ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Years Ended December 31, 2023 and 2022

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Statement of Consolidated Financial Statements of Affiliates

For the year of 2023 (January 1 to December 31, 2023), if, pursuant to the Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations, the entities that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that IFRS 10 requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared.
We hereby declared as such

Company name: ABC Taiwan Electronics Corporation

Responsible person: Joseph M. E. Hsu

March 11, 2024

Independent Auditors' Report

To: ABC Taiwan Electronics Corp

Audit opinion

We have audited the accompanying Consolidated Financial Statements of ABC Taiwan Electronics Corp as of December 31, 2023 and 2022, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statements of cash flows, and notes of the consolidated financial statements (including major accounting policies) for the years then ended.

Based on the review results of the independent auditors, all material aspects of the abovementioned Consolidated Financial Statements were prepared according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation endorsed and issued into effect by the Financial Supervisory Commission (FSC). The accompanying consolidated financial statements present fairly, in all material respects, the financial position of ABC Taiwan Electronics Corporation and subsidiaries as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to December 31 of 2023 and 2022.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the Consolidated Financial Statements. We are independent of ABC Taiwan Electronics Corp. and subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of ABC Taiwan Electronics Corp. and subsidiaries for the year 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and by forming of our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of ABC Taiwan Electronics Corp. and subsidiaries for the year 2023 are stated as follows:

Key audit matters – recognition of revenue

The main source of income of ABC Taiwan Electronics Corp and subsidiaries is from the design, development, and manufacturing of inductance components, ceramic heat sinks, and various precision metal stamping parts, and subsequent sales of these products. The 2023 consolidated net operating revenue was NT$1,992,295 thousand. For the accounting policies and information related to revenue recognition, please refer to Notes IV and XX to the Consolidated Financial Statements. Due to the significant decline in operating revenue of ABC Taiwan Electronics Corp and subsidiaries this year, the recognition of the sales revenue from new major customers in the current year is included as a key audit matter for the current year.

The appropriate audit procedures

The main audit procedures that we have implemented include:

1. Understand and evaluate the appropriateness of the internal control design and execution for the operating revenue recognition.
2. Testing is conducted on sales revenue and relevant transaction vouchers and payment receipts are sampled and checked to confirm the authenticity of the sales revenue recognition.

Other matters

ABC Taiwan Electronics Corp. has prepared the Parent Company Only Financial Statements for the years 2023 and 2022, and an audit report has been presented by the CPAs without reservations for reference.

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

The management was responsible for preparation of the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or errors.

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability of ABC Taiwan Electronics Crop. and subsidiaries 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 and subsidiaries, 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 financial reporting process of ABC Taiwan Electronics Crop. and subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance. Still, it is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these Consolidated Financial Statements.

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control of ABC Taiwan Electronics Corp. and subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Draw conclusions 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 ability of ABC Taiwan Electronics Corp. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ABC Taiwan Electronics Corp. and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the Consolidated Financial Statements, (including the related notes), and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the standalone financial information or business activities of ABC Taiwan Electronics Corp. and subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and implementation of the audit for ABC Taiwan Electronics Crop. and subsidiaries. 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 the Norms of Professional Ethics for Certified Public Accountants of the Republic of China 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 matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the standalone financial statement for the year ended December 31, 2023, and is, therefore, the key audit matter. 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.

Deloitte & Touche
Ya-Yun Chang, CPA

Tung-Hui Yeh, CPA

FSC approval reference number
Jin-Guan-Zheng-Shen-Zi No. 1110348898

FSC approval reference number
Jin-Guan-Zheng-Shen-Zi No. 0980032818

March 11, 2024

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Balance Sheet
December 31, 2023 and 2022

Unit: NT$'000

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI)	$ 787,355	25	$ 617,299	19
1110	Financial assets measured at fair value through profit or loss — current (Note VII)	22,022	1	22,000	1
1170	Notes and accounts receivable, net (Note IX)	139,376	4	226,622	7
1180	Accounts receivable - related parties (Notes IX and XXVI)	109,371	3	199,441	6
1200	Other receivables	28,297	1	30,122	1
1220	Current income tax assets (Note XXII)	6,364	-	6,028	-
130X	Inventories (Note X)	272,721	9	391,104	12
1410	Prepayments	27,437	1	17,935	1
1470	Other current assets (Note XV)	871	-	4	-
11XX	Total current assets	1,393,814	44	1,510,555	47
	Non-current assets				
1517	Financial Assets at Fair Value through Other Comprehensive Income - non-current (Note VIII)	39,189	1	27,412	1
1600	Property, plant and equipment (Notes XII, XXVII and XXVIII)	1,560,868	50	1,497,874	47
1755	Right-of-use assets (Note XIII)	19,323	1	22,793	1
1780	Intangible assets (Note XIV)	31,313	1	37,627	1
1915	Prepayment for equipment purchase	87,474	3	98,445	3
1975	Net defined benefit assets - non-current (Note XVIII)	6,585	-	-	-
1990	Other non-current assets (Note XV)	5,803	-	5,965	-
15XX	Total non-current assets	1,750,555	56	1,690,116	53
1XXX	Total assets	$ 3,144,369	100	$ 3,200,671	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note XVI)	$ 230,000	7	$ 243,350	8
2110	Commercial paper payable (Note XVI)	59,927	2	-	-
2170	Notes and accounts payable	207,068	7	315,363	10
2206	Employees' compensation and remuneration of directors payable (Note XXI)	11,285	-	56,202	2
2219	Other payables (Note XVII)	132,959	4	141,483	4
2230	Current income tax liabilities (Note XXII)	26,718	1	47,148	1
2280	Lease liabilities - current (Note XIII)	1,115	-	2,629	-
2322	Long-term loans with maturity within one year (Notes XVI and XXVII)	211,653	7	159,120	5
2399	Other current liabilities (Notes XVII and XX)	2,072	-	2,973	-
21XX	Total of current liabilities	882,797	28	968,268	30
	Non-current liabilities				
2540	Long-term loans (Notes XVI and XXVII)	668,751	21	626,870	20
2570	Deferred income tax liabilities (Note XXII)	88,889	3	105,337	3
2580	Lease liabilities - non-current (Note XIII)	218	-	983	-
2630	Long-term deferred revenue (Note XXIX)	7,370	-	-	-
2640	Net defined benefit liabilities - non-current (Note XVIII)	-	-	1,273	-
2670	Other non-current liabilities (Notes XVII)	1,693	-	1,732	-
25XX	Total non-current liabilities	766,921	24	736,195	23
2XXX	Total liabilities	1,649,718	52	1,704,463	53
	Equity attributable to shareholders of the Company (Note XIX)				
	Share capital				
3110	Common stock share capital	1,050,006	34	929,209	29
3200	Additional paid-in capital	181,063	6	181,063	6
	Retained earnings				
3310	Legal reserve	148,446	5	126,229	4
3320	Special reserves	128,123	4	134,226	4
3350	Undistributed earnings	139,158	4	253,605	8
3300	Total retained earnings	415,727	13	514,060	16
3400	Other equity items	(152,145)	(5)	(128,124)	(4)
31XX	Total equity attributable to the Company's shareholders	1,494,651	48	1,496,208	47
	Total liabilities and equity	$ 3,144,369	100	$ 3,200,671	100

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu　　Managerial Officer: Francis Fan　　Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousand,
except Earnings Per Share at NTD

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Net operating revenue (Notes XX and XXVI)	$ 1,992,295	100	$ 3,033,092	100
5000	Operating cost (Notes X and XXI)	1,542,664	77	2,363,841	78
5900	Gross profit	449,631	23	669,251	22
	Operating expenses (Notes XXI and XXVI)				
6100	Sales and marketing expenses	63,828	3	87,979	3
6200	Management expenses	247,218	13	251,894	8
6300	R&D expenses	104,404	5	106,722	3
6450	Reversal of expected credit losses	(1,162)	-	(2,814)	-
6000	Total operating expenses	414,288	21	443,781	14
6900	Operating profit	35,343	2	225,470	8
	Non-operating income and expenses				
7100	Interest revenue (Note XXI)	7,210	1	1,343	-
7010	Other income (Note IV, XXI, and XXIX)	3,641	-	1,615	-
7020	Other gains and losses (Notes XXI and XXVI)	26,289	1	76,095	2
7050	Financial costs (Note XXI)	(19,029)	(1)	(10,545)	-
7000	Total non-operating income and expenses	18,111	1	68,508	2
7900	Pre-tax profit	53,454	3	293,978	10
7950	Income tax expenses (Note XXII)	(16,098)	(1)	(85,954)	(3)
8200	Net income for the year	37,356	2	208,024	7

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan (Note XVIII)	7,409	-	14,142	1
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note XIX)	11,777	1	(21,383)	(1)
8360	Items that may be reclassified subsequently as profit or loss				
8361	Exchange difference on translation of financial statements of foreign operations (Note XIX)	(35,798)	(2)	27,486	1
8300	Total other comprehensive income	(16,612)	(1)	20,245	1
8500	Total comprehensive income for the year	$ 20,744	1	$ 228,269	8
	Earnings per share (Note XXIII)				
9750	Basic	$ 0.36		$ 1.98	
9850	Diluted	$ 0.35		$ 1.94	

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu　　Managerial Officer: Francis Fan　　Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Changes In Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousand, unless stated otherwise

		Equity attributable to the Company's shareholders								
		Share capital			Retained earnings			Other equity		
Code		Shares (in thousand)	Amount	Additional paid-in capital	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or (loss)	Total equity
A1	Balance as of January 1, 2022	92,921	$ 929,209	$ 181,063	$ 116,997	$ 104,989	$ 125,661	($ 170,224)	$ 35,997	$ 1,323,692
	Distribution of earnings for 2021									
B1	Legal reserve	-	-	-	9,232	-	(9,232)	-	-	-
B3	Special reserves	-	-	-	-	29,237	(29,237)	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(55,753)	-	-	(55,753)
D1	Net income for the year ended December 31, 2022	-	-	-	-	-	208,024	-	-	208,024
D3	2022 Total other comprehensive income	-	-	-	-	-	14,142	27,486	(21,383)	20,245
D5	2022 Total comprehensive income	-	-	-	-	-	222,166	27,486	(21,383)	228,269
Z1	Balance as of December 31, 2022	92,921	929,209	181,063	126,229	134,226	253,605	(142,738)	14,614	1,496,208
	Distribution of earnings for 2022									
B1	Legal reserve	-	-	-	22,217	-	(22,217)	-	-	-
B3	Special reserves	-	-	-	-	(6,103)	6,103	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(22,301)	-	-	(22,301)
B9	Shareholder stock dividends	12,080	120,797	-	-	-	(120,797)	-	-	-
D1	2023 net income	-	-	-	-	-	37,356	-	-	37,356
D3	2023 Total other comprehensive income	-	-	-	-	-	7,409	(35,798)	11,777	(16,612)
D5	2023 Total comprehensive income	-	-	-	-	-	44,765	(35,798)	11,777	20,744
Z1	Balance as of December 31, 2023	105,001	$ 1,050,006	$ 181,063	$ 148,446	$ 128,123	$ 139,158	($ 178,536)	$ 26,391	$ 1,494,651

