Stock Code:3537

PODAK CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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Representation Letter

The entities that are required to be included in the combined financial statements of PODAK CO., LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of ASSOCIATES are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, PODAK CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: PODAK CO., LTD.
Chairman:
Date: March 8, 2024

Independent Auditors' Report

To the Board of Directors of PODAK CO., LTD.:

Opinion

We have audited the consolidated financial statements of PODAK CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters that, in our judgment, should be communicated in the Group's consolidated financial statements are as follows:

1. Recognition of Revenue

   Please refer to Note 4(14) for accounting policies on revenue recognition.

Description of key audit matter:

Due to the competition within the technology industry as well as rapid product innovation resulting in operating income fluctuations. In addition, the Group's monthly announcement of consolidated operating income has a significant effect on stock price volatility. Therefore, the revenue recognition is an issue that users of financial statements concern about and is one of the key audit matter

How the matter was addressed in our audit:

Our key audit procedures included the following:

- We tested the internal controls over the sales and collection cycle with respect to financial reporting. Moreover, we inspected sales documents and general ledger entries to ensure that the revenue recognition policies were in accordance with the regulations.
- We read relevant customer sales and contract terms and tested the accounting consistency of the sales terms of the Group's business. Furthermore, we considered the appropriateness of accounting treatment and disclosure regarding sales discount agreements.
- We analyzed the change of the top ten sales customers to assess whether there was any significant abnormal issue.
- We inspected the operating effectiveness of internal controls regarding the approval of sales discounts in accordance with the sales contracts.
- We obtained detailed listing of accrued sales discounts calculated by the management and matched them with the sales contracts to verify the accuracy.
- We selected samples from sales of a period close to the balance sheet date and validated supporting vouchers to ensure that the records of sales revenue, sales returns and discounts, accounts receivable, inventories, and cost of goods sold were properly disclosed.
- We selected appropriate samples of accounts receivable details and performed accounts receivable confirmation procedure and examined receivable receiving subsequent to the reporting period.

2. Inventory valuation

Please refer to Note 4(8) and Note 6(4) for accounting policies on inventory valuation, as well as information of estimation of the valuation of inventory, respectively.

Description of key audit matter:

Due to the competition within the technology industry as well as the rapid product innovation, resulting in the sales price decline, there is a risk that the cost of inventories may be higher than the net realizable value of inventories. Therefore, the valuation of inventory is one of the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included the following:

- We reviewed the inventory aging reports and analyzed the changes in inventory aging.
- We assessed the reasonableness of accounting policies, such as the policy on the provision of allowance for inventory valuation losses and obsolescence losses.
- We evaluated if the valuation of inventories was in accordance with the Group’s policies.

- We obtained an understanding of the change in the average market prices to assess the appropriateness of the net realizable value of inventories.

- We inspected the sales results and the net realizable value basis of the inventory valuation to verify the rationality of estimation of inventory valuation estimated by the Group.

- We assessed the appropriateness of the disclosures regarding inventory valuation.

