,281,127	352,907	1,316,508	222,378	5,776,786	7,315,672	(132,408)	(8,219)	(140,627)	8,809,079
Appropriation of 2022 earnings (Note 20)										
Legal reserve	-	-	137,581	-	(137,581)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(691,809)	(691,809)	-	-	-	(691,809)
Reversal of special reserve	-	-	-	(81,751)	81,751	-	-	-	-	-
	-	-	137,581	(81,751)	(747,639)	(691,809)	-	-	-	(691,809)
Net profit for the year ended December 31, 2023	-	-	-	-	1,307,803	1,307,803	-	-	-	1,307,803
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	312	312	(117,568)	1,959	(115,609)	(115,297)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,308,115	1,308,115	(117,568)	1,959	(115,609)	1,192,506
BALANCE AT DECEMBER 31, 2023	$ 1,281,127	$ 352,907	$ 1,454,089	$ 140,627	$ 6,337,262	$ 7,931,978	$ (249,976)	$ (6,260)	$ (256,236)	$ 9,309,776

The accompanying notes are an integral company only financial statements.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,623,268	$ 1,690,814
Adjustments for:		
Depreciation expense	81,802	81,398
Amortization expense	14,058	7,463
Expected credit loss (gain)	4,144	(130)
Net loss on financial assets or liabilities at fair value through profit or loss	33,242	2,165
Finance costs	11,110	11,939
Interest income	(16,117)	(25,666)
Dividend income	(763)	(988)
Share of profit of subsidiaries	(937,247)	(837,609)
Gain on disposal of property, plant and equipment	(305)	(404)
Unrealized gain on transactions with subsidiaries	1,180	26,915
Realized gain on transactions with subsidiaries	(26,915)	(29,161)
Amortization of grants income	(746)	(749)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(32,703)	(2,075)
Notes receivable	269	1,322
Accounts receivable	158,188	(3,841)
Accounts receivables from related parties	8,770	32,620
Other receivables	(138)	357
Other receivables from related parties	1,004	(792)
Inventories	70,575	60,847
Prepayments	(17,968)	-
Other current assets	16,742	(14,369)
Net defined benefit assets	(19,751)	(1,054)
Accounts payable	7,523	(20,778)
Accounts payable to related parties	(14,605)	(49,116)
Other payables	14,845	(45,631)
Other payables to related parties	(3,674)	(449)
Other current liabilities	9,028	313
Refund liabilities	(8,354)	(7,973)
Cash generated from operations	976,462	875,368
Interest received	19,058	24,732
Interest paid	(6,748)	(6,896)
Income taxes paid	(257,868)	(218,042)
Net cash generated from operating activities	730,904	675,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using equity method	(158,581)	(43,740)
Acquisition of property, plant and equipment	(438,029)	(467,337)
Proceeds from disposal of property, plant and equipment	305	1,973

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

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

	2023	2022
Acquisition of intangible assets	$ (12,381)	$ (2,826)
Decrease in other financial assets	122,408	153,900
Dividends received	763	536,090
Net cash generate from (used in) investing activities	(485,515)	178,060
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	325,000	678,000
Decrease in short-term borrowings	(903,000)	(749,630)
Proceeds from long-term borrowings	141,830	351,240
Repayments of long-term borrowings	(156,288)	-
Repayments of the principal portion of lease	(1,465)	(1,023)
Cash dividends paid	(691,809)	(807,110)
Net cash used in financing activities	(1,285,732)	(528,523)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,040,343)	324,699
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	1,752,733	1,428,034
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 712,390	$ 1,752,733

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the “Company”) was incorporated in July 1979. The Company mainly manufactures, processes and sells electric devices, thermistors, varistors and wires.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 2000.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on February 26, 2024.

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

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

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

   1) Amendments to IAS 1 “Disclosure of Accounting Policies”

      When applying the amendments, the Company refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

      - Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

      - The Company may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

      - Not all accounting policy information relating to material transactions, other events or conditions is itself material.

      The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

      a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or

e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

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

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

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

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

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

(Concluded)

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

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

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

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

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

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on consolidated financial statements, the effect of the differences between the parent company only basis and consolidated basis are adjusted in the investments accounted for using the equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

For the purposes of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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

e. Inventories

Inventories consist of finished goods, semi-finished goods, work-in-process, raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of the consideration paid or received are directly recognized in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

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

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

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

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

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i Financial asset at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, which are not designated as instruments and derivative financial instruments that do not meet the amortized cost criteria or the FVOTCI criteria.

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

ii Financial assets at amortized cost

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

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL including financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts and interest rate swaps contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

k. Revenue recognition

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

Revenue from sale of goods comes from sales of thermistors and varistors. Sales of thermistors and varistors are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized simultaneously.

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

Refund liabilities are based on the historical experience and different contract items to estimate the probable sales returns and allowance.

l. Leases

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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

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

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

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

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

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the Company recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan base on prevailing market interest rate.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 575	$ 631
Checking accounts	74	74
Demand deposits	349,263	1,138,435
Cash equivalents		
Time deposits with original maturities of 3 months or less	362,478	613,593
	$ 712,390	$ 1,752,733
The annual interest rate of time deposits (%)	0.855-5.7	2.6-2.74

The Company transacted with variety of financial institutions which are high credit quality to disperse credit risk, hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative instruments (non-designated hedges)		
Swap contracts (a)	$ -	$ 92,250
Financial liabilities at FVTPL - current		
Financial liabilities mandatorily classified as at FVTPL		
Derivative instruments (non-designated hedges)		
Swap contracts (a)	$ -	$ 92,273
Forward exchange contracts (b)	629	67
	$ 629	$ 92,340

a. At the end of the year, outstanding swap contracts not under hedge accounting were as follows:

December 31, 2022

Currency	Maturity Date	Notional Amount (In Thousands)
USD/NTD	2023.01	USD3,000/NTD92,122

The Company entered into forward exchange contracts and swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. At the end of the year, outstanding forward exchange contracts not under hedge accounting were as follows:

December 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	EUR/USD	2024.01	EUR4,000/USD4,406

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD/CNY	2023.01	USD3,718/CNY25,901

Details of profit and loss of financial instruments at FVTPL for the year 2023 and 2022 list on Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 27,682	$ 25,723

These investments in equity instruments are not held for trading or for short-term gains. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 2,288	$ 2,557
Accounts receivable - non-related parties		
At amortized cost		
Gross carrying amount - operating	$ 677,074	$ 849,075
Less: Allowance for impairment loss	5,854	15,523
	$ 671,220	$ 833,552
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount - operating (Note 28)	$ 171,023	$ 179,793

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 27 for information related to credit management policy.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

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

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable (including related parties) based on the Company's provision matrix:

December 31, 2023

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 821,300	$ 1,567	$ 18,044	$ 1,947	$ 1,037	$ 4,202	$ 848,097
Loss allowance (Lifetime ECLs)	(362)	(7)	(180)	(584)	(519)	(4,202)	(5,854)
Amortized cost	$ 820,938	$ 1,560	$ 17,864	$ 1,363	$ 518	$ -	$ 842,243

December 31, 2022

	Not Past Due	Past Due 1to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 980,321	$ 5,068	$ 26,531	$ 3,100	$ 34	$ 13,814	$ 1,028,868
Loss allowance (Lifetime ECLs)	(470)	(26)	(266)	(930)	(17)	(13,814)	(15,523)
Amortized cost	$ 979,851	$ 5,042	$ 26,265	$ 2,170	$ 17	$ -	$ 1,013,345

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 15,523	$ 15,653
Net remeasurement (reversal) of loss allowance	4,144	(130)
Amounts written off	(13,813)	-
Balance at December 31	$ 5,854	$ 15,523

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 152,028	$ 175,797
Semi-finished	23,121	59,087
Work-in-process	63,657	69,908
Raw materials	29,959	36,348
Supplies	4,500	2,943
Inventory in transit	6,308	6,065
	$ 279,573	$ 350,148

Operating costs related to inventory included the write-down of inventory and the reversal of the write-down of inventory, which were as follows:

	For the Year Ended December 31	
	2023	2022
Cost of goods sold	$ 2,022,702	$ 2,466,157
Inventory write-downs	$ 11,982	$ 86,781
Unallocated production overhead	4,134	-
	$ 16,116	$ 86,781

Unallocated fixed overheads attributable to idle productive capacity are recognized as cost of goods sold in the period when they are incurred.

11. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Pledged time deposits	$ 28,800	$ 151,700
Refundable deposits	2,807	2,315
	$ 31,607	$ 154,015
Current	$ 28,800	$ 151,700
Non-current	2,807	2,315
	$ 31,607	$ 154,015
The annual interest rate of pledge time deposits (%)	1.32	1.195-4.15

For information on other financial assets pledged, refer to Note 29.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31	
	2023	2022
Unlisted company		
Yenyo Technology Co., Ltd. (Yenyo)	$ 237,878	$ 231,421
Greenish Co., Ltd. (Greenish)	2,691,574	2,463,106
Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	1,987,680	1,794,272
Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	3,860,398	3,437,858
Thinking Electronic USA, Inc. (Thinking USA)	11,426	28,350
Thinking (Viet Nam) Electronic Co., Ltd. (Thinking Viet Nam)	141,205	-
	$ 8,930,161	$ 7,955,007

At the end of the reporting period, the percentages of owners' voting rights in subsidiaries held by the Company were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Yenyo	63.76%	63.76%
Greenish	100.00%	100.00%
Thinking Changzhou	47.39%	47.39%
Thinking Holding (Note 1)	100.00%	100.00%
Thinking USA (Note 2)	100.00%	100.00%
Thinking Viet Nam (Note 3)	100.00%	-

Note 1: In order to cope with the working capital demands, the Company invested Thinking Holding US$0.3 million and, through its subsidiary Thinking International, registered Thinking Yichang in mainland China.

Note 2: In order to implement the Group's global layout plan, the board of directors resolved to set up a new subsidiary in the USA on August 9, 2022, and the total investment amount was US$3 million. As of December 31, 2023, the Company had invested US$1 million in the subsidiary.

Note 3: In order to integrate manufacturing, marketing and facility layouts, the board of directors resolved to set up a new subsidiary in Vietnam on February 8, 2023, and the total investment amount was US$27 million. As of December 31, 2023, the Company had invested US$4.8 million in the subsidiary.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were recognized based on the subsidiaries' financial statements which have been audited.

13. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in cost and accumulated depreciation:

For the Year ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2023	$ 144,685	$ 210,271	$ 782,280	$ 1,514	$ 211,705	$ 772,174	$ 2,122,629
Additions	-	-	61,837	-	10,041	348,724	420,602
Disposals	-	-	(721)	-	(982)	-	(1,703)
Balance at December 31, 2023	$ 144,685	$ 210,271	$ 843,396	$ 1,514	$ 220,764	$ 1,120,898	$ 2,541,528
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 94,207	$ 471,129	$ 1,474	$ 186,988	$ -	$ 753,798
Depreciation expenses	-	5,311	64,511	26	10,525	-	80,373
Disposals	-	-	(721)	-	(982)	-	(1,703)
Balance at December 31, 2023	$ -	$ 99,518	$ 534,919	$ 1,500	$ 196,531	$ -	$ 832,468
Carrying amount at December 31, 2023	$ 144,685	$ 110,753	$ 308,477	$ 14	$ 24,233	$ 1,120,898	$ 1,709,060

For the Year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Others	Property under Construction	Total
Cost							
Balance at January 1, 2022	$ 144,685	$ 209,636	$ 670,170	$ 1,514	$ 205,354	$ 385,218	$ 1,616,577
Additions	-	635	116,642	-	9,159	386,956	513,392
Disposals	-	-	(4,532)	-	(2,808)	-	(7,340)
Balance at December 31, 2022	$ 144,685	$ 210,271	$ 782,280	$ 1,514	$ 211,705	$ 772,174	$ 2,122,629
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 88,905	$ 416,111	$ 1,448	$ 173,136	$ -	$ 679,600
Depreciation expenses	-	5,302	58,021	26	16,620	-	79,969
Disposals	-	-	(3,003)	-	(2,768)	-	(5,771)
Balance at December 31, 2022	$ -	$ 94,207	$ 471,129	$ 1,474	$ 186,988	$ -	$ 753,798
Carrying amount at December 31, 2022	$ 144,685	$ 116,064	$ 311,151	$ 40	$ 24,717	$ 772,174	$ 1,368,831

In January 2019, the board of directors of the Company approved the investment plan for the Nanzih Plant in Kaohsiung, and the estimated investment amount increased to $1,000,000 thousand in January 2021, which had not been completed and accepted as of the reporting date, and the actual project contract request was included in the property under construction.

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the cash flow statement is as follows:

	For the Year Ended December 31	
	2023	**2022**
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	$ 420,602	$ 513,392
(Increase) decrease in payables for equipment (in other payables)	13,812	(18,541)
(Increase) decrease in payables for equipment to related parties (in other payables to related parties)	(1,093)	1,151
Increase (decrease) in prepayments for equipment	5,292	(28,080)
Capitalization of depreciation	(584)	(585)
Payments of acquisition of property, plant, and equipment	$ 438,029	$ 467,337

b. Useful lives

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

Buildings	
Main plants	60 years
Improvement engineering	60 years
Machinery and equipment	8 years
Leasehold improvements	10 years
Others	5-6 years

c. As of December 31, 2023 and 2022, the Company has not provided property, plant and equipment as guarantee.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Land	$ 49,065	$ 51,078

	For the Year Ended December 31	
	2023	**2022**
Depreciation charge for right-of-use assets - land	$ 2,013	$ 2,014

Except for the recognized depreciation above, the Company did not have material acquisition, impairment or subleasing of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 1,508	$ 1,465
Non-current	$ 50,727	$ 52,235

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.75-1.38	0.75-1.38

c. Material leasing activities and terms

The Company leases land located at Nanzih Export Processing Zone for the use of plants with the remaining useful life of 2 to 6 years. The government reserves the right to adjust the rent according to the assessed land value. The Company does not have bargain purchase options to acquire the leasehold land at the end of the lease period. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 968	$ 812
Expenses relating to low-value asset leases	$ 441	$ 402
Total cash outflow for leases	$ 3,543	$ 2,917

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured loans (Note 29)	$ -	$ 108,000
Credit loans	100,000	570,000
	$ 100,000	$ 678,000
The annual interest rate (%)		
Secured loans	-	1.5
Credit loans	1.64	1.09-1.655

b. Long-term borrowings

	December 31	
	2023	2022
Credit loans	$ 1,037,322	$ 1,051,780
Less: Government grants discount	10,074	15,104
Less: Current portion of long-term borrowings	131,589	14,458
	$ 895,659	$ 1,022,218
The annual interest rate (%)	1.1	0.975

Borrowings under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" have interest at prime rate and are used for capital expenditures and operating turnovers with a drawdown facility amounted to $1,051,780 thousand as of December 31, 2023 and 2022. The details of the relevant loan contract are as follows:

1) Credit period: The credit period is from October 2020 to October 2027, and the credit is $1,264,000 thousand, which is a revolving loan allowing separate drawdowns, and all credits will expire in October 2027.