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu　　Managerial Officer: Francis Fan　　Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Profit before tax for the current year	$ 53,454	$ 293,978
A20010	Income and expenses items:		
A20100	Depreciation expense	160,252	146,985
A20200	Amortized expenses	14,414	10,976
A20300	Reversal of expected credit losses	(1,162)	(2,814)
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	(435)	(818)
A20900	Financial cost	19,029	10,545
A21200	Income from interest	(7,210)	(1,343)
A21300	Dividend income	(969)	(1,615)
A22500	Loss (profit) from disposal of property, plant and equipment	1,257	(4,816)
A23700	Loss on inventory devaluation and obsolescence	11,377	2,339
A24100	Net gains on foreign currency exchange	(16,559)	(35,400)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	93,814	30,267
A31160	Accounts receivable - related parties	90,070	(23,489)
A31180	Other receivables	1,825	3,487
A31200	Inventory	107,439	31,173
A31230	Prepayments	(9,561)	1,507
A31240	Other current assets	(867)	1,685
A31990	Other assets	117	(195)
A32130	Notes and accounts payable	(106,162)	(55,903)
A32180	Other payables	(21,641)	(677)
A32200	Liability reserve	1,991	21
A32230	Other current liabilities	(901)	496
A32240	Net defined benefit liability	(449)	(497)
A32250	Long-term deferred revenue	7,487	-
A32990	Employees' compensation and remuneration of directors payable	(44,917)	30,628
A33000	Cash from operations	351,693	436,520
A33100	Interest received	7,210	1,875
A33200	Dividends received	969	1,615
A33300	Interest paid	(19,029)	(10,545)
A33500	Income tax paid	(53,404)	(31,064)
AAAA	Net cash inflow from operating activities	287,439	398,401

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Code		2023	2022
	Cash flows from investing activities		
B00200	Sale of financial assets measured at fair value through profit or loss	-	11,320
B02700	Acquisition of property, plant and equipment	(235,541)	(381,059)
B02800	Proceeds from disposal of property, plant and equipment	4,807	6,122
B03700	Increase in refundable deposits	-	(222)
B03800	Decrease in refundable deposits	45	-
B04500	Acquisition of intangible assets	(8,108)	(10,435)
B07200	Decrease in prepaid equipment purchase	10,971	25,231
BBBB	Net cash outflow from investing activities	(227,826)	(349,043)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	1,450,000	1,302,013
C00200	Decrease in short-term borrowings	(1,462,342)	(1,380,000)
C00500	Increase in short-term bills payable	59,927	-
C00600	Decrease in short-term notes payable	-	(100,000)
C01600	Proceeds from long-term debt	413,740	483,571
C01700	Repayments of long-term debt	(319,317)	(233,294)
C03100	Decrease in guarantee deposits received	-	(131)
C04020	Repayment of lease principal	(3,636)	(3,765)
C04500	Distribution of cash dividends	(22,301)	(55,753)
CCCC	Net cash inflow from financing activities	116,071	12,641
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	(5,628)	20,676
EEEE	Net increase of cash and cash equivalents for the current year	170,056	82,675
E00100	Cash and cash equivalents, beginning of the year	617,299	534,624
E00200	Cash and cash equivalents, end of the year	$ 787,355	$ 617,299

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu　　Managerial Officer: Francis Fan　　Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2023 and 2022
(Amounts in NTD thousand unless stated otherwise)

I. Company history

ABC Taiwan Electronics Corp (hereinafter referred to as "ABC Taiwan") was approved for establishment by the Ministry of Economic Affairs (MOEA) on May 25, 1979. Its principal business is providing chip inductors, power inductors, filter inductive components, transformers, micro-porous ceramic (MPC) heat sinks, various precision metal stamping parts, LED lighting fixtures, and other related products and their raw materials that are used in various electronic products, communication electronic products, computer and peripheral equipment, industrial electronic equipment, automotive electronic equipment and other circuits, various product molds and production equipment, their manufacturing, processing and trading, as well as the import and export business for each of the aforementioned items.

The ABC Taiwan's shares have been listed for trading on the Taipei Exchange since December 2, 2004.

The Consolidated Financial Statements of ABC Taiwan are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

The Consolidated Financial Statements were approved by the Board of Directors on March 11, 2024.

III. Application of new and revised standards and interpretation

(I) Initial adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The adoption of the amended IFRSs endorsed and issued into effect by the FSC does not have a material impact on the accounting policies of ABC Taiwan Electronics and subsidiaries (hereinafter referred to as the “consolidated company”).

(II) FSC-approved IFRSs applicable from 2024 onwards

New / Revised / Amended Standards and Interpretation	Effective date announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liabilities under 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 Contractual Clauses”	January 1, 2024
Amendments to IAS7 and IFRS7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall make retrospective adoption of the amended IFRS 16 for all sales and leaseback transactions signed after the initial adoption of IFRS 16.

Note 3: Partial exemption from disclosure requirements upon first application of these amendments.

1. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (Revision in 2020) and “Non-current Liabilities with Contractual Clauses” (Revision in 2022)

Amended in 2020 to clarify that when determining whether a liability is classified as non-current, it is necessary to assess whether the consolidated company has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If the consolidated company has the right at the end of the reporting period, regardless of whether the consolidated company expects to exercise the right, the liabilities are classified as non-current.

The 2020 amendments further stipulate that if the consolidated company must comply with certain conditions before it has the right to defer payment of its liabilities, the consolidated company must have complied with certain conditions at the end of the reporting period, even if the lender is testing whether the Company has complied with the requirements at a later date. The 2022 amendments further clarified that only the contractual terms that must be followed before the end of the reporting period will affect the classification of liabilities. Although the terms of the contract that the consolidated company shall comply follow within 12 months after the reporting period does not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the consolidated company may not be able to comply with the contractual terms and the risk that the consolidated company will have to pay the liability within 12 months after the reporting period.

The 2020 amendments provide that, for the purpose of liability classification, the aforementioned pay-off refers to the elimination of liabilities due to the transfer of cash, other economic resources, or equity instruments of the consolidated company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty, and the transfer of the equity instruments of the Company may result in its settlement of the liability, and if the choice is recognized in equity separately according to IAS 32 "Financial Instruments: Presentation", then the aforementioned clauses do not affect the classification of liabilities.

In addition to the impact referred to above, as of the publication date of the Consolidated Financial Statements, the consolidated company has assessed that the amendment of other standards and interpretations of the consolidated company will not have a significant impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New / Revised / Amended Standards and Interpretation	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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated company uses a non-functional currency as the presentation currency, it will affect the exchange difference of foreign operations under equity on the date of initial application .

The consolidated company will continue to evaluate the impacts of amendments of other standards and interpretations on the financial position and financial performance as of the release date of these Consolidated Financial Statements, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS as endorsed and issued into effect by the FSC.

(II) Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined liabilities (assets) recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The measurement of fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 input value: Refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input value: Refers to inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 input value: Refers to unobservable inputs for the asset or liability.

(III) Criteria for classifying assets and liabilities into current and non-current

Current assets include:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and

3. Cash and cash equivalents (excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held mainly for trading purposes;
2. Liabilities due and settled within 12 months after the balance sheet date; and
3. Liabilities with a settlement deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets or liabilities that are not the abovementioned current assets or liabilities are classified as non-current assets or liabilities.

(IV) Basis for consolidation

The Consolidated Financial Statements include ABC Taiwan Electronics and the financial statements of its controlling entities (subsidiaries). Adjustments have been made to the financial statements of the subsidiaries to enable consistency in the accounting policies of the parent company and the subsidiaries. All of the transactions, account balances, income and expense losses between the entities were eliminated during the preparation of the consolidated financial statements.

Please refer to Notes XI and XXXI for the statements, shareholding and operation items of the subsidiaries.

(V) Foreign currency

When each entity prepares financial statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are translated into functional currencies and recorded in accordance with the exchange rates on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing rates on that date. Exchange difference arising from the delivery or translation of monetary items are recognized in profit or loss for the period incurred.

The foreign currency non-monetary item measured at fair value is converted at the exchange rate on the fair value determination date. The exchange difference generated is recognized in the profit or loss of the current year, but for the changes in fair value recognized in other comprehensive income, the exchange difference generated is recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost which are converted according to the exchange rate on the transaction date are not re-translated.

In preparing the Consolidated Financial Statements, the assets and liabilities of the Company's foreign operations (including subsidiaries that operate in countries or using currencies different from the Company's) are translated into New Taiwan dollars at the end of each balance sheet date. Income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is listed in the other comprehensive profit or loss.

(VI) Inventory

Inventories include raw materials, finished goods, work-in-progress, and commodities. Inventories are measured at the lower of cost or net realizable value. Except for inventories of the same type, the comparison between cost and net realizable value is based on individual items. Net realizable value is the balance of the estimated selling price in the ordinary course of business, less the estimated cost required for completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VII) Property, plant, and equipment

Property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. Before reaching the intended state of use, such assets are measured at the lower of cost or net realizable value, and the selling price and cost are recognized in profit or loss. These assets will be classified into the appropriate category of property, plant, and equipment and depreciated accordingly when completed and ready for the intended state of use.

Except for self-owned land, the property, plant, and equipment are depreciated by significant parts over their useful lives on a straight-line basis. The consolidated company shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(VIII) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at the amount derived from taking cost less net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized using straight-line method over the useful lives. The consolidated company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

2. Internally generated - research and development expenses

Research expenditure is recognized as expense when incurred.

3. Derecognition

In derecognition of intangible assets, the difference between the net proceeds of disposition and the book value of the assets shall be recognized as income for the current year.

(IX) Impairment of assets related to property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill)

At each balance sheet date, the consolidated company assesses whether there is any sign that property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may have been impaired. If there is any sign of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are amortized to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and when there is a sign that the assets may be impaired.

The recoverable amount is the fair value less the selling cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss is reversed subsequently, the carrying amount of the assets, cash-generating units or relevant assets of contract cost will increase to the revised recoverable amount, while the carrying amount after increase does not exceed the carrying amount of the assets, cash-generating units or relevant assets of contract costs that would have been at the date of reversal had the impairment loss not been recognized previously (excluding amortization or depreciation). Reversal of impairment loss is recognized in profit or loss.

(X) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party to the instrument contract.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that can be directly attributed to the acquisition or issuance of financial assets or liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial assets

Conventional transactions with financial assets are recognized and de-recognized on the trade date.

(1) Types of Measurement

Financial assets held by the consolidated company are those measured at fair value through profit or loss, those measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss and those designated to be measured at fair value through profit or loss. The financial assets mandatorily and designated to be measured at fair value through profit and loss include the investment in equity instruments that the are not designated to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

The financial assets measured at fair value through profit and loss are measured at fair value. The dividend, interest, and any profit or loss generated from re-measurement are recognized in other profit and loss. Please refer to Note XXV for the method of determining the fair value.