Other Matter

PODAK CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PODAK CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes (6)(a)and (s))	$ 303,915	15	353,248	17
1172	Notes and accounts receivable (notes (6)(b), (s)and (7))	1,054,052	52	901,758	45
1200	Other receivables (notes (6)(c)and (s))	2,665	-	3,594	-
1300	Inventories (note (6)(d))	366,389	18	475,801	23
1470	Other current assets	44,509	2	32,889	2
		1,771,530	87	1,767,290	87
	Non-current assets:				
1550	Investments accounted for using the equity method(note (6)(e))	5,341	-	6,023	-
1600	Property, plant and equipment(notes (6)(f)and (8))	229,456	11	215,593	11
1755	Right-of-use assets(note (6)(g))	4,931	-	3,730	-
1840	Deferred tax assets(note (6)(m))	13,294	1	17,655	1
1900	Other non-current assets	16,939	1	23,450	1
		269,961	13	266,451	13
	Total assets	**$ 2,041,491**	**100**	**2,033,741**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings(notes (6)(h), (s)and (v))	$ 440,000	22	501,850	25
2170	Notes and accounts payable(note (6)(s))	293,867	14	175,224	9
2200	Other payables(note (6)(s))	47,062	2	48,098	2
2230	Current tax liabilities(note (6)(m))	41,100	2	63,655	3
2280	Current lease liabilities(notes (6)(k), (s)and (v))	2,471	-	1,578	-
2320	Long-term liabilities, current portion(notes (6)(j), (s)and (v))	2,066	-	2,711	-
2300	Other current liabilities(note (6)(i))	29,915	2	63,181	3
		856,481	42	856,297	42
	Non-Current liabilities:				
2540	Long-term borrowings(notes (6)(j), (s)and (v))	-	-	2,066	-
2570	Deferred tax liabilities(note (6)(m))	25,610	2	28,234	1
2580	Non-current lease liabilities(notes (6)(k), (s)and (v))	2,563	-	2,261	-
2640	Net defined benefit liability(note (6)(l))	5,076	-	5,272	-
		33,249	2	37,833	1
	Total liabilities (note (6)(u))	889,730	44	894,130	43
	Equity attributable to owners of parent:				
3110	Ordinary share(note (6)(n))	535,647	26	535,647	27
3200	Capital surplus(note (6)(n))	105,466	5	105,466	5
	Retained earnings (note (6)(n)):				
3310	Legal reserve	221,963	11	197,645	10
3320	Special reserve	21,546	1	31,863	2
3350	Unappropriated retained earnings	291,629	14	290,536	14
		535,138	26	520,044	26
	Other equity interest (note (6)(n)):				
3400	Other equity interest	(24,490)	(1)	(21,546)	(1)
	Total equity (note (6)(u))	1,151,761	56	1,139,611	57
	Total liabilities and equity	**$ 2,041,491**	**100**	**2,033,741**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PODAK CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue(notes (6)(p)and (7))	$ 2,836,006	100	2,812,393	100
5000	Operating costs(note (6)(d))	2,429,608	86	2,412,625	86
	Gross profit from operations	406,398	14	399,768	14
5910	Add:Unrealized loss from sales	-	-	3,636	-
5920	Less:Realized loss from sales	(520)	-	(216)	-
	Gross profit from operations	405,878	14	403,188	14
	Operating expenses:(note (6)(k), (l), (q), and 12)				
6100	Selling expenses	146,559	5	123,101	4
6200	Administrative expenses	69,749	2	67,302	2
6450	Expected credit loss (gain)	-	-	-	-
		216,308	7	190,403	6
	Net operating income (loss)	189,570	7	212,785	8
	Non-operating income and expenses:(note (6)(r))				
7100	Interest income	6,258	-	2,130	-
7010	Other income	1,941	-	1,875	-
7020	Other gains and losses, net	2,172	-	85,147	3
7050	Finance costs	(8,856)	-	(6,398)	-
7770	Gains or losses on investments accounted for using the equity method	(162)	-	(79)	-
	Total non-operating income and expenses	1,353	-	82,675	3
	Profit from continuing operations before tax	190,923	7	295,460	11
7950	**Less: Income tax expenses (note 4, and (6)(m))**	42,005	2	58,868	2
	Profit	148,918	5	236,592	9
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	88	-	6,591	-
		88	-	6,591	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements (note (6)(n))	(2,944)	-	10,317	-
		(2,944)	-	10,317	-
8300	**Other comprehensive income, net**	(2,856)	-	16,908	-