2) Borrowing interest rate: For the first 5 years from the date of initial drawdown, after the reduction of the variable interest rate of 0.495% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. On the sixth year, when variable interest rate increases by 0.005% based on the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. The Company calculates its fair value with an annual interest rate of general condition. As of December 31, 2023 and 2022, which was 1.595% and 1.47% , respectively.

3) Repayment method: Monthly installments start on the fourth year from the date of initial drawdown until October 2027.

4) Each annual repayment plan drawdown is as follows:

Repayment year	Amounts of Repayment
2024	$ 131,589
2025	286,741
2026	331,610
2027 (January-October)	287,382
	$ 1,037,322

16. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

The Company's accounts payable were from operating activities and were not secured by collaterals.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	$ 146,730	$ 141,859
Payables for employees' compensation	75,333	79,543
Payables for purchases of equipment	44,856	58,668
Payables for remuneration of directors	22,494	23,242
Others	67,014	52,724
	$ 356,427	$ 356,036

18. REFUND LIABILITIES

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 84,696	$ 92,669
Usage	(8,354)	(7,973)
Balance at December 31	$ 76,342	$ 84,696

The discount on refund liabilities was based on historical experience, management's judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 64,398	$ 85,577
Fair value of plan assets	(97,364)	(99,091)
Net defined benefit assets	$ (32,966)	$ (13,514)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2022	$ 83,126	$ (94,226)	$ (11,100)
Service cost			
Current service cost	102	-	102
Net interest expense (income)	536	(612)	(76)
Recognized in profit or loss	638	(612)	26
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,315)	(7,315)
Actuarial (gain) loss			
Change in financial assumptions	(2,060)	-	(2,060)
Experience adjustments	8,015	-	8,015
Recognized in other comprehensive income	5,955	(7,315)	(1,360)
Contributions from the employer	-	(1,080)	(1,080)
Benefits paid	(4,142)	4,142	-
Balance at December 31, 2022	85,577	(99,091)	(13,514)
Service cost			
Current service cost	96	-	96
Net interest expense (income)	832	(1,238)	(406)
Recognized in profit or loss	928	(1,238)	(310)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(878)	(878)
Actuarial (gain) loss			
Experience adjustments	1,177	-	1,177
Recognized in other comprehensive income	1,177	(878)	299
Contributions from the employer	-	(1,003)	(1,003)
Benefits paid	(23,284)	4,846	(18,438)
Balance at December 31, 2023	$ 64,398	$ (97,364)	$ (32,966)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2023	**2022**
Discount rate (%)	1.25	1.25
Expected rate of salary increase (%)	2	2

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

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (612)	$ (816)
0.25% decrease	$ 628	$ 841
Expected rate of salary increase		
1% increase	$ 2,568	$ 3,454
1% decrease	$ (2,360)	$ (3,135)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	$ 990	$ 1,130
Average duration of the defined benefit obligation (years)	7	8

20. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	128,113	128,113
Shares issued	$ 1,281,127	$ 1,281,127

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

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)		
Conversion of bonds	$ 265,446	$ 265,446
Issuance of ordinary shares	59,168	59,168
Treasury share transactions	23,649	23,649
The difference between consideration and the carrying amount of subsidiaries acquired	4,644	4,644
	$ 352,907	$ 352,907

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to ordinary shares (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividends policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards” should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were approved in the shareholders’ meeting on June 13, 2023 and June 16, 2022, respectively. The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended		**For the Year Ended**	
	2022	**2021**	**2022**	**2021**
Legal reserve	$ 137,581	$ 157,419		
Special reserve (reversed)	(81,751)	20,942		
Cash dividends	691,809	807,110	$ 5.4	$ 6.3
	$ 747,639	$ 985,471		

The appropriation of earnings for 2023 had been proposed by the Company’s board of directors on February 26, 2024. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 130,811	
Special reserve	115,609	
Cash dividends	666,186	$ 5.2
	$ 912,606	

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting to be held on June 18, 2024.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (132,408)	$ (224,709)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(59,119)	611,730

(Continued)

	For the Year Ended December 31	
	2023	2022
Share from subsidiaries accounted for using the equity method	$ (87,841)	$ (496,354)
Income tax benefit (expenses) relating to exchange differences arising on translation of foreign operations	11,824	(122,346)
Income tax benefit relating to share from subsidiaries accounted for using the equity method	17,568	99,271
Balance at December 31	$ (249,976)	$ (132,408)

(Concluded)

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (8,219)	$ 2,331
Recognized for the year		
Unrealized gain (loss) on financial assets at FVTOCI	1,959	(10,550)
Balance at December 31	$ (6,260)	$ (8,219)

21. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 3,172,711	$ 3,619,075
Service revenue	87	210
	$ 3,172,798	$ 3,619,285

a. Refer to Note 4 (k) for information related to contracts with customers.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (Note 9)	$ 844,531	$ 1,015,902	$ 1,045,873

c. Disaggregation of revenue

	For the Year Ended December 31	
Type of revenue	2023	2022
Passive components	$ 3,172,711	$ 3,619,075
Service revenue	87	210
	$ 3,172,798	$ 3,619,285

22. NET PROFIT

Net profit included following items:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 16,056	$ 25,076
Others	61	590
	$ 16,117	$ 25,666

b. Other income

	For the Year Ended December 31	
	2023	2022
Grants	$ 1,290	$ 1,343
Rental income	734	717
Dividend income	763	988
Others	1,228	426
	$ 4,015	$ 3,474

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on financial assets at FVTPL	$ (33,242)	$ (2,165)
Foreign exchange gains, net	18,061	142,798
Others	(275)	404
	$ (15,456)	$ 141,037

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense of borrowings	$ 19,447	$ 16,228
Interest on lease liabilities	669	680
	20,116	16,908
Less: Amounts included in the cost of qualifying assets	9,006	4,969
	$ 11,110	$ 11,939

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	**2022**
Capitalized interest amount	$ 9,006	$ 4,969
Capitalization rate (%)	0.975-1.23	0.35-1.23

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	**2022**
Property, plant and equipment	$ 80,373	$ 79,969
Right-of-use-assets	2,013	2,014
Computer software	14,058	7,463
	96,444	89,446
Less: Amounts included in the cost of qualifying assets	584	585
	$ 95,860	$ 88,861
An analysis of depreciation by function		
Operating costs	$ 67,756	$ 67,280
Operating expenses	14,046	14,118
	$ 81,802	$ 81,398
An analysis of amortization by function		
Operating costs	$ 3,830	$ 2,712
Operating expenses	10,228	4,751
	$ 14,058	$ 7,463

f. Employee benefits expense

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits		
Salary	$ 419,799	$ 427,425
Others	83,318	83,266
	503,117	510,691
Retirement benefits		
Defined contribution plans	17,874	17,987
Defined benefit plans (Note 19)	(310)	26
	17,564	18,013
	$ 520,681	$ 528,704
An analysis of employee benefits expense by function		
Operating costs	$ 198,991	$ 203,040
Operating expenses	321,690	325,664
	$ 520,681	$ 528,704

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 26, 2024 and March 22, 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	**2022**
Accrual rate		
Employees' compensation (%)	3.9	3.9
Remuneration of directors (%)	1.3	1.3
Amounts		
Employees' compensation	$ 66,157	$ 68,812
Remuneration of directors	22,494	23,242