B. Financial assets measured at amortized cost

If the consolidated company's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

a. Held under a certain business model, the purpose of which is to hold financial assets to collect contractual cash flows; and
b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets on the basis of cost after amortization (including cash and cash equivalent, notes receivable on the basis of cost after amortization, accounts receivable (including related parties) and other receivables shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
b. For a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the financial asset is impaired.

Credit-impaired financial assets refer to situations where the issuer or obligor has experienced major financial difficulty, default, or the obligor is likely to file for bankruptcy or other financial reorganization, or active financial assets have disappeared from the market due to financial difficulty.

Cash equivalents include highly liquid time deposits that can be converted into a given amount of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value. They are used to meet short-term cash commitments.

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

The consolidated company may, at the time of original recognition, make an irrevocable election to designate investments in equity instruments not held for trading and not recognized by the acquirer in a business merger transaction as contingent consideration for measurement at fair value through other comprehensive income.

Investments in equity instruments measured at FVTOCI are measured at fair value, and subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. In the disposition of investments, the accumulated profit or loss is directly transferred to the retained earnings without reclassification as profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the consolidated company's right to receive dividends is established, unless such dividends clearly represent the recovery of part of an investment cost.

(2) Impairment of financial assets

The consolidated company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable shall be recognized for allowance for loss based on expected credit loss throughout the duration. For other financial assets, the allowance is assessed as to whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the allowance is recognized according to the 12 month expected credit loss. If there is a significant increase, it is recognized according to the expected credit loss throughout the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. Expected credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Expected credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For the purpose of internal credit risk management, the consolidated company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. There is internal or external information showing that it is impossible for the debtor to pay off the debt.

B. Past due for over 150 days, unless there is reasonable and corroborating information showing that the deferred basis is more appropriate.

All impairment loss of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The derecognition of financial assets

The consolidated company derecognizes financial assets only when the contractual rights from the cash flows of the financial assets expire, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to another enterprise.

Where a financial asset measured at amortized cost was derecognized as a whole, the difference between the book value and the received consideration was recognized in profit or loss. When the investment in equity instrument measured at FVTOCI is derecognized as a whole, the accumulated income is directly transferred to the retained earnings without reclassification as income.

2. Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the substance of contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company’s equity retrieved is debited or credited to the equity. The book value is calculated based on the weighted average of the types of shares. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All of the financial liabilities of the consolidated company are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

(XI) Liability reserve

The recognized liability reserve amount is based on the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. The reserve for liabilities is measured at the discount value of the estimated cash flows for the settlement of obligations.

(XII) Recognition of income

The consolidated company, after identifying the performance obligations, has the transaction price amortized to each performance obligation and recognizes the income when each performance obligation is satisfied.

1. Revenue from sale of goods

Revenues from the sale of products are derived from the sale of products. When electronic products arrive at the customer's designated location or when they are shipped, the customer has the right to set the price and the use of the product, and is mainly responsible for the resale of the product, and bears the risk of product obsolescence. The consolidated company recognizes them as income and accounts receivable at this time.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

(XIII) Leaseholdings

On the date of contract formation, the consolidated company assesses whether the contract is (or contains) a lease.

1. The consolidated company as lessor

A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All other lease arrangements are classified as operating lease.

Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The consolidated company as lessee

The consolidated company recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value underlying assets and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are initially measured at cost (including the initial amount of lease liability), and subsequently at cost less accumulated depreciation and impairment loss with adjustments made to the re-measurement of lease liability. Right-of-use assets are separately expressed on the Consolidated Statements Of Balance Sheet.

The right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the expiry date of the lease or the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead.

Subsequently, lease liability is measured at cost after amortization using the effective interest method, whereas interest expense is amortized over the lease tenor. If there is any change to the amounts to be paid over the lease tenure that leads to changes in future lease payments, the consolidated company will remeasure its lease liabilities and make corresponding adjustments to right-of-use assets. If, however, the book value of right-of-use assets has already been reduced to zero, any remaining re-measurements are recognized in profit or loss. Lease liabilities are separately expressed on the Consolidated Statements Of Balance Sheet.

(XIV) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring in the current year.

(XV) Government subsidies

Government subsidies can be recognized upon receiving when there is reasonable assurance that the consolidated company will adhere to the terms attached to the government subsidies.

Government subsidies-related income are recognized under other income on a systematic basis over the periods in which the consolidated company recognizes expenses for the related costs for which the subsidies are intended to compensate. Government subsidies that are given on the condition that they will be used to purchase or construct non-current assets or to acquire them by other methods are recognized as deferred revenue, and will be recognized in profit or loss during the estimated useful life of associated assets on a reasonable and systematic basis.

(XVI) Employee Welfare

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at the non-discounted amount of cash that the Company expects to pay in exchange for employees' services.

2. Benefits after retirement

For defined contribution plans, the amount of contributions that is appropriated to pension funds over the duration of employees' services is recognized as expense.

For defined benefit plans, the cost of benefits (including service cost, net interest, and effect of re-measurement) is estimated using the projected unit credit method. The net interests of the service cost (including the service cost for the current period) and net defined benefit liability (asset) are recognized as employee benefit expenses when they occur. Effects of re-measurement (including actuarial gains/losses and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit or loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(XVII) Income tax

Income tax expenses are the aggregate of the income taxes and deferred taxes during the period.

1. Income tax for the current period

The consolidated company determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction for filing income taxes and, with this as a basis, calculates the income tax payable (receivable).

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences deriving from the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences.

The taxable temporary differences related to the investment in the equities of the subsidiaries are recognized as deferred income tax liabilities, except for those where the consolidated company can control the timing of reversing the temporary difference and the temporary difference is unlikely to be reversed in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment is recognized within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly listed under equity items, which are also recognized in other comprehensive income or directly listed under equity.

V. Major sources of significant accounting judgments, estimates, and assumptions uncertainty

With regard to the adoption of accounting policies by the consolidated company, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

When developing significant accounting estimates, the consolidated company incorporates the influence of the economic environment into the significant estimates such as cash flows, growth, discount rates and profitability. Management will continue to review these estimates and assumptions.

Significant accounting judgment

None.

Estimates and assumptions with regard to the main source of uncertainty

(I) Impairment of inventories

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances. These estimates are based on the current market conditions and historical sales of similar products. Changes in market conditions may materially affect the results of these estimates.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Bank checks and demand deposits	$ 657,478	$ 616,230
Cash on hand and petty cash	916	1,069
Equivalent cash		
Bank time deposits with original maturity date within 3 months	128,961	-
	$ 787,355	$ 617,299

The market interest rate intervals of bank deposits on the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Deposits in banks	0.001%~5.53%	0.001%~1.05%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets - Current		
Mandatorily measured at fair value through profit or loss Financial product	$ 22,022	$ 22,000

VIII. Financial assets at fair value through other comprehensive profit or loss

(I) Investment in equity instruments

	December 31, 2023	December 31, 2022
Non-current		
Domestic investment		
TWSE/TPEx listed stock	$ 39,189	$ 27,412

The consolidated company invested in the common shares of the domestic companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The consolidated company's management does not recognize the short-term fair value volatility of such investments as profit or loss aligned with the abovementioned long-term investment planning. Therefore, management decided to designate such investments measured at fair value through other comprehensive incomes.

IX. Notes and accounts receivable, net amount

	December 31, 2023	December 31, 2022
Notes and accounts receivable		
Measured at amortized cost		
Total book value	$ 145,057	$ 233,537
Less: Allowance for losses	(5,681)	(6,915)
	$ 139,376	$ 226,622

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	December 31, 2023	December 31, 2022
Accounts receivable - related parties		
Measured at amortized cost		
Total book value	$ 109,371	$ 199,441
Less: Allowance for losses	-	-
	$ 109,371	$ 199,441

Accounts receivable at amortized cost

The average credit period for the consolidated company's sales of goods on a monthly basis is 30 to 150 days, and the accounts receivable do not accrue interest. To mitigate the credit risk, the consolidated company's management has designated s team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the consolidated company's management believes that the consolidated company's credit risks have been significantly reduced.

The consolidated company adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses throughout the duration. Expected credit losses throughout the duration are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions. As indicated by the consolidated company's historical experience in credit loss, the loss patterns among varied customer bases show no significant difference at all. In the preparation matrix, therefore, the customer bases were not further classified. Instead, we fixed the anticipated rate of credit loss only based on the number of days overdue in the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount back, the consolidated company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The consolidated company uses a provision matrix to measure the allowance for losses of receivables as follows:

December 31, 2023

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	$ 135,699	$ 4,078	$ 153	$ 4	$ 5,123	$ 145,057
Loss allowance (expected credit losses throughout the duration)	-	(401)	(153)	(4)	(5,123)	(5,681)
Cost after amortization	$ 135,699	$ 3,677	$ -	$ -	$ -	$ 139,376

December 31, 2022

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	$ 220,281	$ 6,756	$ 354	$ 125	$ 6,021	$ 233,537
Loss allowance (expected credit losses throughout the duration)	-	(415)	(354)	(125)	(6,021)	(6,915)
Cost after amortization	$ 220,281	$ 6,341	$ -	$ -	$ -	$ 226,622

Accounts receivable - related parties are non-overdue accounts.

The information about changes in the allowance for loss on accounts receivable is as follows:

	2023	2022
Balance at the beginning of the year	$ 6,915	$ 9,596
Add: Reversal of impairment loss for the current year	(1,162)	(2,814)
Less: Actual write-offs in the current year	-	-
Foreign currency exchange difference	(72)	133
Balance at the end of the year	$ 5,681	$ 6,915

X. Inventory

	December 31, 2023	December 31, 2022
Commodities	$ 1,169	$ 2,899
Finished goods	153,089	199,513

Work-in-progress	8,175	20,115
Raw materials and supplies	110,288	168,577
	$ 272,721	$ 391,104

The nature of the cost of goods sold is as follows:

	2023	2022
Cost of inventories sold	$ 1,531,287	$ 2,361,502
Inventory devaluation loss	11,377	2,339
	$ 1,542,664	$ 2,363,841

XI. Subsidiaries

(I) Subsidiaries listed in the consolidated financial statements

The entities included in the preparation of this consolidated financial statements:

			Shareholding ratio		
Name of investment company	Name of subsidiary	Type of business	December 31, 2023	December 31, 2022	Explanation
ABC Taiwan Electronics	ATEC HOLDING COMPANY（AHC）	Reinvestment of the holding company in Mainland China	100%	100%	Subsidiaries
	ABC AMERICA ELECTRONICS CORP.（AAE）	Trading of electronic components	100%	100%	Subsidiaries
ABC Taiwan Electronics	ATEC UNIVERSAL COMPANY（AUC）	Reinvestment of the holding company in Mainland China	100%	100%	Second-tier subsidiary
	A-TEC INTERNATIONAL COMPANY（AIC）	Reinvestment of the holding company in Mainland China	100%	100%	Second-tier subsidiary
	AOBA Technology (M) SDN. BHD. BHD.（AOBA）	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	Second-tier subsidiary
	Guangzhou ABC Electronics Corp. (Guangzhou ABC Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	Third-tier subsidiary
	ABC Electronics (Shanghai) Corp. (ABC (Shanghai) Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	Third-tier subsidiary

Except for the insignificant subsidiary AAE listed in the consolidated financial statements for the period between 2023 and 2022, the financial statements of other subsidiaries have been reviewed by independent auditors. The management of the consolidated company thinks that the financial statements of AAE that are not reviewed by the independent auditors will not result in material impact.