	Total comprehensive income	**$ 146,062**	**5**	**253,500**	**9**
	Earnings per share (note (6)(o))				
	Basic earnings per share	**$**	**2.78**		**4.42**
	Diluted earnings per share	**$**	**2.76**		**4.38**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PODAK CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						
			Retained earnings			Total other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2022	$ 535,647	105,466	176,475	27,967	259,896	(31,863)	1,073,588
Profit	-	-	-	-	236,592	-	236,592
Other comprehensive income	-	-	-	-	6,591	10,317	16,908
Total comprehensive income	-	-	-	-	243,183	10,317	253,500
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	21,170	-	(21,170)	-	-
Special reserve appropriated	-	-	-	3,896	(3,896)	-	-
Cash dividends of ordinary share	-	-	-	-	(187,477)	-	(187,477)
Balance at December 31, 2022	535,647	105,466	197,645	31,863	290,536	(21,546)	1,139,611
Profit	-	-	-	-	148,918	-	148,918
Other comprehensive income	-	-	-	-	88	(2,944)	(2,856)
Total comprehensive income	-	-	-	-	149,006	(2,944)	146,062
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	24,318	-	(24,318)	-	-
Reversal of special reserve	-	-	-	(10,317)	10,317	-	-
Cash dividends of ordinary share	-	-	-	-	(133,912)	-	(133,912)
Balance at December 31, 2023	**$ 535,647**	**105,466**	**221,963**	**21,546**	**291,629**	**(24,490)**	**1,151,761**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PODAK CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 190,923	295,460
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,401	7,715
Amortization expense	97	283
Interest expense	8,856	6,398
Provision for inventory obsolescence and loss on valuation	2,757	3,632
Interest income	(6,258)	(2,130)
Losses on investments accounted for using the equity method	162	79
Loss (gain) on disposal of property, plan and equipment	5	(95)
Settlement gains of defined benefit plans	-	(1,380)
Unrealized loss from sales	-	(3,636)
Realized loss on from sales	520	216
Gains on lease modification	(2)	(1)
Total adjustments to reconcile profit (loss)	17,538	11,081
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(152,294)	271,465
Other receivable	929	17,425
Inventories	106,655	(66,315)
Prepayments	(282)	-
Other current assets	(11,396)	17,307
Total changes in operating assets	(56,388)	239,882
Changes in operating liabilities:		
Notes and accounts payable	118,643	(213,990)
Other payable	(1,056)	(15,418)
Other current liabilities	(33,266)	(40,959)
Net defined benefit liability	(108)	(10,067)
Total changes in operating liabilities	84,213	(280,434)
Total changes in operating assets and liabilities	27,825	(40,552)
Total adjustments	45,363	(29,471)
Cash inflow generated from operations	236,286	265,989
Interest received	6,316	2,069
Interest paid	(8,836)	(6,270)
Income taxes paid	(62,823)	(43,684)
Net cash flows from operating activities	170,943	218,104
Cash flows from (used in) investing activities:		
Acquisition of property, plan and equipment	(3,828)	(6,136)
Disposal of property, plan and equipment	-	342
Refundable deposits	(72)	-
Acquisition of intangible assets	(637)	-
Other non-current assets	(13,774)	(20,897)
Net cash flows used in investing activities	(18,311)	(26,691)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term loans	(61,850)	182,300
Repayments of long-term debt	(2,711)	(2,675)
Payment of lease liabilities	(1,711)	(1,917)
Cash dividends paid	(133,912)	(187,477)
Net cash flows used in financing activities	(200,184)	(9,769)
Effect of exchange rate changes on cash and cash equivalents	(1,781)	9,382
Net increase (decrease) in cash and cash equivalents	(49,333)	191,026
Cash and cash equivalents at beginning of period	353,248	162,222
Cash and cash equivalents at end of period	**$ 303,915**	**353,248**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