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

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

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

23. INCOME TAX

a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 119,342	$ 259,460
Income tax on unappropriated earnings	31,408	29,436
Adjustments for prior years	(29,250)	(21,936)
	121,500	266,960
Deferred tax		
In respect of the current year	193,965	59,813
Adjustments for prior years	-	(9,792)
	193,965	50,021
Income tax expense recognized in profit or loss	$ 315,465	$ 316,981

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	$ 1,623,268	$ 1,690,814
Income tax expense calculated at the statutory rate	$ 324,654	$ 338,163
Nondeductible income in determining taxable income	(1,183)	(5,682)
Nondeductible expenses in determining taxable income	2,754	-
Tax-exempt income	(153)	(198)
Income tax on unappropriated earnings	31,408	29,436
Usage of investment credits	(12,765)	(13,010)
Adjustments for prior years' tax	(29,250)	(31,728)
Income tax expense recognized in profit or loss	$ 315,465	$ 316,981

The applicable tax rate of the Company is 20%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Remeasurement of defined benefit plans	$ (60)	$ 272
Exchange differences on the translation of the financial statements of foreign operations	(11,824)	122,346
Share of other comprehensive loss of subsidiaries by using equity method	(17,568)	(99,271)
Income tax recognized in other comprehensive income	$ (29,452)	$ 23,347

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 4,086	$ -
Current tax liabilities		
Income tax payable	$ 12,712	$ 144,994

d. Deferred tax assets and liabilities

The movements of net of deferred tax assets and liabilities are as follows:

For the Year ended December 31, 2023

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Unrealized loss on inventories	$ 23,757	$ (7,396)	$ -	$ 16,361
Unrealized gross profits	15,787	(10,122)	-	5,665
Unrealized refund liabilities	16,939	(1,671)	-	15,268
Exchange differences on translation of the financial statements of foreign operations	95	-	11,824	11,919
Share of other comprehensive income (loss) of subsidiaries for using the equity method	33,007	-	17,568	50,575
Others	5,206	(592)	60	4,674
	$ 94,791	$ (19,781)	$ 29,452	$ 104,462

Deferred Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Foreign investment income	$ 1,306,304	$ 183,337	$ -	$ 1,489,641
Others	17,947	(9,153)	-	8,794
	$ 1,324,251	$ 174,184	$ -	$ 1,498,435

For the Year ended December 31, 2022

Deferred Tax Assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Unrealized loss on inventories	$ 8,344	$ 15,413	$ -	$ 23,757
Unrealized gross profits	6,528	9,259	-	15,787
Unrealized refund liabilities	18,534	(1,595)	-	16,939
Exchange differences on translation of the financial statements of foreign operations	122,441	-	(122,346)	95
Share of other comprehensive income (loss) of subsidiaries for using the equity method	(66,264)	-	99,271	33,007
Others	9,424	(3,946)	(272)	5,206
	$ 99,007	$ 19,131	$ (23,347)	$ 94,791

(Continued)

Deferred Tax Liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Foreign investment income	$ 1,251,484	$ 54,820	$ -	$ 1,306,304
Others	3,615	14,332	-	17,947
	$ 1,255,099	$ 69,152	$ -	$ 1,324,251

(Concluded)

e. Income tax assessments

The tax returns of the Company through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of EPS are as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	**2022**
Net profit used in the computation of earnings per share	$ 1,307,803	$ 1,373,833

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of employees	500	706
Weighted average number of ordinary shares used in the computation of diluted earnings per share	128,613	128,819

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

25. GOVERNMENT GRANTS

The Company obtained government loans under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which have interest at prime rate and are used for capital expenditures and operating turnovers. The Company calculated its fair value with annual interest rate based on general condition. The difference between the acquisition amount borrowed and the fair value was classified as government's low interest grants and recognized as deferred revenue.

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 20,626	$ 14,240
Deferred revenue in the reporting period	(26)	7,135
Realized revenue in the reporting period (in other income)	(746)	(749)
Balance at December 31	$ 19,854	$ 20,626

	December 31	
Carrying amount of deferred revenue	2023	2022
Current (in other current liabilities)	$ 747	$ 747
Non-current	19,107	19,879
	$ 19,854	$ 20,626

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the last 2 years.

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

27. FINANCIAL INSTRUMENTS

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

The Company's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 27,682	$ 27,682
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 629	$ -	$ 629

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 92,250	$ -	$ 92,250
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 25,723	$ 25,723
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 92,340	$ -	$ 92,340

There were no transfers between Level 1 and Level 2 in 2023 and 2022.

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

	December 31	
	2023	2022
Balance at January 1	$ 25,723	$ 36,273
Recognized in other comprehensive income	1,959	(10,550)
Balanced at December 31	$ 27,682	$ 25,723

It refers to financial assets at FVTOCI - Investments in equity instruments.

3) Valuation techniques and assumptions used to measure the fair value of the Company

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - swap contracts and forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of company.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 92,250
Financial assets at amortized cost (Note 1)	1,588,907	2,926,962
Financial assets at FVTOCI		
Equity instruments	27,682	25,723
Financial liabilities		
FVTPL		
Mandatorily classified as at FVTPL	629	92,340
Amortized cost (Note 2)	1,884,082	2,480,782

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties, but exclude income tax refund receivable), other financial assets.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable (including related parties) and other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

Financial risks associated with the management and operations of the Company included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

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

The treasury function reports monthly to the Company's management.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. The Company engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

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

Sensitivity analysis

The Company is mainly exposed to the risk from the fluctuations of the USD, CNY and EUR, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency.

	USD Impact For the Year Ended December 31		**CNY Impact For the Year Ended December 31**		**EUR Impact For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Profit or loss	$ 3,924	$ 6,635	$ 3,218	$ 12,221	$ 2,586	$ 2,839

b) Interest rate risk

The interest rate risk of the Company is primarily related to its fixed interest rates and variable rate of borrowing funds. The Company manages its interest rate risk by using interest rate swap contracts and forward interest rate contracts. Furthermore, total amount of the Company's cash and cash equivalents are considerably greater than the amount of bank loans which can process repayment procedure spontaneously. Therefore, interest rate risk does not have significant impact to the Company.

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 365,285	$ 738,808
Financial liabilities	152,235	611,700
Cash flow interest rate risk		
Financial assets	378,063	1,167,235
Financial liabilities	1,027,248	1,156,676

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have been lower/higher by $6,492 thousand and higher/lower by $106 thousand, respectively, which was mainly a result of the changes in the floating interest rate financial instrument.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Company, could be the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are a major source of liquidity risk for the Company. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate estimated at the end of the year.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 90,034	$ 445,143	$ 221,337	$ -	$ -
Lease liabilities	178	356	1,629	6,978	59,419
Variable interest rate liabilities	8,180	17,096	117,165	922,558	-
Fixed interest rate liabilities	246	100,032	-	-	-
	$ 98,638	$ 562,627	$ 340,131	$ 929,536	$ 59,419

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,163	$ 6,978	$ 7,321	$ 7,321	$ 7,321	$ 37,456
Variable interest rate liabilities	142,441	922,558	-	-	-	-
	$ 144,604	$ 929,536	$ 7,321	$ 7,321	$ 7,321	$ 37,456

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 75,004	$ 468,617	$ 221,523	$ -	$ -
Lease liabilities	178	356	1,600	7,677	60,883
Variable interest rate liabilities	120,864	1,709	22,144	1,062,026	-
Fixed interest rate liabilities	76,340	183,829	300,554	-	-
	$ 272,386	$ 654,511	$ 545,821	$ 1,069,703	$ 60,883