XII. Property, plant, and equipment

	December 31, 2023	December 31, 2022
Own use	$ 1,560,868	$ 1,497,874

	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total
Cost									
Balance as of January 1, 2023	$ 348,832	$ 458,914	$ 1,070,246	$ 156,414	$ 16,011	$ 24,196	$ 69,117	$ 134,029	$ 2,277,759
Increase	-	5,913	68,990	105,462	94	3,306	17,644	44,492	245,901
Disposal	-	(314)	(28,238)	(9,526)	(5,773)	(4,333)	(3,673)	-	(51,857)
Reclassification for the current year	-	-	3,943	-	-	-	-	-	3,943
Net exchange difference	(2,107)	(8,662)	(28,010)	-	(116)	(515)	(810)	(41)	(40,261)
Balance as of December 31, 2023	$ 346,725	$ 455,851	$ 1,086,931	$ 252,350	$ 10,216	$ 22,654	$ 82,278	$ 178,480	$ 2,435,485
Accumulated depreciation									
Balance as of January 1, 2023	$ -	$ 155,356	$ 516,049	$ 52,069	$ 10,615	$ 14,125	$ 31,671	$ -	$ 779,885
Depreciation expense	-	14,797	102,073	23,244	1,676	3,871	10,734	-	156,395
Disposal	-	(267)	(22,310)	(9,526)	(5,773)	(4,334)	(3,583)	-	(45,793)
Reclassification for the current year	-	(59)	3,943	-	-	-	-	-	3,884
Net exchange difference	-	(2,897)	(15,942)	-	(102)	(307)	(506)	-	(19,754)
Balance as of December 31, 2023	$ -	$ 166,930	$ 583,813	$ 65,787	$ 6,416	$ 13,355	$ 38,316	$ -	$ 874,617
Net amount as of December 31, 2023	$ 346,725	$ 288,921	$ 503,118	$ 186,563	$ 3,800	$ 9,299	$ 43,962	$ 178,480	$ 1,560,868
Cost									
Balance as of January 1, 2022	$ 346,315	$ 367,400	$ 842,133	$ 129,234	$ 12,434	$ 21,874	$ 59,207	$ 116,817	$ 1,895,414
Increase	-	10,265	236,442	30,928	3,460	2,179	11,856	92,729	387,859
Disposal	-	(3,484)	(33,297)	(3,748)	-	(343)	(2,522)	-	(43,394)
Reclassification for the current year	-	75,589	224	-	-	-	-	(75,589)	224
Net exchange difference	2,517	9,144	24,744	-	117	486	576	72	37,656
Balance as of December 31, 2022	$ 348,832	$ 458,914	$ 1,070,246	$ 156,414	$ 16,011	$ 24,196	$ 69,117	$ 134,029	$ 2,277,759
Accumulated depreciation									
Balance as of January 1, 2022	$ -	$ 142,406	$ 439,271	$ 36,301	$ 9,088	$ 9,622	$ 25,388	$ -	$ 662,076
Depreciation expense	-	14,327	94,620	19,516	1,436	4,606	8,479	-	142,984
Disposal	-	(2,977)	(32,556)	(3,748)	-	(330)	(2,499)	-	(42,110)
Reclassification for the current year	-	(717)	224	-	-	-	-	-	(493)
Net exchange difference	-	2,317	14,490	-	91	227	303	-	17,428
Balance as of December 31, 2022	$ -	$ 155,356	$ 516,049	$ 52,069	$ 10,615	$ 14,125	$ 31,671	$ -	$ 779,885
Net amount as of December 31, 2022	$ 348,832	$ 303,558	$ 554,197	$ 104,345	$ 5,396	$ 10,071	$ 37,446	$ 134,029	$ 1,497,874

In 2023 and 2022, as there was no sign of impairment, the consolidated company did not conduct impairment assessment.

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	
Plant and main building	3 to 50 years
Engineering system	2 to 10 years
Machinery and equipment	2 to 10 years
Research and development equipment	2 to 15 years
Transportation equipment	5 to 10 years
Income-producing equipment	1 to 10 years
Miscellaneous equipment	2 to 20 years

Please refer to Note XXVII for the amount of property, plant and equipment pledged as collateral for borrowings.

XIII. Lease agreement

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		
Land	$ 18,024	$ 19,235
Building	1,048	2,729
Transportation equipment	251	829
	$ 19,323	$ 22,793

	2023	2022
Increase in right-of-use assets	$ 6,022	$ 2,778
Depreciation expense for right-of-use assets		
Land	$ 240	$ 241
Building	3,039	3,232
Transportation equipment	578	528
	$ 3,857	$ 4,001

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ 1,115	$ 2,629
Non-current	$ 218	$ 983

The range of the discount rate for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Building	5%	5%~6.5%
Transportation equipment	1.35%~1.56%	1.35%~1.56%

(III) Important lease activities and terms

The lands and buildings that the consolidated company leases are used as factories and employee dormitories with a lease period of 1~2 years. The lease payment is agreed for adjustments based on the market lease rate for every 3 years for the land leases in China. At the end of the lease period, there were no preferential purchase rights for the lands and buildings leased by the consolidated company.

(IV) Other lease information

	2023	2022
Expenses of short-term leases	$ 2,239	$ 2,064
Expenses for lease of low-value assets	$ 849	$ 622
Total cash (outflow) for leases	($ 6,825)	($ 6,550)

The consolidated company chooses to apply the exemption to the recognition of office equipment that meets the criteria of short-term lease and low-value asset lease, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	Computer software	Technology authorization	Technology	Customer relationship	Trademark rights	Goodwill	Total
Cost							
Balance as of January 1, 2023	$ 12,034	$ 4,542	$ 20,204	$ 29,031	$ 3,524	$ 5,340	$ 74,675
Increase in the current year	4,428	3,680	-	-	-	-	8,108
Disposal for the current year	(4,480)	(800)	-	-	-	-	(5,280)
Net exchange difference	-	-	(404)	(222)	(152)	-	(778)
Balance as of December 31, 2023	$ 11,982	$ 7,422	$ 19,800	$ 28,809	$ 3,372	$ 5,340	$ 76,725
Accumulated amortization							
Balance as of January 1, 2023	$ 4,532	$ 1,199	$ 13,631	$ 14,536	$ 3,150	$ -	$ 37,048
Amortized expenses	6,735	2,376	1,547	3,411	345	-	14,414
Disposal for the current year	(4,480)	(800)	-	-	-	-	(5,280)
Net exchange difference	-	-	(404)	(222)	(144)	-	(770)
Balance as of December 31, 2023	$ 6,787	$ 2,775	$ 14,774	$ 17,725	$ 3,351	$ -	$ 45,412
Net amount as of December 31, 2023	$ 5,195	$ 4,647	$ 5,026	$ 11,084	$ 21	$ 5,340	$ 31,313
Cost							
Balance as of January 1, 2022	$ 10,983	$ 800	$ 19,722	$ 28,766	$ 3,343	$ 5,340	$ 68,954
Increase in the current year	6,693	3,742	-	-	-	-	10,435
Disposal for the current year	(5,642)	-	-	-	-	-	(5,642)
Net exchange difference	-	-	482	265	181	-	928
Balance as of December 31, 2022	$ 12,034	$ 4,542	$ 20,204	$ 29,031	$ 3,524	$ 5,340	$ 74,675
Accumulated amortization							
Balance as of January 1, 2022	$ 5,628	$ 67	$ 11,603	$ 10,861	$ 2,654	$ -	$ 30,813
Amortized expenses	4,546	1,132	1,546	3,410	342	-	10,976
Disposal for the current year	(5,642)	-	-	-	-	-	(5,642)
Net exchange difference	-	-	482	265	154	-	901
Balance as of December 31, 2022	$ 4,532	$ 1,199	$ 13,631	$ 14,536	$ 3,150	$ -	$ 37,048
Net amount as of December 31, 2022	$ 7,502	$ 3,343	$ 6,573	$ 14,495	$ 374	$ 5,340	$ 37,627

The above intangible assets with limited durability are amortized on a straight-line basis based on the following durability years:

Computer software	1 to 5 years
Technology authorization	2 to 5 years
Technology	7 years
Customer relationship	7 years
Trademark rights	10 years

XV. Other assets

	December 31, 2023	December 31, 2022
Current		
Retained tax credit	$ 837	$ 4
Others	34	-
	$ 871	$ 4
Non-current		
Refundable deposits	$ 2,966	$ 3,011
Others	2,837	2,954
	$ 5,803	$ 5,965

XVI. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
- Borrowings of working capital fund	$ 230,000	$ 243,350

The interest rates of working capital borrowings as of December 31, 2023 and 2022 were 1.70%~1.775% and 0.425%~1.6521%, respectively.

(II) Short-term notes payable

	December 31, 2023	December 31, 2022
Commercial paper payable	$ 59,927	$ -

Outstanding short-term notes payable are as follows:

December 31, 2023

Guarantee/Acceptance Agency	Par value	Discount amount	Book value	Interest rate range	Name of collateral	Book value of collateral
Commercial paper payable						
Mega Bank	$ 30,000	$ 38	$ 29,962	1.908%	Unsecured	$ -
China Bills Finance Corporation (CBF)	$ 30,000	$ 35	$ 29,965	1.878%	Unsecured	$ -

(III) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings (Note XXVII)		
Mid and long-term bank borrowings (1)	$ 142,725	$ 167,410
Unsecured borrowings		
Mid and long-term bank borrowings (2)	737,679	618,580
Sub-total	880,404	785,990
Due within one year	(211,653)	(159,120)
	$ 668,751	$ 626,870

1. Bank borrowings with maturity dates falling on December 31, 2023 and 2022, will be subsequently cleared of payments by the end of July 2037. As of December 31, 2023 and 2022, the interests rates are 1.80%~2.02% and 1.55%~1.73%, respectively.
2. Bank credit borrowings with maturity dates falling on December 31, 2023 and 2022, will be subsequently cleared of payments by the end of February 2030. As of December 31, 2023 and 2022, the interests rates are 0.51%~2.1037% and 0.32%~1.83%, respectively.