PODAK CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

PODAK CO., LTD. (the "Company") was incorporated in June 1984, as a company limited by the authority of the Ministry of Economic Affairs, R.O.C. The address of the Group's registered office is 10 F., No. 129, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City, Taiwan. The Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") are primarily engaged in the import and export of various motors, electronic components and electrical equipment, and the agency, bidding and distribution of these products to domestic and foreign manufacturers.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

PODAK CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company' s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

(Continued)

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

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

List of the subsidiaries included in the consolidated financial statements:

			Shareholding	
Name investor	**Name of investee**	**Principal activity**	**December 31, 2023**	**December 31, 2022**
The Company	Kai Ta International Limited	Investment company	100.00 %	100.00 %
Kai Ta International Limited	Podak (H.K.) Co., Ltd.	Import and export of electronic components	100.00 %	100.00 %
Kai Ta International Limited	Podak International (SH) Co., Ltd.	Import and export of electronic components	100.00 %	100.00 %
Kai Ta International Limited	Podak (SZ) Co., Ltd.	Import and export of electronic components	100.00 %	100.00 %

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

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(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the ‘accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Accounts receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘accounts receivables’ line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(Continued)

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Group's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

(Continued)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, accounts receivables and notes receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

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

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment.

(iii) Subsequent expenditure

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

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings	45-50 years
2)	plant and equipment	4 - 5 years
3)	fixtures and fittings	3 - 9 years
4)	major components, electronic equipment	4 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Leases

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

(i) As a leasee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units（CGUs）. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Recognition of Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group purchases electronic components and sells electronic components to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers fixed rate discounts to its customers based on cumulative monthly sales of electronic components that reach a certain amount. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(Continued)

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2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

IAS 19 is not applicable to the subsidiary Kai Ta International Limited due to the lack of a retirement plan for employees.

The second-tier subsidiary, Podak (H.K.) Co., Ltd., allocates the pension funds in accordance with local laws and regulations under the defined contribution plan, and recognized the amount of pension funds as current expense.

The second-tier subsidiaries, Podak International (SH) Co., Ltd. and Podak (SZ) Co., Ltd., allocate a certain percentage of each employee’s wages to the pension fund personal account at the Social Security Bureau.

(ii) Defined benefit plans

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

The subsidiary, Kai Ta International Limited, was incorporated in Mauritius, and was exempt from income taxes in accordance with the local Income Tax Act. The second tier subsidiary, Podak (H.K.) Co., Ltd., was incorporated in Hong Kong, and the income taxes was estimated based on the local tax rate. The second tier subsidiaries, Podak International (SH) Co., Ltd. and Podak (SZ) Co., Ltd. were incorporated in China, and the income taxes were estimated using the local tax rate. The income taxes of the Group are the total income taxes of each Group entity.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employ bonus.

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(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information. The Group's chief operating decision maker is the Board of Directors.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the amount of inventories due to normal wear and tear, obsolescence, and unmarketable items at the end of the reporting period, and then writes down the cost of inventories to the net realizable value. The net realizable value of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Cash on hand	$	1,417	998
Bank deposits			
Checking deposits		147	128
Demand deposits		70,025	90,374
Time deposits		30,289	52,896
Foreign currency deposits		202,037	208,852
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**303,915**	**353,248**

Time deposits with original maturities within three months are highly liquid and are subject to an insignificant risk of changes in value.

Please refer to note 6(t) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Accounts receivables and notes receivable

		December 31, 2023	December 31, 2022
Notes receivable from operating activities	$	1,705	30
Accounts receivables–measured as amortized cost		1,052,347	901,728
Total	**$**	**1,054,052**	**901,758**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not past due	$	1,046,239	0%	-
Overdue for less than 30 days		7,813	0%	-
	$	**1,054,052**		**-**

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	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Not past due	$ 879,346	0%	-
Overdue for less than 30 days	22,406	0%	-
Overdue for 31 to 60 days	6	0%	-
	$ 901,758		**-**

The average credit period of sales of goods is 30-150 days. In determining the recoverability of notes and accounts receivable, the Company considers any changes in the credit quality from the original credit date to the financial reporting date. For notes and accounts receivable aged over 30 days, the allowance for doubtful accounts is based on analyzing the previous delinquency records and the current financial condition of the customers to estimate the amount that cannot be recovered.

Based on the historical default rate, the Company considers that the allowance for doubtful accounts is not required for notes and accounts receivable that are not overdue or overdue by no more than 30 days. There are 99% of notes and accounts receivable include the balance of the Company's most important customers, which are customers with whom the Company has a good payment history.