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,134	$ 7,677	$ 7,321	$ 7,321	$ 7,321	$ 38,920
Variable interest rate liabilities	144,717	1,062,026	-	-	-	-
	$ 146,851	$ 1,069,703	$ 7,321	$ 7,321	$ 7,321	$ 38,920

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company’s liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

	December 31	
	2023	2022
Gross settled		
Forward exchange contracts		
Inflows	$ 136,560	$ 113,924
Outflows	(137,189)	(113,991)
	$ (629)	$ (67)
Swap contracts		
Inflows	$ -	$ 92,122
Outflows	-	(92,145)
	$ -	$ (23)

The liquidity analysis for financial derivatives is on demand or less than 1 month.

c) Financing facilities

	December 31	
	2023	2022
Bank loan facilities		
Amount used	$ 1,137,322	$ 1,729,780
Amount unused	2,455,520	2,204,220
	$ 3,592,842	$ 3,934,000

28. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and its relationship with the Company

Related Party Name	Related Party Category
Yenyo	Subsidiary
Thinking Changzhou	Subsidiary
Thinking Yichang	Subsidiary
Jiangxi Thinking	Subsidiary
Dongguan Welkin	Subsidiary
Zhongshan Welkin	Subsidiary
Thinking Viet Nam	Subsidiary
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd (Honungxin Technology)	Related party in substance

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Sales of goods	Subsidiaries		
	Thinking Changzhou	$ 203,462	$ 256,764
	Dongguan Welkin	115,422	242,658
	Zhongshan Welkin	55,669	-
	Others	2,623	3,542
	Related party in substance		
	Pingtung Welkin	1,337	-
		$ 378,513	$ 502,964

The price of goods sold to related parties is calculated at cost plus gross profit. Additionally, the term of collection was 60 days from the invoice date, which was the same as those with non-related parties.

The amounts of unrealized gain on transactions with subsidiaries were $1,180 thousand and $26,915 thousand as of December 31, 2023 and 2022, respectively, which were recognized as the deduction of investments accounted for using the equity method.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Purchases of goods	Subsidiaries		
	Dongguan Welkin	$ 1,039,295	$ 1,117,170
	Thinking Changzhou	854,360	982,797
	Others	61,078	87,711
	Related party in substance		
	Pingtung Welkin	2,341	-
		$ 1,957,074	$ 2,187,678

The purchase price with related parties was based on cost plus gross profit. The prices were not comparable as the Company has no other similar category of purchases with non-related parties. The term of collection was 60 days from the invoice date.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts receivables from related parties	Subsidiaries		
	Thinking Changzhou	$ 91,687	$ 108,871
	Dongguan Welkin	22,978	70,435
	Zhongshan Welkin	54,904	-
	Others	834	487
	Related party in substance		
	Pingtung Welkin	620	-
		$ 171,023	$ 179,793
Other receivables from related parties (exclude loans to related parties)	Subsidiaries		
	Thinking Changzhou	$ -	$ 937
	Yenyo	-	121
	Thinking Yichang	54	-
		$ 54	$ 1,058

The payment terms between the Company and the related parties were 60 days after monthly closing, and the outstanding payment receivables from related parties were unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts payable to related parties	Subsidiaries		
	Dongguan Welkin	$ 173,785	$ 204,929
	Thinking Changzhou	173,059	160,381
	Others	16,714	13,667
	Related party in substance		
	Pingtung Welkin	814	-
		$ 364,372	$ 378,977
Other payables to related parties	Subsidiaries		
	Dongguan Welkin	$ 71	$ -
	Related party in substance		
	Honungxin Technology	704	-
	Pingtung Welkin	643	3,999
		$ 1,418	$ 3,999

Other payables to related parties were classified under payables for equipment and processing. The Company and its related parties have monthly payment terms of 60 days, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments (in prepaid equipment payment)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Prepayments for equipment	Subsidiaries		
	Dongguan Welkin	$ 617	$ -
	Related party in substance		
	Honungxin Technology	7,382	-
	Pingtung Welkin	370	-
		$ 8,369	$ -

g. Acquisition of property, plant and equipment

For the Year Ended December 31, 2022

Related Party Category/Name	Purchase Price
Subsidiaries	
Thinking Changzhou	$ 1,427
Dongguan Welkin	3,830
	$ 5,257

h. Disposal of property, plant and equipment

For the Year Ended December 31, 2022

Related Party Category/Name	Proceeds	Gain (Loss) on Disposal
Subsidiaries		
Thinking Changzhou	$ 1,493	$ 251
Yenyo	115	74
	$ 1,608	$ 325

i. Loans to related parties

The Company provided short-term unsecured loans for its subsidiary, Thinking Viet Nam, at an interest rate of 5%. As of December 31, 2023, it had not yet been draw down.

j. Other transactions with related parties

1) Consigned processing

Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Related party in substance - Pingtung Welkin	$ 4,815	$ 10,918

The prices and payment terms with substantial related parties were not comparable because the Company did not have other consigned processing businesses with non-related parties. The payment term was 60 days from the invoice date.

2) Consigned purchases

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
Thinking Changzhou	$ 14,303	$ -
Thinking Yichang	137	1,381
Others	265	37
	$ 14,705	$ 1,418

3) Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Lease expense	Related Party in Substance Boh Chin Investment	$ 480	$ 480

The lease contract between the Company and related parties in substance is based on the market rental agreement under general payment terms.

k. Remuneration of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 63,002	$ 69,419
Post-employment benefits	1,084	853
	$ 64,086	$ 70,272

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Company provided the following assets as collateral for bank borrowing and deposits of construction contract:

	December 31 2023	2022
Pledged deposits (classified as other financial assets)	$ 28,800	$ 151,700

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company's unrecognized commitments due to the plants under construction and equipment were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 88,865	$ 390,034

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
December 31, 2023				
Financial assets				
Monetary items				
USD	$ 24,479	30.705	(USD:NTD)	$ 751,628
CNY	78,794	4.3262	(CNY:NTD)	340,879
EUR	7,674	34.14	(EUR:NTD)	261,990
Non-monetary items				
Investments accounted for using the equity method				
USD	213,757	30.705	(USD:NTD)	6,563,398
CNY	459,452	4.3262	(CNY:NTD)	1,987,680
VND	113,417,671	0.00125	(VND:NTD)	141,205
Financial liabilities				
Monetary items				
USD	11,700	30.705	(USD:NTD)	359,249
CNY	4,415	4.3262	(CNY:NTD)	19,100
EUR	99	34.14	(EUR:NTD)	3,380
December 31, 2022				
Financial assets				
Monetary items				
USD	33,412	30.725	(USD:NTD)	1,026,584
CNY	283,097	4.4023	(CNY:NTD)	1,246,278
EUR	8,804	32.65	(EUR:NTD)	287,451
Non-monetary items				
Investments accounted for using the equity method				
USD	192,980	30.725	(USD:NTD)	5,929,314
CNY	407,576	4.4023	(CNY:NTD)	1,794,272
Financial liabilities				
Monetary items				
USD	11,818	30.725	(USD:NTD)	363,108
CNY	5,492	4.4023	(CNY:NTD)	24,177
EUR	110	32.65	(EUR:NTD)	3,592

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	Exchange Rate		Net Foreign Exchange Gains (Losses)
For the year ended December 31, 2023			
USD	30.705	(USD:NTD)	$ 11,504
CNY	4.3262	(CNY:NTD)	4,292
EUR	34.14	(EUR:NTD)	742
			$ 16,538
For the year ended December 31, 2022			
USD	30.725	(USD:NTD)	$ 5,257
CNY	4.4023	(CNY:NTD)	1,523
EUR	32.65	(EUR:NTD)	(8,618)
			$ (1,838)

32. ADDITIONAL DISCLOSURES

a. Information on significant transactions and b. investees

1) Financing provided to others: Table 1.