Long-term bank borrowings

The consolidated company has made commitments for some of its long-term borrowings and so must maintain the financial ratio and regulations in its end-of-year consolidated financial statements each year for the duration of the credit extension, as shown below:

Starting from the date of the fund transfer, the annual consolidated financial statements shall be reviewed at the end of July each year. Among these, (1) the financial liabilities must not be over 100%, and (2) the minimum net worth shall be NT$1,200,000 thousand. If this standard is not met the first time for any of the items, a review will be made for the next half of the annual report. If the standard is still not met, an interest rate of 0.25% will be added to the originally approved interest rate. The originally approved interest rate can be resumed once the standard has been met during the next review. If the standard is not met for two consecutive annual consolidated financial statements, the bank will deem all or part of the interest of the credit amount used as matured.

Each of the financial rates in the consolidated financial statements of the consolidated company for 2023 and 2022 satisfies the limitations of the aforementioned financial rates.

XVII. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Other payables		
Salary	$ 30,835	$ 39,680
Bonus	29,812	38,617
Provision for equipment	25,947	15,587
Payable leave benefit	7,257	5,266
Labor service expenses	2,509	1,910
Freight and import/export expenses	2,023	3,176
Commission	397	1,611
Others	34,179	35,636
	$ 132,959	$ 141,483
Other liabilities		
Collection of funds on behalf of others	$ 1,723	$ 1,768
Contract liabilities	349	577
Temporary receipts	-	387
Others	-	241
	$ 2,072	$ 2,973
Non-current		
Other liabilities		
Deferred credits	$ 1,693	$ 1,732

XVIII. Retirement benefit plan

(I) Defined contribution plan

The pension scheme introduced under the "Labor Pension Act" that ABC Taiwan uses is a government-managed defined contribution plan, for which ABC Taiwan is required to contribute an amount equal to 6% of employees' monthly salaries into their individual pension accounts held with the Bureau of Labor Insurance.

The consolidated Company's subsidiaries in Malaysia and Mainland China appropriate a specific percentage of the total monthly salary of local employees to the pension management business. The obligation of the consolidated company for this retirement benefit plan is only to appropriate a specific amount.

(II) Defined benefit plan

ABC Taiwan is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. ABC Taiwan makes monthly pension contributions equivalent to 6% of employees' monthly salaries into an account held under the Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that at the end of the year the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. ABC Taiwan has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the Consolidated Statements Of Balance Sheet:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 32,545	$ 44,286
Fair value of planned assets	(39,130)	(43,013)
Net defined benefit (assets) liabilities	($ 6,585)	$ 1,273

Changes in the net defined benefit liability are as follows:

	Present value of defined benefit obligation	Fair value of planned assets	Net defined benefit liabilities (assets)
January 1 to June 30, 2022	$ 59,516	($ 43,604)	$ 15,912
Cost of services			
Current service cost	232	-	232
Interest expense (income)	387	(279)	108
Recognized in profit or loss	619	(279)	340
Re-measurements			
Actuarial (gains) losses - Changes in financial assumptions	(1,541)	-	(1,541)
Actuarial (gains) losses - experience adjustment	(9,224)	(3,377)	(12,601)
Recognized in other comprehensive income	(10,765)	(3,377)	(14,142)
Contributions from the employer	-	(837)	(837)
Payment of welfare	(5,084)	5,084	-
December 31, 2022	44,286	(43,013)	1,273
Cost of services			
Current service cost	97	-	97
Interest expense (income)	541	(528)	13
Recognized in profit or loss	638	(528)	110
Re-measurements			
Actuarial (gains) losses - Changes in financial assumptions	(55)	-	(55)
Actuarial (gains) losses - experience adjustment	(6,948)	(406)	(7,354)
Recognized in other comprehensive income	(7,003)	(406)	(7,409)
Contributions from the employer	-	(559)	(559)
Payment of welfare	(5,376)	5,376	-
December 31, 2023	$ 32,545	($ 39,130)	($ 6,585)

The pension fund system of ABC Taiwan under the "Labor Standards Act" is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits for utilization by itself and through commissioned management. However, The distribution amount for ABC Taiwan's planned assets is based on the income from the interest rate not lower than the 2-year time deposit interest rate of local banks.
2. Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of defined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net defined benefit liability is mutually offsetting.
3. Salary risks: The present value of defined benefit obligations is calculated by taking into consideration plan participants' future salary levels. Therefore, an increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	December 31, 2023	December 31, 2022
Discount rate	1.33%	1.30%
Expected rate of return on planned assets	1.33%	1.30%
Expected rate of increase in salary	2.00%	2.00%

If there were reasonable and possible changes to the major actuarial assumptions, and all other assumptions remained unchanged, the amount of increase (decrease) in the present value of defined benefit obligation would be as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 328)	($ 451)
Decrease by 0.25%	$ 334	$ 459
Expected rate of increase in salary		
Increase by 0.25%	$ 266	$ 359
Decrease by 0.25%	($ 262)	($ 354)

Because actuarial assumptions may be related to one another, and it is unlikely that any single assumption will change, the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected amount to be appropriated within 1 year	$ 528	$ 570
Average expiry period of defined benefit obligations	2 years	2 years

XIX. Equity

(I) Share capital

	December 31, 2023	December 31, 2022
Authorized shares (in thousand)	150,000	120,000
Authorized shares	$ 1,500,000	$ 1,200,000
Issued and paid shares (in thousand)	105,001	92,921
Issued capital stock	$ 1,050,006	$ 929,209

The shares issued were common shares with a par value of NT$10 per share, and each share was entitled to one voting right and the right to receive dividends.

(II) Additional paid-in capital

	December 31, 2023	December 31, 2022
Can be used to offset losses, distribute cash, or capitalize on shares (Note)		
Premium from stock issuance	$ 169,469	$ 169,469
Transaction of treasury stock	10,819	10,819
The difference between the equity actually acquired or disposed of and the book value	775	775
	$ 181,063	$ 181,063

Note: Such capital surplus may be used to offset a deficit, or, when the Company has no deficit, to distribute cash or stock capital, provided that the capital reserve shall be no more than a certain percentage of the Company's share capital each year.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the consolidated company, any earnings at the end of the year are subject to tax, and reversal of accumulated losses according to laws, followed by setting aside 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves. If there are still earnings remaining, together with the undistributed earnings, the board of directors is to draft a motion for earnings distribution and submit to the shareholders' meeting for resolution and distribution of dividends to shareholders. Please refer to Note XXI (VII) regarding the policy for remuneration to the employees and the directors as stipulated in the ABC Taiwan's Articles of Incorporation.

The ABC Taiwan’s shareholders’ meeting, on June 9, 2023, passed amendments of the Articles of Incorporation. According to the revised version, ABC Taiwan’s dividend policy will accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders’ interest to provide appropriation of earnings of at least 20% as the shareholders’ dividends each year. However, when the accumulated earnings available for distribution falls below 2% of the share capital, the distribution may not be proceeded with. Any shareholders dividends are paid in the form of cash or shares, of which the cash dividends shall not be less than 10% of the total dividends.

According to the Articles of Incorporation before the amendment, ABC Taiwan's dividend policy would accommodate current and future development plans, consider the investment environment, fund requirements and domestic and external competition, and shareholders' interest to provide appropriation of earnings of at least 60% as the shareholders' dividends each year. However, when the accumulated earnings available for distribution fell below 2% of the share capital, the distribution would not be proceeded with. Any shareholders dividends were paid in the form of cash or shares, of which the cash dividends were not less than 10% of the total dividends.

Appropriation of legal reserve shall be made until the balance is equivalent to the amount of the Company's share capital. Legal reserve may be used to offset a deficit. If the Company has no deficit, the portion of legal reserve that exceeds 25% of the share capital may be capitalized or distributed in cash.

ABC Taiwan held shareholders' annual general meetings on June 9, 2023 and June 9, 2022. Earnings distribution proposals for 2022 and 2021 have been resolved and passed as follows:

	2022	2021
Legal reserve	$ 22,217	$ 9,232
(Reverse) Provision of special reserves	($ 6,103)	$ 29,237
Cash dividends	$ 22,301	$ 55,753
Stock dividends	$ 120,797	$ -
Cash dividend per share (NTD)	$ 0.24	$ 0.60
Dividend per share (NTD)	$ 1.30	$ -

On March 11, 2024, the Board of Directors proposed the 2023 earnings distribution plan as follows:

	2023
Legal reserve	$ 4,476
Provision of special reserves	$ 24,021
Cash dividends	$ 23,100
Cash dividend per share (NTD)	$ 0.22

The appropriation of the 2023 earnings is still pending for resolution by the shareholders' meeting scheduled to be held on June 3, 2024.

(IV) Special reserves

	2023	2022
Balance at the beginning of the year	$ 134,226	$ 104,989
(Reverse) Provision of special reserves	(6,103)	29,237
Balance at the end of the year	$ 128,123	$ 134,226

Of which, NT$39,767 thousand came from the recognition of the accumulated translation adjustments presented to ABC Taiwan into retained earnings upon initial adoption of the IFRSs.

(V) Other equity items

1. Exchange difference on translation of financial statements of foreign operations

	2023	2022
Balance at the beginning of the year	($ 142,738)	($ 170,224)
Exchange differences arising from the translation of the net assets of foreign operations	(35,798)	27,486
Balance at the end of the year	($ 178,536)	($ 142,738)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	2023	2022
Balance at the beginning of the year	$ 14,614	$ 35,997
Generated in the current year		
Unrealized gain or loss		
Equity instruments	11,777	(21,383)
Balance at the end of the year	$ 26,391	$ 14,614

XX. Income

(I) Revenue from contracts

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 1,992,295	$ 3,033,092

(II) Balance of contract

	December 31, 2023	December 31, 2022
Contract liabilities		
Sale of goods	$ 349	$ 577

The amount from contract liabilities recognized as income at the beginning of the year is as follows:

	2023	2022
From contract liabilities at the beginning of the year		
Sale of goods	$ 577	$ 733

(III) Breakdown of revenue from contracts with customers

	2023	2022
Main regional markets		
USA	$ 908,704	$ 1,549,096
Germany	445,526	724,658
China	242,350	320,604
Taiwan	93,675	111,346
Others	302,040	327,388
	$ 1,992,295	$ 3,033,092

XXI. Net income and other comprehensive income

Net income includes the following items:

(I) Income from interest

	2023	2022
Deposits in banks	$ 7,210	$ 1,343

(II) Other income

	2023	2022
Government subsidies income	$ 2,672	$ -
Dividend income		
Financial assets at fair value through other comprehensive profit or loss	969	1,615
	$ 3,641	$ 1,615

(III) Other gains and losses

	2023	2022
Net gains on foreign exchange	$ 13,079	$ 69,274
Net (loss) profit from disposal of property, plant and equipment	(1,257)	4,816
Net gains on financial assets measured at fair value through profit or loss	435	818
Others	14,032	1,187
	$ 26,289	$ 76,095