The Company and the second tier subsidiary, Podak (H.K.) Co., Ltd., renegotiated factoring agreement with CTBC Bank to sell certain accounts receivable on January 24, 2022, of which the credit line for accounts receivable without recourse expired on February 28, 2022, and the advanced payment amount prior to the expiration date was settled on May 13, 2022. The credit line for accounts receivable with recourse was effective from the renegotiation date until December 31, 2023. As of December 31, 2023 and 2022, the details of factored accounts receivable with recourse were as follows:

(In Thousands of United States Dollars)

Date	Seller	Purchaser	Accounts receivable factored	Credit line	Amount advanced	Remaining amounts	Interest rate	Collateral
2023.12.31	The Company	CTBC Bank	$ -	15,000	-	-		Promissory Note 15,000
〃	Podak (H.K.) Co., Ltd.	〃	-	3,000	-	-		Promissory Note 3,000
2022.12.31	The Company	CTBC Bank	-	15,000	-	-		Promissory Note 15,000
〃	Podak (H.K.) Co., Ltd.	〃	-	3,000	-	-		Promissory Note 3,000

(c) Other receivables

	December 31, 2023	**December 31, 2022**
Other receivables-service charge	$ 2,492	3,051
Others	173	543
	$ 2,665	**3,594**

For further credit risk information, please refers to note 6(s).

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(d) Inventories

	December 31, 2023	December 31, 2022
Merchandise Inventories	$ 380,583	487,238
Less: Allowance for losses on inventory obsolescence and valuation	(14,194)	(11,437)
Total	**$ 366,389**	**475,801**

As of December 31, 2023 and 2022，The Group did not provide any inventories as collateral for its loans.

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2023	2022
Inventory that has been sold	$ 2,426,851	2,408,993
Provision for inventory obsolescence and loss on valuation	2,757	3,632
	$ 2,429,608	**2,412,625**

(e) Investments accounted for using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Associate	**$ 5,341**	**6,023**

In July 2021, the Group acquired 45% of the equity in the associate, PODAK TIEN-HO TECHNOLOGY CO., LTD., which was mainly engaged in international trade and wholesale and retail sale of precision instruments. As of December 31, 2023 and 2022, the original investment cost for the associate $2,700 thousand. Please refer to Note 7 for relevant transaction information.

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(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended 2023 and 2022, were as follows:

	Land	Buildings	Transportation equipment	Office equipment	Computer and communication equipment	Other equipment	Total
Balance at January 1, 2023	$ 105,946	141,657	9,030	7,764	4,150	510	269,057
Additions	-	164	2,914	483	267	-	3,828
Transferred in Reclassification	-	-	-	-	-	20,897	20,897
Disposal	-	-	-	(3)	(241)	-	(244)
Effect of movements in exchange rates	-	(1,549)	(66)	(81)	(11)	-	(1,707)
Balance at December 31, 2023	**$ 105,946**	**140,272**	**11,878**	**8,163**	**4,165**	**21,407**	**291,831**
Balance at January 1, 2022	$ 105,946	140,435	5,481	7,848	4,043	-	263,753
Additions	-	-	5,461	10	155	510	6,136
Disposal	-	-	(1,964)	(199)	(62)	-	(2,225)
Effect of movements in exchange rates	-	1,222	52	105	14	-	1,393
Balance at December 31, 2022	**$ 105,946**	**141,657**	**9,030**	**7,764**	**4,150**	**510**	**269,057**
Balance at January 1, 2023	$ -	(41,322)	(2,513)	(6,422)	(3,111)	(96)	(53,464)
Depreciation	-	(3,291)	(1,445)	(480)	(432)	(4,045)	(9,693)
Disposal	-	-	-	3	236	-	239
Effect of movements in exchange rates	-	412	44	78	9	-	543
Balance at December 31, 2023	**$ -**	**(44,201)**	**(3,914)**	**(6,821)**	**(3,298)**	**(4,141)**	**(62,375)**
Balance at January 1, 2022	$ -	(37,678)	(3,086)	(5,906)	(2,610)	-	(49,280)
Depreciation	-	(3,384)	(1,243)	(499)	(550)	(96)	(5,772)
Disposal	-	-	1,839	79	60	-	1,978
Effect of movements in exchange rates	-	(260)	(23)	(96)	(11)	-	(390)
Balance at January 1, 2022	**$ -**	**(41,322)**	**(2,513)**	**(6,422)**	**(3,111)**	**(96)**	**(53,464)**
Amounts:							
Balance at December 31, 2023	**$ 105,946**	**96,071**	**7,964**	**1,342**	**867**	**17,266**	**229,456**
Balance at December 31, 2022	**$ 105,946**	**100,335**	**6,517**	**1,342**	**1,039**	**414**	**215,593**
Balance at January 1, 2022	**$ 105,946**	**102,757**	**2,395**	**1,942**	**1,433**	**-**	**214,473**