2) Endorsement/guarantee provided: None.

3) Marketable securities held (excluding investment in subsidiaries): Table 2.

4) Marketable securities acquired or disposed of at cost or price of at least NT$300 million or 20% of the paid-in capital: Table 3.

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9) Trading in derivative instruments: Note 7.

10) Information on investees: Table 6.

c. Information on investments in Mainland China

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

investment in the mainland China areas: Table 7.

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 4.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 4.

c) The amount of property transactions and the amount of the resultant gains or losses: Refer to Note 28.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

d. Information of major shareholders

Information of major shareholder: Shareholding ratio of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 8

33. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements; the parent company financial statements do not need to disclose segment information.

TABLE 1

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	Thinking Viet Nam	Other receivables - related parties	Yes	$ 96,615 (US$ 3,000 thousand)	$ 92,115 (US$ 3,000 thousand)	$ - (US$ - thousand)	5	Note 1	$ -	For short-term working capital	$ -	-	$ -	$ 2,792,932	$ 3,723,910	

Note 1: For short-term financing necessities.

Note 2: The aggregate financing limit shall not exceed 40% of the net assets of the Company. The financing limit for the financing amount on each individual loan shall not exceed 30% of net assets. The financing amount on each individual loan shall not exceed 100% of the net asset of the Company for inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Share							
	ACPA TECHNOLOGY CO., LTD.	-	Financial assets at FVTOCI - non-current	2,619,499	$ 27,682	11	$ 27,682	
Thinking Yichang	CNY financial products							
	Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 40,000 thousand	-	CNY 40,000 thousand	
	Structured Deposits - Bank of China	-	Financial assets at FVTPL - current	-	CNY 60,000 thousand	-	CNY 60,000 thousand	
Jiangxi Thinking	CNY financial products							
	Time Deposit Monthly Profit - Fubon Bank (China)	-	Financial assets at FVTPL - current	-	CNY 50,200 thousand	-	CNY 50,200 thousand	
Dongguan Welkin	CNY financial products							
	Point Gold Series Structured Deposit - China Merchants Bank	-	Financial assets at FVTPL - current	-	CNY 10,000 thousand	-	CNY 10,000 thousand	
	Structured Deposits - E.SUN Bank	-	Financial assets at FVTPL - current	-	CNY 70,350 thousand	-	CNY 70,350 thousand	
	Hui Ji Xinfu Structured Deposit - CTBC Bank	-	Financial assets at FVTPL - current	-	CNY 20,060 thousand	-	CNY 20,060 thousand	
Zhongshan Welkin	CNY financial products							
	Structured Deposits - Ping An Bank	-	Financial assets at FVTPL - current	-	CNY 10,000 thousand	-	CNY 10,000 thousand	

TABLE 3

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying Amount	Gain/Loss on Disposal	Number of shares	Amount
Thinking Yichang	CNY financial products													
	Structured Deposits	Financial assets at FVTPL - current	Bank of China		-	CNY 45,000 thousand	-	CNY 80,000 thousand	-	CNY 65,588 thousand	CNY 65,000 thousand	CNY 588 thousand	-	CNY 60,000 thousand
Jiangxi Thinking	CNY financial products													
	Time Deposit Monthly Profit	Financial assets at FVTPL - current	Fubon Bank (China)		-	CNY 9,810 thousand	-	CNY 81,900 thousand	-	CNY 41,798 thousand	CNY 41,510 thousand	CNY 288 thousand	-	CNY 50,200 thousand
Dongguan Welkin	CNY financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY 20,000 thousand	-	CNY 100,000 thousand	-	CNY 110,327 thousand	CNY 110,000 thousand	CNY 327 thousand	-	CNY 10,000 thousand
	Structured Deposits	Financial assets at FVTPL - current	E.SUN Bank		-	CNY 20,000 thousand	-	CNY 181,030 thousand	-	CNY 131,878 thousand	CNY 130,680 thousand	CNY 1,198 thousand	-	CNY 70,350 thousand
Guangdong Welkin Thinking	CNY financial products													
	Point Gold Series Structured Deposit	Financial assets at FVTPL - current	China Merchants Bank		-	CNY 30,000 thousand	-	CNY 55,000 thousand	-	CNY 85,331 thousand	CNY 85,000 thousand	CNY 331 thousand	-	CNY - thousand

TABLE 4

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% of Total	
The Company	Thinking Changzhou	Subsidiary	Sales	$ (203,462)	(6)	60 days from the end of the month	$ -	-	$ (91,687)	(12)	
	Thinking Changzhou	Subsidiary	Purchases	854,360	41	60 days from the end of the month	-	-	173,059	23	
	Dongguan Welkin	Subsidiary	Sales	(115,422)	(4)	60 days from the end of the month	-	-	(22,978)	(4)	
	Dongguan Welkin	Subsidiary	Purchases	1,039,295	50	60 days from the end of the month	-	-	173,785	23	
Thinking Changzhou	Thinking Yichang	Associate	Purchases	186,457	13	60 days from the end of the month	-	-	52,297	11	
	Jiangxi Thinking	Associate	Purchases	163,340	12	60 days from the end of the month	-	-	25,274	5	
	Dongguan Welkin	Associate	Sales	(105,987)	(4)	60 days from the end of the month	-	-	(23,709)	(2)	
Thinking Yichang	Jiangxi Thinking	Associate	Purchases	192,813	34	60 days from the end of the month	-	-	36,898	21	
	Dongguan Welkin	Associate	Sales	(370,531)	(38)	60 days from the end of the month	-	-	(64,805)	(22)	
Jiangxi Thinking	Dongguan Welkin	Associate	Sales	(198,157)	(24)	60 days from the end of the month	-	-	(40,329)	(22)	
	Zhongshan Welkin	Associate	Sales	(218,594)	(26)	60 days from the end of the month	-	-	(64,813)	(35)	
Dongguan Welkin	Zhongshan Welkin	Subsidiary	Purchases	785,047	38	60 days from the end of the month	-	-	158,782	22	
	Zhongshan Welkin	Subsidiary	Sales	(123,187)	(4)	60 days from the end of the month	-	-	(42,710)	(4)	

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
Thinking Changzhou	The Company	Parent company	$ 173,059	5.12	$ -	-	$ 57,705	$ -
Dongguan Welkin	The Company	Parent company	173,785	5.49	-	-	78,916	-
Zhongshan Welkin	Dongguan Welkin	Parent company	158,782	5.61	-	-	98,881	-