(IV) Financial cost

	2023	2022
Interest of bank loans	$ 18,928	$ 10,446
Interest on lease liabilities	101	99
	$ 19,029	$ 10,545

(V) Depreciation and amortization

	2023	2022
Depreciation expense summarized by function		
Operating cost	$ 121,542	$ 113,571
Operating expenses	38,710	33,414
	$ 160,252	$ 146,985
Amortization expense summarized by function		
Operating cost	$ 345	$ 342
Management expenses	7,760	7,593
R&D expenses	6,309	3,041
	$ 14,414	$ 10,976

(VI) Employee benefit expenses

	2023	2022
Benefits after retirement (Note XVIII)		
Defined contribution plan	$ 6,548	$ 6,837
Defined benefit plan	110	340
	6,658	7,177
Other employee benefits	486,911	664,042
Total employee benefit expenses	$ 493,569	$ 671,219
Summarized by function		
Operating cost	$ 282,357	$ 424,169
Operating expenses	211,212	247,050
	$ 493,569	$ 671,219

(VII) Employees’ compensation and directors' remuneration

According to the ABC Taiwan's Articles of Incorporation, the employees' remuneration allocation is 12%~16% and the remuneration of directors is no more than 6% of the pre-tax income before deduction of the employees' and directors' remuneration. The remuneration to employees and directors for 2023 and 2022 was approved by the board of directors on March 11, 2024 and March 9, 2023, respectively, as follows:

Estimated ratio

	2023	2022
Compensation to employees	13%	13%
Remuneration to directors	4%	4%

Amount

	2023		2022	
	Cash	Shares of stock	Cash	Shares of stock
Compensation to employees	$ 8,630	$ -	$ 42,978	$ -
Remuneration to directors	2,655	-	13,224	-

If there is a change in the actual amount of remuneration after the Consolidated Financial Statements were authorized for issue, the difference is treated as a change in accounting estimate and adjusted into the books in the following year.

There is no difference between the actual amounts of employees' compensation and directors' remuneration paid for 2022 and 2021 and the amounts recognized in the Consolidated Financial Statements for 2022 and 2021.

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

(VIII) Net gains/losses on foreign currency exchange

	2023	2022
Total foreign exchange gains	$ 51,058	$ 103,009
Total foreign exchange losses	(37,979)	(33,735)
Net foreign exchange gain	$ 13,079	$ 69,274

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	2023	2022
Income tax for the current period		
Generated in the current year	$ 28,213	$ 58,692
Surtax on undistributed retained earnings	3,148	-
Adjustments for previous year	1,185	13,489
	32,546	72,181
Deferred income tax		
Generated in the current year	(16,448)	13,773
Income tax expenses recognized in profit or loss	$ 16,098	$ 85,954

Adjustment of accounting income and income tax expenses is as follows:

	2023	2022
Pre-tax profit	$ 53,454	$ 293,978
Income tax expense of profit before tax calculated at the statutory rate	$ 16,063	$ 73,167
Surtax on undistributed retained earnings	3,148	-
Unrecognized temporary difference	(4,298)	(702)
Adjustments to previous year's income tax expenses	1,185	13,489
Income tax expenses recognized in profit or loss	$ 16,098	$ 85,954

(II) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refund receivable	$ 6,364	$ 6,028
Current income tax liabilities		
Income tax payable	$ 26,718	$ 47,148

(III) Deferred income tax liabilities

Changes in deferred income tax liabilities are as follows:

2023

Deferred income tax liabilities	Balance at the beginning of the year	Changes in tax rate	Recognized in profit or loss	Balance at the end of the year
Temporary difference	$ 105,337	$ -	($ 16,448)	$ 88,889

2022

Deferred income tax liabilities	Balance at the beginning of the year	Changes in tax rate	Recognized in profit or loss	Balance at the end of the year
Temporary difference	$ 91,564	$ -	$ 13,773	$ 105,337

(IV) The total amount of the temporary differences related to the investment not recognized as deferred income tax liabilities

As of December 31, 2023 and 2022, there was no taxable temporary difference related to the investment in subsidiaries that was not recognized as deferred income tax liabilities.

(V) Authorization of income tax

The ABC Taiwan's profit-seeking enterprise income tax returns up to 2021 have been approved by the tax collection authority.

XXIII. Earnings per share

Unit: NTD per share

	2023	2022
Basic earnings per share	$ 0.36	$ 1.98
Diluted earnings per share	$ 0.35	$ 1.94

In the calculation of earnings per share, the impact of the bonus shares has been adjusted retrospectively. The base date for distribution of bonus shares on October 1, 2023. Due to retrospective adjustment, changes in basic and diluted earnings per share for 2022 are as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	$ 2.24	$ 1.98
Diluted earnings per share	$ 2.19	$ 1.94

The net income and the weighted average number of common shares issued for the calculation of earnings per share are as follows:

Net income for the year

	2023	2022
Net profit used in the calculation of basic and diluted earnings per share	$ 37,356	$ 208,024

Number of shares

Unit: Thousand shares

	2023	2022
Weighted average common stock shares used to calculate basic earnings per share	105,001	105,001
Effect of potentially dilutive ordinary shares:		
Compensation to employees	653	2,277
Weighted average common stock shares used to calculate diluted earnings per share	105,654	107,278

The consolidated company can elect to distribute employees' compensation by stock or by cash. If compensation is in the form of shares, the Company should presume that the entire amount of compensation will be settled in shares, and the resulting potential shares should be included in the weighted-average number of shares outstanding to be used in calculating diluted EPS if the shares have a dilutive effect. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees' in the following year.

XXIV. Capital risk management

The consolidated company manages capital to ensure the Group’s enterprises to maximize shareholder’s returns by optimizing the balance of debt and equity under the precondition of continuing operation. The capital structure of the consolidated company is composed of the consolidated company's equity (i.e. share capital, additional paid-in capital, retained earnings, and other equity items).

XXV. Financial Instruments

(I) Fair value information - Financial instruments that are not measured at fair value

The financial assets not at fair value and the book value of financial liabilities were considered by the consolidated company's management to be close to their fair value and have no reliable, fair value measurement.

(II) Fair value - financial instruments at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	$ -	$ 22,022	$ -	$ 22,022
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEx) domestic listed companies' stocks	$ 39,189	$ -	$ -	$ 39,189

December 31, 2022

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	$ -	$ 22,000	$ -	$ 22,000
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEx) domestic listed companies' stocks	$ 27,412	$ -	$ -	$ 27,412

There were no transfers between Class 1 and Class 2 fair value measurements in 2023 and 2022.

(III) Type of financial instrument

	December 31, 2023	December 31, 2022
Financial assets		
Measured at fair value through profit or loss	$ 22,022	$ 22,000
Measured at fair value through other comprehensive income	39,189	27,412
Measured at amortized cost (Note 1)	1,036,815	1,043,643
Financial liabilities		
Measured at amortized cost (Note 2)	1,430,092	1,388,934

Note 1: The balances include cash and equivalent cash, notes and accounts receivable, accounts receivable - related parties and other receivables and other financial assets measured at amortized cost.

Note 2: The balances of financial liabilities measured at amortized cost comprising short-term borrowings, commercial paper payables, notes and accounts payable, accounts payable-related parties, other payables, and long-term borrowings (including long-term borrowings due within a year).

(IV) Financial risk management objective and policies

The consolidated company's primary financial instruments include equity investment, accounts receivable, accounts payable, borrowings, and lease liabilities. The consolidated company’s financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the consolidated company’s operation-related financial risks through the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department is an independent organization dedicated exclusively to monitoring risks and implementing policies to mitigate risk exposure and it reports to ABC Taiwan's Board of Directors quarterly.

1. Market risk

The main financial risks for the consolidated company's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The exposure of the market risk of the financial instruments of the consolidated company and the management and measurement of such exposure risk remain unchanged.

(1) Currency risk

Part of the consolidated company's cash inflows and outflows are denominated in foreign currencies, and therefore part of them have a natural hedging effect. The consolidated company's management of currency risk is for hedging and not for profit seeking.

For the book values of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated company as at the balance sheet date, please refer to Note XXX for details.

Sensitivity analysis

The consolidated company is mainly affected by fluctuations in the exchange rates of USD, CNY, and JPY.

The following table details the consolidated company's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 5% against each relevant foreign currency. The sensitivity analysis included only the outstanding foreign currency monetary items and foreign exchange forward contracts designated as cash flow hedges, and the year-end conversion was adjusted based on a 5% change in exchange rates. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including related parties), other receivables, accounts payable, and other payables. The positive numbers in the table below indicate the amount by which the net profit before tax will increase when NTD depreciates by 5% against the relevant foreign currencies. When NTD appreciates by 5% against the relevant foreign currencies, the effect on net profit before tax will be the negative number of the same amount.

	Effect of US Dollars		Effect of Renminbi		Effect of Japanese Yen	
	2023	2022	2023	2022	2023	2022
Income (loss)	$ 22,958	$ 24,209	($ 4,261)	($ 6,786)	$ 133	$ 256

The management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, as foreign currency risk exposure at the balance sheet date cannot reflect the risk exposure at mid-year.

(2) Interest rate risks

Because individual entities within the consolidated company borrow funds at fixed and floating interest rates at the same time, interest rate risks can arise.

The book value of financial assets and liabilities of the consolidated company with interest rate exposure on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 128,961	$ -
- Financial liabilities	131,260	63,612
Cash flow interest rate risk		
- Financial assets	657,464	616,213
- Financial liabilities	1,040,404	969,340

Sensitivity analysis

The following sensitivity analysis are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of floating rate liabilities is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate increased/decreased by 0.1%, with all other variables remaining unchanged, the consolidated company's net income before tax in 2023 and 2022 would decrease/increase by NT$383 thousand and NT$353 thousand, respectively, mainly due to the fact that the consolidated company's variable interest rate net debt/asset interest rate exposure.

(3) Other price risk

The consolidated company's exposure to the equity price risk is due to the investment in the TWSE/TPEX listed equity securities. The equity investment was not held for trading but was classified as a strategic investment. The consolidated company does not trade such investments actively. The consolidated company's equity price risk is mainly concentrated on equity instruments in the electronics industry, which are traded on Taiwan Stock Exchanges and TPEX.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 5%, other comprehensive income before tax in 2023 and 2022 would have increased/decreased by NT$1,959 thousand and NT$1,371 thousand, respectively, due to changes in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss for the consolidated company. As of the balance sheet date, the consolidated company's maximum credit risk of financial losses may be caused by counterparties' failure to fulfill obligations. The risk exposure mainly comes from the book value of financial assets recognized in the Consolidated Statements Of Balance Sheets.

To mitigate the credit risk, the consolidated company’s management has designated s team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the consolidated company reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the consolidated company’s management believes that the consolidated company’s credit risks have been significantly reduced.

In addition, because the counterparty of the current fund is a reputable bank, the credit risk is limited.

The consolidated company's credit risk is mainly concentrated in the top ten customers. As of December 31, 2023 and 2022, the ratio of the total accounts receivable from the aforementioned customers was 70% and 78%, respectively.