As of December 31, 2023 and 2022 the property, plant and equipment of the Group had been pledged as collateral for bank loans, please refer to note 8. For the gain or loss on disposal, please refer to note 6(r).

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(g) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	$ 4,397	4,185	8,582
Additions	3,376	-	3,376
Disposal	(2,402)	-	(2,402)
Effect of movements in exchange rates	(41)	-	(41)
Balance at December 31, 2023	**$ 5,330**	**4,185**	**9,515**
Balance at January 1, 2022	$ 4,585	4,185	8,770
Additions	675	-	675
Disposal	(918)	-	(918)
Effect of movements in exchange rates	55	-	55
Balance at December 31, 2022	**$ 4,397**	**4,185**	**8,582**
Accumulated depreciation:			
Balance at January 1, 2023	$ 2,620	2,232	4,852
Depreciation	871	837	1,708
Disposal	(1,951)	-	(1,951)
Effect of movements in exchange rates	(25)	-	(25)
Balance at December 31, 2023	**$ 1,515**	**3,069**	**4,584**
Balance at January 1, 2022	$ 2,285	1,395	3,680
Depreciation	1,106	837	1,943
Disposal	(792)	-	(792)
Effect of movements in exchange rates	21	-	21
Balance at December 31, 2022	**$ 2,620**	**2,232**	**4,852**
Carrying amount:			
Balance at December 31, 2023	**$ 3,815**	**1,116**	**4,931**
Balance at December 31, 2022	**$ 1,777**	**1,953**	**3,730**
Balance at January 1, 2022	**$ 2,300**	**2,790**	**5,090**

(Continued)

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Secured bank loans	$ 132,000	154,000
Unsecured bank loans	308,000	347,850
Total	**$ 440,000**	**501,850**
Unused short-term credit lines	**$ 292,834**	**209,603**
Range of interest rates	**1.38%~2.16%**	**0.89%~2.135%**

Please refer to note 8, for the collateral for bank loans, note 7 for the relevant explanation that the key management personnel of the Group is the joint guarantor, and note 9(b) for details of promissory notes issued as collateral for loans. For the interest expenses, please refer to note 6(r).

(i) Other current liabilities

The details of other current liabilities were as follows:

	December 31, 2023	December 31, 2022
Advance receipt	$ 10,185	1,166
Temporary receipts for business promotion	18,941	62,000
Others	789	15
	$ 29,915	**63,181**

(j) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2023			
	Currency	Rate	Maturity year	Amount
Long-term secured bank loans	TWD	1.815%~1.94%	113.9.29	$ 2,066
Less: current portion				(2,066)
Total				**$ -**
Unused long-term credit lines				**$ -**

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	December 31, 2022			
	Currency	**Rate**	**Maturity year**	**Amount**
Long-term secured bank loans	TWD	0.89%~1.815%	113.9.29	$ 4,777
Less: current portion				(2,711)
Total				$ 2,066
Unused long-term credit lines				$ -

Please refer to note 8, for the collateral for bank loans, note 7 for the relevant explanation of the key management personnel as the joint guarantor, and note 9(b) for details of promissory notes were issued as collateral. For the interest expenses, please refer to note 6(r).