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan	Processing, sales and manufacturing of diodes	$ 304,410	$ 304,410	25,732,508	63.76	$ 237,878	$ 9,262	$ 5,906	Note 1
	Greenish	British Virgin Island	Investment holding and international trading	242,300 (US$ 7,375 thousand)	242,300 (US$ 7,375 thousand)	7,374,997	100	2,691,574	245,549	255,719	Note 1
	Thinking Holding	Cayman	Investment holding and international trading	792,506 (US$ 25,476 thousand)	783,237 (US$ 25,176 thousand)	25,476,302	100	3,860,398	478,468	475,244	Note 1
	Thinking USA	USA	Electronic product design and marketing	30,715 (US$ 1,000 thousand)	30,715 (US$ 1,000 thousand)	1,000,000	100	11,426	(17,113)	(17,113)	
	Thinking Viet Nam	Vietnam	Manufacturing and selling thermistors, varistors and sensors	149,313 (US$ 4,800 thousand)	-	-	100	141,205	111	111	
Thinking Holding	Thinking International	Mauritius	Investment holding and international trading	205,781 (US$ 6,375 thousand)	196,512 (US$ 6,075 thousand)	6,375,000	100	1,190,521	80,616	80,616	
	Thinking HK	Hong Kong	Investment holding and international trading	311,109 (US$ 10,020 thousand)	311,109 (US$ 10,020 thousand)	10,020,000	100	900,479	144,551	144,551	
	View Full Samoa	Samoa	Investment holding and international trading	155,108 (US$ 5,055 thousand)	155,108 (US$ 5,055 thousand)	5,055,000	100	1,592,927	221,141	221,141	
	Thinking Samoa	Samoa	Investment holding and international trading	112,518 (US$ 3,864 thousand)	112,518 (US$ 3,864 thousand)	3,864,354	100	215,167	32,654	32,654	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: Information of investees which located in mainland China, refer to Table 7.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss)of the Investee	Percentage of Ownership Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2023 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	$ 1,008,050 (US$ 31,260 thousand)	Note 1	$ 452,725	$ -	$ -	$ 452,725	$ 439,343	100	$ 458,676	$ 4,036,634	$ 1,868,287 (US$ 61,686)	Note 10
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	203,439 (US$ 6,300 thousand)	Note 2	194,170	9,269	-	203,439	80,741	100	80,741	1,189,299	-	-
Jiangxi Thinking	Manufacturing and selling thermistors and varistors	310,330 (US$ 10,000 thousand)	Note 3	310,330	-	-	310,330	144,583	100	144,583	900,271	-	-
Guangdong Welkin Thinking	Wholesale of thermistors, varistors, sensors and equipment	-	Notes 4 and 11	153,547	-	153,547	-	4,379	-	4,379	-	-	-
Dongguan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	868,640 (CNY$194,782 thousand)	Notes 5 and 11	111,759	153,547	-	265,306	322,085	100	322,085	2,460,385	-	-
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	658,145 (CNY$150,000 thousand)	Note 6	-	-	-	-	70,946	100	70,946	685,539	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,231,800 (US$38,774 thousand)	$ 1,077,561 (US$35,094 thousand) (Note 8)	$ 5,585,865 (Note 9)

Note 1: Indirectly investment in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly investment in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly investment in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly investment in mainland China through companies registered in the third area (View Full Samoa).

Note 5: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 6: Indirectly investment in mainland China through subsidiary (Dongguan Welkin).

Note 7: Financial report had been audited by ultimate parent company's certified public accountant.

Note 8: The amount of US$35,094 thousand was the difference between the MOEA approved investment amount of US$38,774 thousand and the amount of accumulated outflow of investment from Taiwan amount of US$3,680 thousand. Such difference was the result of deducting the capital increase of US$32,024 thousand from the subsidiary in mainland China, deductions of US$176 thousand for remittance of liquidation proceeds to third parties not yet approved. The added surplus of the subsidiary in mainland China, which was approximately US$35,831 thousand, was repatriated, and the difference between the exchange rate of the remitted funds and US$49 thousand. The balance as of December 31, 2023 was based on the exchange rate of US$1=NT$30.705.

Note 9: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 10: The Company recognized share of profits of Thinking Changzhou was $217,380 thousand, and Greenish recognized share of profits of Thinking Changzhou was $241,296 thousand. Total amount of share of profits was $458,676 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

Note 11: In response to optimizing the organizational structure across the group, the board of directors of Dongguan Welkin resolved to merge Guangdong Welkin Thinking with Dongguan Welkin in April 2023. Guangdong Welkin Thinking would be dissolved after the merger. The base date for the merger was June 30, 2023. Dongguan Welkin has completed the change of registration.

TABLE 8

THINKING ELECTRONIC INDUSTRIAL CO., LTD

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Boh Chin Investment Co., Ltd.	27,178,247	21.21
Yih Chin Investment Co., Ltd.	15,871,153	12.38

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Annual Interest Rate(%)	Amount
Petty cash and cash on hand			$ 575
Bank deposits			
Checking accounts			74
Demand deposits			94,678
Foreign currency demand deposits (Note)			
USD 2,911 thousand			89,390
CNY 25,264 thousand			109,296
EUR 1,395 thousand			47,626
JPY 8,549 thousand			1,865
HKD 1,631 thousand			6,408
			349,912
Cash equivalents			
Time deposits with original maturities of 3 months or less			
Deposit of NTD	2024.01	0.855	100,000
Foreign currency deposits (Note)			
USD 2,500 thousand	2024.01	5.7	76,763
CNY 10,000 thousand	2024.01	1.4	43,262
EUR 4,000 thousand	2024.01	3.8	136,560
HKD 1,500 thousand	2024.01	5.6	5,893
			$ 712,390

Note: Foreign currency exchange rates of USD, CNY, EUR, JPY and HKD were as follows:

USD:NTD=1: 30.705

CNY:NTD=1: 4.3262

EUR:NTD=1: 34.14

JPY:NTD=1: 0.2182

HKD:NTD=1: 3.929

STATEMENT 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Sale of goods	$ 1,292
Company B	Sale of goods	378
Others (Note)	Sale of goods	618
		$ 2,288

Note: The amounts of individual clients that are included in others does not exceed 5% of the account balance.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Over a Year	Remark
Related parties			
Thinking Changzhou	$ 91,687	$ -	Sale of goods
Dongguan Welkin	22,978	-	Sale of goods
Zhongshan Welkin	54,904	-	Sale of goods
Others (Note)	1,454	-	Sale of goods
	171,023	-	
Non-related parties			
Company C	34,129		Sale of goods
Others (Note)	642,945	-	Sale of goods
	677,074	-	
Less: Loss allowance	(5,854)	-	
	671,220	-	
	$ 842,243	$ -	

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

STATEMENT 4

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	Remark
Related parties		
Thinking Yichang	$ 54	Consigned purchases
Non-related parties		
Income tax refund receivable	2,694	Business tax
Earned revenue receivable	305	
Others	20	
	3,019	
	$ 3,073	

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Cost	Net Realizable Value (Note)
Finished goods	$ 152,028	$ 191,745
Semi-finished	23,121	40,429
Work-in-process	63,657	106,339
Raw materials	29,959	30,215
Supplies	4,500	4,552
Inventory in transit	6,308	6,308
	$ 279,573	$ 379,588

Note: Refer to Note 4 for accounting policy of net realizable value.

STATEMENT 6

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayments for purchases	$ 2,910
Prepaid expenses	19,716
Office supplies	4,813
Offsets against business tax payable	7,762
Others	1,238
	$ 36,439

STATEMENT 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2023		Additions in Investment			Decrease in Investment			Balance, December 31, 2023			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount		Shares	Amount		Shares	% of Ownership	Amount	Unit Price	Total Amount		
Non-listed company															
Yenyo	25,732,508	$ 231,421	-	$ 6,457		-	$ -		25,732,508	63.76	$ 237,878	$ 9.44	$ 242,985	None	
Greenish	7,374,997	2,463,106	-	268,430		-	39,962		7,374,997	100	2,691,574	366.59	2,703,586	None	
Thinking Changzhou	14,814,804	1,794,272	-	228,831		-	35,423		14,814,804	47.39	1,987,680	129.79	1,922,838	None	
Thinking Holding	25,176,302	3,437,858	300,000	487,265		-	64,725		25,476,302	100	3,860,398	153.19	3,902,645	None	
Thinking USA	1,000,000	28,350	-	-		-	16,924		1,000,000	100	11,426	11.43	11,426	None	
Thinking Viet Nam	-	-	-	149,424		-	8,219		-	100	141,205	-	141,205	None	
		$ 7,955,007		$ 1,140,407	(Note 1)		$ 165,253	(Note 2)			$ 8,930,161		$ 8,924,685		

Note 1: Share of profit of investments accounted for using the equity method, realized gain on transactions in the beginning of year, acquired investment funds using the equity method and remeasurement of defined benefit plans amounted to $954,360 thousand, $26,915 thousand, $158,581 thousand and $551 thousand.