3. Liquidity risk

The consolidated company manages and maintains sufficient positions of cash and cash equivalents to pay for the Group's operations and mitigate the impact of fluctuating cash flows. The management of the consolidated company supervises the utilization of the banking facilities and ensures compliance with the terms of the loan contract.

Bank borrowings were an important source of liquidity for the consolidated company. For the bank financing facilities not drawn down by the consolidated company, please refer to the description of (2) financing facilities below.

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

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the consolidated company might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings that the consolidated company could be demanded to repay immediately were listed in the earliest time period of the below table, regardless of the probability of the bank executing the right. Maturity analysis of other non-derivative financial liabilities was compiled based on the agreed repayment date.

December 31, 2023

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	$ 135,438	$ 155,516	$ 52,277	$ -	$ -
Floating interest rate instruments	0.51~2.10	95,903	114,672	173,737	564,611	134,327
Fixed interest rate instruments	1.70~1.91	130,101	-	-	-	-
Lease liabilities	1.35~5.00	140	262	741	219	-
		$ 361,582	$ 270,450	$ 226,755	$ 564,830	$ 134,327

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	$ 1,143	$ 219	$ -	$ -	$ -	$ -

December 31, 2022

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	$ 306,044	$ 97,041	$ 105,925	$ -	$ -
Floating interest rate instruments	0.32~1.83	101,896	120,789	129,047	479,063	176,566
Fixed interest rate instruments	1.38	60,069	-	-	-	-
Lease liabilities	1.35~6.50	343	670	1,697	997	-
		$ 468,352	$ 218,500	$ 236,669	$ 480,060	$ 176,566

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	$ 2,710	$ 997	$ -	$ -	$ -	$ -

(2) Financing amount

	December 31, 2023	December 31, 2022
The secured bank loan facility may be extended upon mutual consent of both parties.		
- Amount used	$ 145,863	$ 229,667
- Unutilized amount	9,685	70,652
	$ 155,548	$ 300,319
The unsecured bank loan facility may be extended upon mutual consent of both parties.		
- Amount used	$ 1,027,679	$ 805,363
- Unutilized amount	526,500	744,616
	$ 1,554,179	$ 1,549,979

XXVI. Transactions with related parties

All of the transactions, account balances, income and expense losses between the ABC Taiwan Electronics and subsidiaries (refer to as the related party) were eliminated. Thus, it is not disclosed in this Note. The transactions between the consolidated company and other related party are as below.

(I) Names of related parties and their relationships

Name of Related Party	Relationship with the consolidated company
Bourns, Inc.	Substantive related party

(II) Operating revenues

Account items	Category/name of related party	2023	2022
Sales revenues	Substantive related party		
	Bourns, Inc.	$ 870,460	$ 1,443,873

The sales of goods between the consolidated company and related parties are performed based on general transaction rules.

(III) Receivables from related parties (not including loans to the related parties)

Account items	Category/name of related party	December 31, 2023	December 31, 2022
Accounts receivable	Substantive related party		
	Bourns, Inc.	$ 109,371	$ 199,441

No guarantee is collected for outstanding receivables from related parties. No provision of loss allowance was provided for receivables from related parties in 2023 and 2022. The collection period is from 60 to 120 days after the monthly settlement.

(IV) Transactions with other related parties

Account items	Category/name of related party	2023	2022
Other benefits	Substantive related party		
	Bourns, Inc.	$ 5,757	$ 49

(V) Remuneration to the management

	2023	2022
Short-term employee benefits	$ 39,622	$ 57,276
Benefits after retirement	786	623
	$ 40,408	$ 57,899

The remuneration to directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVII. Assets pledged as collateral

In addition to those disclosed in other notes, the following assets have been provided as collateral for long-term bank borrowings:

	December 31, 2023	December 31, 2022
Land	$ 299,830	$ 299,830
Housing and construction	140,225	144,171
	$ 440,055	$ 444,001

XXVIII. Significant Contingent Liabilities and Unrecognized Commitments

Except for those already mentioned in other notes, the consolidated company's significant commitments and contingencies as of the balance sheet date are as follows:

(I) Significant commitments

The consolidated company's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 13,738	$ 21,852

XXIX. Others

(I) Due to the impact of the COVID-19 pandemic, the consolidated company cooperated with the lockdown restrictions imposed by the local government in the first half of 2022 due to the severity of the pandemic in Shanghai, and the Company has now fully resumed work. In response to the pandemic, the consolidated company takes the following actions:

1. The company implements and cooperates with local government policies, and closely observes the subsequent development of the pandemic to ensure the health of employees.
2. Adjusted the production ratio and shipment, and initiated the production support and shipment of the Guangzhou subsidiary.
3. Inform customers and suppliers of the adjustments to the shipping method and schedule.

(II) Government subsidies

Guangzhou ABC Company has acquired the “Special Fund for Advanced Manufacturing Development” government subsidy of RMB 2,315 thousand. It is recognized as deferred revenue. The deferred revenue is transferred to profit and loss within the limited durability of the related assets. As of December 31, 2023, a total of RMB 609 thousand is recognized as subsidy income.

According to the consolidated company's assessment, the overall business and financial position are not significantly affected by the above-mentioned pandemic.

XXX. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated by foreign currencies other than the functional currency of each entity of the consolidated company. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	Foreign currency	Exchange rate	Book value
Assets denominated in foreign currencies			
Monetary items			
US Dollars	$ 13,666	30.7050 (USD: NTD)	$ 419,610
US Dollars	35	7.1093 (USD: RMB)	1,078
US Dollars	2,488	4.7894 (USD: MYR)	76,392
Euros	3,325	33.9800 (EUR: NTD)	112,994
Euros	304	5.3003 (EUR: MYR)	10,342
Japanese Yen	12,398	0.2172 (JPY: NTD)	2,693
Hong Kong Dollars	428	3.9290 (HKD: NTD)	1,683
Renminbi	10,733	4.3190 (RMB: NTD)	46,357
NTD	10,115	0.1560 (NTD: MYR)	10,115
			$ 681,264
Liabilities denominated in foreign currencies			
Monetary items			
US Dollars	273	30.7050 (USD: NTD)	$ 8,390
US Dollars	148	7.1093 (USD: RMB)	4,552
US Dollars	814	4.7894 (USD: MYR)	24,993
Japanese Yen	155	0.0339 (JPY: MYR)	34
Hong Kong Dollars	193	3.9290 (HKD: NTD)	757
Renminbi	30,465	4.3190 (RMB: NTD)	131,580
NTD	1,542	0.1560 (NTD: MYR)	1,542
Singapore Dollar	1	3.6328 (SGD: MYR)	35
			$ 171,883

December 31, 2022

	Foreign currency	Exchange rate	Book value
Assets denominated in foreign currencies			
Monetary items			
US Dollars	$ 15,873	30.7100 (USD: NTD)	$ 487,460
US Dollars	33	6.9795 (USD: RMB)	1,012
US Dollars	949	4.5843 (USD: MYR)	29,142
Euros	3,964	32.7200 (EUR: NTD)	129,714

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	Foreign currency	Exchange rate	Book value
Euros	$ 307	4.8843 (EUR: MYR)	$ 10,059
Japanese Yen	22,050	0.2324 (JPY: NTD)	5,124
Hong Kong Dollars	551	3.9380 (HKD: NTD)	2,170
Renminbi	28,342	4.4000 (RMB: NTD)	124,704
NTD	14,669	0.1493 (NTD: MYR)	14,669
			$ 804,054
Liabilities denominated in foreign currencies			
Monetary items			
US Dollars	331	30.7100 (USD: NTD)	$ 10,166
US Dollars	141	6.9795 (USD: RMB)	4,329
US Dollars	617	4.5843 (USD: MYR)	18,947
Euros	1,803	4.8843 (EUR: MYR)	58,979
Japanese Yen	39	0.0347 (JPY: MYR)	9
Hong Kong Dollars	293	3.9380 (HKD: NTD)	1,152
Renminbi	59,188	4.4000 (RMB: NTD)	260,425
NTD	2,086	0.1493 (NTD: MYR)	2,086
Singapore Dollar	3	3.4154 (SGD: MYR)	68
			$ 356,161

For 2023 and 2022, the consolidated company's net profit on foreign currency exchanged (realized and unrealized) were NT$13,079 thousand and NT$69,274 thousand, respectively. It is impossible to disclose exchange gains and losses by different currencies based on the significant impacts due to various types of functional currencies used by each entity of the Group.

XXXI. Disclosures in notes

(I) Information about significant transactions:

1. Loans to others: None.
2. Making endorsements and guarantees for others:

Unit: NTD thousand, unless stated otherwise

Serial number	Name of the company of the endorsement and guarantee	Counterparty of endorsements and guarantees		The limit of endorsements and guarantees provided to a single enterprise (Note 2)	Maximum endorsement and guarantee Balance for the Period	Endorsement and guarantee balance at end of period	The actual amount disbursed	Endorsement and guarantee amount with properties	Ratio of Accumulated endorsement and guarantee to Net Value in the Most Recent Financial Statements (%)	Maximum endorsement and guarantee amount (Note 2)	Endorsement and guarantee Provided by Parent to Subsidiaries	Endorsement and guarantee Provided by Subsidiaries to Parent	Endorsement and guarantee for Mainland China	Remarks
		Company name	Relationship (Note 1)											
0	ABC Taiwan Electronics	AOBA	3	$ 373,663	EUR 103 NT$ Thousand ($ 3,355)	$ -	$ -	$ -	-	$ 747,326	Yes	–	–	–
		AOBA	3	373,663	EUR 3,550 NT$ Thousand ($ 123,221)	-	-	-	-	747,326	Yes	–	–	–

Note 1: An investee company in which the parent company and its subsidiaries hold more than 50% common stock shares combined.
Note 2: According to ABC Taiwan's "Procedures for Guarantee and Endorsement", the total endorsement and guarantee amount shall not exceed 50% of ABC Taiwan's net worth, and the limit for any single endorsed entity may not exceed 25% of ABC Taiwan's net worth in the most recent financial statements.

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Unit: NTD thousand, unless stated otherwise

Company held	Type of marketable securities	Name of marketable securities	Relationship with issuer of securities	Accounting titles in book	End of period				Remarks
					Number of shares	Book value	Percentage of Ownership (%)	Fair value/book value	
The Company	Shares of stock	PROSPERITY DIELECTRICS CO., LTD.	–	Financial assets at fair value through other comprehensive profit or loss	803,880	$ 39,189	0.47	$ 39,189(Note)	–
ABC (Shanghai) Company	Financial products	Bank of Shanghai - Bank of Shanghai Winner RMB Financial Products	–	Financial assets measured at fair value through profit or loss	-	22,022	-	22,022	–

Note: Calculated based on the stock closing price on December 31, 2023.

4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of the paid-in capital or more: None.
5. Acquisition of real estate reaching NT$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20% of the paid-in capital or more: None.