(k) Lease liabilities

The details of Lease liabilities were as follows:

	December 31, 2023	**December 31, 2022**
Current	$ 2,471	1,578
Non-current	$ 2,563	2,261

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss was as follows:

	For the years ended December 31,	
	2023	**2022**
Interest on lease liabilities	$ 84	116
Expenses relating to short-term leases	$ 7,240	5,128

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the years ended December 31,	
	2023	**2022**
Total cash outflow for leases	$ 9,035	7,161

The Group leases buildings for office space and storage. The leases typically run for 1 to 3 years, and include an option to renew the lease for an additional period of the same duration at the end of the contract term.

The Group leases transportation equipment, with lease terms of five years. In some cases, the Group has options to purchase the leased assets at the end of the contract term.

(Continued)

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 21,546	24,491
Fair value of plan assets	(16,470)	(19,219)
Net defined benefit liabilities	**$ 5,076**	**5,272**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks

The Group's Bank of Taiwan labor pension reserve account balance amounted to $16,470 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31, 2023	2022
Defined benefit obligations at January 1	$ 24,491	41,836
Current service costs and interest costs	419	441
Defined benefit obligations settlement	-	(11,920)
Remeasurements loss (gain):		
—Actuarial loss (gain) arising from financial assumptions	64	(5,131)
Benefits paid	(3,428)	(735)
Defined benefit obligation at December 31	**$ 21,546**	**24,491**

(Continued)

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3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31,	
	2023	**2022**
Fair value of plan assets at January 1	$ 19,219	18,526
Interest income	257	95
Remeasurements loss (gain):		
—Return on plan assets excluding interest income	152	1,460
Contributions paid by the employer	270	10,413
Plan assets settlement	-	(10,540)
Benefits paid	(3,428)	(735)
Fair value of plan assets at December 31	**$ 16,470**	**19,219**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2023	**2022**
Current service costs	$ 87	202
Net interest of net liabilities (assets) for defined benefit obligations	75	144
Pension settlement gains	-	(1,380)
	$ 162	**(1,034)**

	For the years ended December 31,	
	2023	**2022**
Other gains and losses (Pension settlement gains)	$ -	(1,380)
Selling expenses	162	145
Administration expenses	-	201
	$ 162	**(1,034)**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.38 %	1.50 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one year period after the reporting date for 2023 is $267 thousand.

The weighted average lifetime of the defined benefits plans is 8.36 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	Increased 0.25 %	Decreased 0.25 %
December 31, 2023		
Discount rate	(331)	340
Future salary increasing rate	325	(319)
December 31, 2022		
Discount rate	(370)	380
Future salary increasing rate	365	(357)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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(ii) Defined contribution plans

The Group's pension costs under the defined contribution pension plan were as follows, which were contributed to the Bureau of Labor Insurance, Mandatory Provident Fund Schemes Authority, and Ministry of Human Resources and Social Security of the People's Republic of China:

	For the years ended December 31, 2023	2022
Selling expenses	$ 1,732	1,968
Administration expenses	3,037	2,954
	$ 4,769	**4,922**

(m) Income tax

(i) Income tax expense

The components of income tax in the years 2023 and 2022 were as follows:

	For the years ended December 31, 2023	2022
Current tax expense		
Current period	$ 40,692	64,043
Adjustment for prior periods	(913)	(521)
	39,779	63,522
Deferred tax expense		
Origination and reversal of temporary differences	1,737	(5,083)
Change in unrecognized deductible temporary differences	489	429
	2,226	(4,654)
Income tax expense	**$ 42,005**	**58,868**

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows.