Note 2: Share of loss of investments accounted for using the equity method, unrealized gain on transactions at the end of the year, exchange differences on the translation of the financial statements of foreign operations amounted to $17,113 thousand, $1,180 thousand and $146,960 thousand.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Balance, December 31, 2023			
Investees	Shares	Fair Value	Shares (Note 1)	Amount (Note 2)	Shares	Amount	Shares	Fair Value (Note 3)	Accumulated Impairment	Collateral
Non-listed company's shares										
ACPA TECHNOLOGY CO., LTD.	2,543,203	$ 25,723	76,296	$ 1,959	-	$ -	2,619,499	$ 27,682	$ -	None

Note 1: ACPA TECHNOLOGY CO., LTD. transferred surplus to capital during the year with stock dividends allocated to the Company.

Note 2: Recognized as unrealized gain on financial assets at FVTOCI.

Note 3: Refer to Note 27 for fair value measurement.

STATEMENT 9

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2023	Additions	Deductions	Balance, December 31, 2023
Cost				
Land	$ 58,682	$ -	$ -	$ 58,682
Accumulated depreciation				
Land	(7,604)	(2,013)	-	(9,617)
	$ 51,078	$ (2,013)	$ -	$ 49,065

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Type of Borrowings and Bank Name	Contract Period	Interest Rates for the Year (%)	Balance, December 31, 2023
Credit Loans			
Bank of Taiwan	2023.11.09-2024.02.07	1.64	$ 100,000

Note: As of December 31, 2023, the amount of unused short-term borrowings was approximately $2,112,450 thousand.

STATEMENT 11

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
Dongguan Welkin	$ 173,785
Thinking Changzhou	173,059
Thinking Yichang	16,667
Pingtung Welkin	814
Yenyo	47
	364,372
Non-related parties	
Company D	4,153
Company E	4,149
Company F	2,340
Company G	1,871
Company H	1,863
Company I	1,812
Company J	1,792
Others (Note)	16,517
	34,497
	$ 398,869

Note: The amount of individual vendor that are included in others does not exceed 5% of the account balance.

STATEMENT 12

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Over received	$ 8,635
Withholding	2,173
Temporary receipts	546
Deferred revenue	747
	$ 12,101

STATEMENT 13

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Lease Term	Discount Rate (%)	Balance, December 31, 2023
Land	2016.06-2029.10	0.75-1.38	$ 52,235
Less: Lease liabilities - current			1,508
Lease liabilities - non-current			$ 50,727

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Shipments (Thousand PCS)	Amount
Revenue from sale of goods		
Passive components	5,761,119	$ 3,172,711
Service revenue		87
		$ 3,172,798

TATEMENT 15

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Production cost	
Raw material used	
Raw material, beginning of year	$ 36,348
Raw material purchased	90,057
Raw material, end of year	(29,959)
Others	(63)
	96,383
Supplies used	17,025
Direct labor	137,846
Manufacturing expense	239,094
Manufacturing cost	490,348
Work-in-process, beginning of year	128,995
Work-in-process purchased	11,405
Work-in-process, end of year	(86,778)
Others	(2,249)
Cost of finish goods	541,721
Finish goods, beginning of year	175,797
Finish goods purchased	1,959,795
Finish goods, end of year	(152,028)
Others	(505,693)
Total of production cost	2,019,592
Other operating cost	
Income from sale of scraps	(7,728)
Loss on obsolete inventory	11,982
Others	(1,144)
	3,110
	$ 2,022,702

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries	$ 54,212	$ 112,937	$ 90,202	$ 257,351
Employee benefits (Note)	8,288	18,094	15,463	41,845
Export expense	14,078	69	1	14,148
Professional service fees	3,481	16,287	2,384	22,152
Commission expense	11,761	-	-	11,761
Depreciation and amortization expense	5,082	8,659	10,533	24,274
Utilities expense	339	3,562	6,769	10,670
Remuneration of directors	-	22,494	-	22,494
Consumption supplies	29	113	10,138	10,280
Shipping expense	13,019	838	330	14,187
Others	23,144	16,903	10,023	50,070
	$ 133,433	$ 199,956	$ 145,843	479,232
Expected credit loss recognized on trade receivables				4,144
				$ 483,376

Note: The employee benefits includes labor and health insurance, pension, food stipend and others.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary and bonuses	$ 162,448	$ 257,351	$ 419,799	$ 165,291	$ 262,134	$ 427,425
Labor and health insurance	16,144	20,223	36,367	16,783	20,135	36,918
Pension	7,099	10,465	17,564	7,842	10,171	18,013
Remuneration of directors	-	22,494	22,494	-	23,242	23,242
Others	13,300	11,157	24,457	13,124	9,982	23,106
	$ 198,991	$ 321,690	$ 520,681	$ 203,040	$ 325,664	$ 528,704
Depreciation	$ 67,756	$ 14,046	$ 81,802	$ 67,280	$ 14,118	$ 81,398
Amortization	$ 3,830	$ 10,228	$ 14,058	$ 2,712	$ 4,751	$ 7,463

Note: a. For the years ended December 31, 2023 and 2022, the Company had 520 and 525 employees in average, respectively. There were 5 non-employee director for both of the reporting period.

b. The average employee welfare expense for the years ended December 31, 2023 and 2022 was $967 thousand and $972 thousand, respectively.

c. The average employee salary and bonuses for the years ended December 31, 2023 and 2022 was $815 thousand and $822 thousand, respectively.

d. Change in the average employee salary and bonuses was 1%.

e. The Company has established an audit committee to replace the role of supervisor, so it has no remuneration for supervisor.

f. The Company's salary and remuneration policy (including directors, managers and employees).

1) Director

The Company's remuneration of directors are distributed in accordance with the Articles of Incorporation. Please refer to Note 22 (g) for related regulations. The remuneration will be adjusted based on the Company's operating conditions and the related regulations. In consideration of the Company's sustainable development, the remuneration of directors will be submitted to the compensation committee and the board of directors for approval.

(Continued)

2) Manager

Based on the “Rules for Distribution of Compensation to Managers”, the Company’s compensation committee will take the manager’s services provided and standards of the industry into consideration.

Monthly salary: Depending on the manager’s job tenure and the value of job title. Salary movement should not exceed 150% of the industry standards.

Variable salary: Depending on the Company’s operating condition, including bonuses and employee remuneration.

3) Employee

The principle of the Company’s employee salary system stands on fairness and competitiveness. Employee salary includes monthly salary and variable salary. For the total amount of remuneration of employees, please refer to Note 22 (g). Salary of employee is distributed according to the “Regulation of Salary” and according to the employee’s duties and professional skills. Remuneration of employee is also distributed according to the “Regulation of Distribution of Cash and Shares Dividends” and according to the employee’s performance and contribution to the Company.

(Concluded)