7. Amount on purchase from and sale to related parties reaching NT$100 million or more than 20% of the Paid-in capital:

Unit: NTD thousand, unless stated otherwise

Purchasing (selling) company	Counterparty	Relationship	Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchasing (selling) goods	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Guangzhou ABC Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	$ 820,767	65%	Monthly settlement of 60 days	Same as Note XXXI. (I), 10.	Same as Note XXXI. (I), 10.	($ 88,334)	(54%)	–
	ABC (Shanghai) Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	293,932	23%	Monthly settlement of 60 days	Same as Note XXXI. (I), 10.	Same as Note XXXI. (I), 10.	(42,365)	(26%)	–
	Bourns, Inc.	Substantive related party of the Company	Sales of goods	870,460	49%	Monthly settlement of 60 days	Same as Note XXVI. (II)	Same as Note XXVI. (II)	109,371	55%	–

8. Accounts receivable from related parties reaching NT$ 100 million or more than 20% of the paid-in capital.

Unit: NTD thousand, unless stated otherwise

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Receivables from related parties (Note 1)	Turnover	Overdue accounts receivable from related parties		Subsequent recovery of receivables from related parties	Allowance for Doubtful Accounts
					Amount	Disposal method		
ABC Taiwan Electronics	Bourns, Inc.	Substantive related party	$ 109,371	5.64	$ -	—	$ 62,579	$ -

9. Trading of derivatives: None.

10. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

Unit: NTD thousand, unless stated otherwise

Name	Counterparty	Relationship with the counterparty (Note 1)	Status of transaction			
			Accounting titles	Amount	Transaction terms and conditions (Note 2)	Percentage in consolidated total revenue or total assets
January 1 to December 31, 2023						
ABC Taiwan Electronics	ABC (Shanghai) Company	1	Operating revenues	$ 3,138	-	-
		1	Purchase goods	293,932	-	15%
		1	Accounts payable to related parties	42,365	-	1%
		1	Other payables - related parties	540	-	-
ABC Taiwan Electronics	Guangzhou ABC Company	1	Operating revenues	20	-	-
		1	Purchase goods	820,767	-	41%
		1	Other receivables - related parties	40	-	-
		1	Accounts payable to related parties	88,334	-	3%
	AOBA	1	Operating revenues	8,224	-	-
		1	Purchase goods	65,391	-	3%
		1	Other receivables - related parties	312	-	-
		1	Accounts payable to related parties	8,780	-	-
	AAE	1	Labor service expenses	12,737	-	1%
		1	Operating revenues	8	-	-
AHC	ABC (Shanghai) Company	3	Other receivables - related parties	2,095	-	-
	Guangzhou ABC Company	3	Other receivables - related parties	1,874	-	-
ABC (Shanghai) Company	Guangzhou ABC Company	3	Purchase goods	54,445	-	3%
		3	Sales of goods	12,629	-	1%
		3	Accounts payable to related parties	7,629	-	-
	AOBA	3	Purchase goods	1,415	-	-
		3	Accounts payable to related parties	581	-	-
Guangzhou ABC Company	AOBA	3	Sales of goods	175	-	-
		3	Purchase goods	135	-	-

Note 1: 1 Refers to transactions by parent company to subsidiary.
3 Refers to transactions between subsidiaries.

Note 2: The sales and purchases of goods between ABC Taiwan Electronics and related parties are performed based on general transaction rules and there are no other related product prices available for comparison. The payment period is from 30 to 60 days on a monthly basis while the collection period is from 60 to 120 days on a monthly basis. In order to cooperate with the operations of subsidiaries, ABC Taiwan Electronics temporarily collects and pays accounts based on its funding status.

(II) Information about reinvestment business:

Unit: NTD thousand, unless stated otherwise

Name of investment company	Name of investee company	Location of the Company	Main business items	Initial investment amount		Held at the end of period			Gains (losses) on investees for the current period	Investment income (loss) recognized by the Company	Remarks
				End of current period	End of last year	Number of shares	Percentage (%)	Book value			
The Company	AHC	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars29,254 NT$ Thousand ($ 898,244)	US Dollars29,254 NT$ Thousand ($ 898,390)	29,434,161	100	$ 1,119,720	($ 68,456)	($ 64,757)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	US Dollars 100 NT$ Thousand ($ 3,071)	US Dollars 100 NT$ Thousand ($ 3,071)	220,000	100	1,393	355	355	Subsidiary of the Company
AHC	ATEC UNIVERSAL COMPANY	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars6,274 NT$ Thousand ($ 192,643)	US Dollars6,274 NT$ Thousand ($ 192,675)	6,274,457	100	509,014	(18,040)	(18,040)	Sub-subsidiaries of the Company
	A-TEC INTER-NATIONAL COMPANY	Mauritius	Reinvestment of the holding company in Mainland China	US Dollars5,691 NT$ Thousand ($ 174,742)	US Dollars5,691 NT$ Thousand ($ 174,771)	5,690,923	100	288,470	(11,974)	(11,974)	Sub-subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars20,078 NT$ Thousand ($ 616,495)	US Dollars17,328 NT$ Thousand ($ 532,143)	62,274,180	100	406,444	(37,825)	(38,450)	Sub-subsidiaries of the Company
ATEC UNIVERSAL COMPANY	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars6,274 NT$ Thousand ($ 192,643)	US Dollars6,274 NT$ Thousand ($ 192,675)	-	100	509,014	(18,040)	(18,040)	Third-tier subsidiary of the Company
A-TEC INTER-NATIONAL COMPANY	ABC (Shanghai) Company	Shanghai City, China	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars5,691 NT$ Thousand ($ 174,742)	US Dollars5,691 NT$ Thousand ($ 174,771)	-	100	288,470	(11,974)	(11,974)	Third-tier subsidiary of the Company

(III) Investment in Mainland China:

1. The name of the investee company in Mainland China, the main businesses and products, its paid-in capital, method of investment, information on inflow and outflow of capital, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: NTD thousand, unless stated otherwise

Name of investees in Mainland China	Main business items	Paid-in capital	Method of investment	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount for outward remittance or recovered in the current period		Accumulated Investment Amount from Taiwan at End of Period	Gains (losses) on investees for the current period	The Company's shareholding percentage by direct or indirect investment (Note 2)	Recognition of investment gain (loss) in the current period (Note 2)	Book value of investments at end of period (Note 2)	Investment income remitted back of the current period
					Outward remittance	Withdraw						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars6,274 NT$ Thousand ($ 192,643)	Note 1	US Dollars3,479 NT$ Thousand ($ 106,823)	$	$	US Dollars 3,479 NT$ Thousand ($ 106,823)	($ 18,040)	100%	($ 18,040)	$ 509,014	$ -
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	US Dollars5,691 NT$ Thousand ($ 174,742)	Note 1	US Dollars5,691 NT$ Thousand ($ 174,742)			US Dollars 5,691 NT$ Thousand ($ 174,742)	(11,974)	100%	(11,974)	288,470	-

Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, Ministry of Economic Affairs (MOEA), R.O.C..	Investment to Mainland China is capped at 60% of the net worth as specified by the Investment Commission, MOEA, R.O.C..
US DollarsNT$9,170 thousand ($ 281,565)	US DollarsNT$9,637 thousand ($ 295,904)	$896,791

Note 1: Investing in companies in Mainland China through companies invested and incorporated in a third region.
Note 2: Calculated based on the financial statements audited and attested by the independent auditors of the parent company in Taiwan and the consolidated shareholding ratio.
Note 3: Figures in this table that involve foreign currencies are converted into NTD at the exchange rate on the date of the financial reporting.

2. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please refer to Note XXXI (I) 10.

(IV) Information on major shareholders: Name of shareholders with an ownership of 5% or more, number of shares held, and percentage:

Name of major shareholder	Shares	
	Number of shares held (shares)	Shareholding ratio
CTBC Bank was entrusted with the custody of the investment account of Bourns, Inc.	9,117,736	8.68%
Joseph M. E. Hsu	6,150,038	5.85%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and special shares with dematerialized registration and delivery completed (including treasury shares) on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Note 2: The above information will be disclosed based on the trust accounts opened by the trustees for each trustor, if any. As for the insider declaration of more than 10% of the shares in accordance with the Securities and Exchange Act, the shareholding includes the shares placed in a trust and has the right to decide the utilization of the trust assets. For the information on the insider declaration of shareholding, please refer to the MOPS.

XXXII. Departmental information

This information is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performances with a focus on the type of product or labor work delivered or provided. Departments of the consolidated company to be reported are as follows:

Inductor Business Unit
Other departments

(I) Department revenue and operating results

The revenue and operating results of the continuing business unit of the consolidated company are based on the analysis for the departments to be reported as follows:

	Departmental revenue		Departmental profit and loss	
	2023	2022	2023	2022
Inductor Business Unit	$ 1,898,231	$ 2,941,514	$ 441,505	$ 657,599
Other departments	94,064	91,578	8,126	11,652
Total amount for continuing operations	$ 1,992,295	$ 3,033,092	449,631	669,251
Amount not yet amortized:				
Operating expenses			(414,288)	(443,781)
Non-operating income and expenses			18,111	68,508
Pre-tax profit			$ 53,454	$ 293,978

The revenues reported above are generated from external customer transactions. There were no inter-segment sales in 2023 and 2022.

Departmental profit and loss refers to the profits made by each of the departments, not including operating expenses to be amortized and non-operating income and expenses. This measurement is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performance.

(II) Total Departmental assets and liabilities

The measurement of the total assets and liabilities of the consolidated company assets have not been provided to the operating chief decision-maker. Hence, there is no disclosure of asset and liability measurement amount.

(III) Revenues from main products and services:

Items	2023	2022
Operating revenues		
Inductor	$ 1,883,084	$ 2,927,615
Ceramic Heat Sink	32,458	34,130
Precision Metal Parts	61,606	57,448
Others	15,147	13,899
Net amount	$ 1,992,295	$ 3,033,092

(IV) Information by region:

The consolidated company's revenue from the continuing operations of external customers based on the countries where the customers are located and the non-current assets based on the regions where the assets are located are as follows:

	Revenue from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan (where the Company is located)	$ 93,675	$ 111,346	$ 986,184	$ 848,705
Germany	445,526	724,658	-	-
USA	908,704	1,549,096	313	307
Tunisia	28,964	61,871	-	-
China	242,350	320,604	391,182	446,868
Hong Kong	122,004	146,232	-	-
Others	151,072	119,285	333,687	366,824
	$ 1,992,295	$ 3,033,092	$ 1,711,366	$ 1,662,704

Non-current assets exclude financial instruments and deferred income tax assets.

(V) Information on major customers:

Revenues from main customers exceeding 10% of the consolidated company's total operating revenues in 2023 and 2022:

	2023		2022	
Customers	Amount	Percentage (%)	Amount	Percentage (%)
Customer A	$ 870,460	44	$ 1,443,873	48
Customer B	591,693	30	970,420	32