	For the years ended December 31, 2023	2022
Profit excluding income tax	**$ 190,923**	**295,460**
Income tax using the Company's domestic tax rate	$ 38,185	59,092
Effect of tax rates in foreign jurisdiction	(521)	(168)
Non-deductible expenses	2	36
Change in provision in prior period	(913)	(521)
Additional tax on undistributed earnings	4,763	-
Change in unrecognized temporary differences	489	429
Total	**$ 42,005**	**58,868**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The details of unrecognized deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Tax effect of deductible Temporary Differences	$ 6,690	3,031

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	For the year ended December 31, 2023		
	January 1	Recognized in profit or loss	December 31
Deferred tax liabilities:			
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	$ 28,234	(2,624)	25,610
Total	$ 28,234	(2,624)	25,610

	For the year ended December 31, 2022		
	January 1	Recognized in profit or loss	December 31
Deferred tax liabilities:			
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	$ 30,726	(2,492)	28,234
Total	$ 30,726	(2,492)	28,234

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	For the year ended December 31, 2023		
	January 1	**Recognized in profit or loss**	**December 31**
Deferred Tax Assets:			
Allowance for sales discounts	$ 1,063	1,084	2,147
Unrealized exchange loss	1,706	5,452	7,158
Allowance for losses on inventory valuation	2,093	607	2,700
Allowance for purchase discounts	11,503	(11,503)	-
Unrealized gross profit	1,290	(1)	1,289
Total	**$ 17,655**	**(4,361)**	**13,294**

	For the year ended December 31, 2022		
	January 1	**Recognized in profit or loss**	**December 31**
Deferred Tax Assets:			
Allowance for sales discounts	$ 1,158	(95)	1,063
Unrealized exchange loss	259	1,447	1,706
Allowance for losses on inventory valuation	1,406	687	2,093
Allowance for purchase discounts	7,953	3,550	11,503
Unrealized gross profit	4,288	(2,998)	1,290
Total	**$ 15,064**	**2,591**	**17,655**

(iii) Assessment of tax

The Company’s tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(n) Capital and other equity

(i) The issuance of common stock

As of December 31, 2023 and 2022, the number of authorized shares was 60,000 thousand shares, with a par value of $10 per share. The total value of authorized shares was $600,000 thousand, both of which were ordinary shares. The issued shares of the above-mentioned total authorized shares were both $53,565 thousand shares. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	Common stock	
	For the years ended December 31,	
	2023	2022
December 31	$ 53,565	53,565

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Share capital	$ 105,466	105,466

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that earnings distribution may be made on a basis of the Company's final accounts in the following order:

·Paying any income taxes

·Offsetting the prior years' deficits

·Setting aside as legal capital reserve at 10% of the remaining earnings, until the accumulated legal capital reserve equals the Company's total paid-in capital

·Setting aside or reversing the special capital reserve in accordance with the laws or regulations

·Considering the environment and growth stage of the Group, and responding to the future capital needs and long-term financial planning, and taking into account the objective of a sound financial structure, the Company will set aside 10% to 100% of the remaining balance after the amounts set forth in paragraphs 1 to 4, together with the accumulated unappropriated earnings of prior years, as dividends and bonuses for the shareholders, and will propose a plan for appropriation of earnings to the shareholders for their approval at the shareholders' meeting, and then make distributions.The Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for approval. The cash dividends to be distributed shall not be less than 30% of the total dividends. The Company may distribute dividends, bonuses, legal dividends, and other bonuses to shareholders upon a resolution of the Board of Directors with the presence of at least two-thirds of the Board of Directors and a majority of the Board of Directors present.

(Continued)

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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

According to the provisions of the Letter Jin Guan Zheng Fa Zi No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve of the same amount as the unappropriated retained earnings should be set aside from the current period's profit or loss in respect of the net decrease in other stockholders' equity in the current year's financial statements when the Company's distributable earnings are appropriated; a special reserve of the same amount should be set aside from the unappropriated earnings in respect of the net decrease in other stockholders' equity in the prior year's financial statements. The special reserve of the same amount from the unappropriated earnings of the previous period is not available for distribution. If the amount of other stockholders' equity is reversed, the reversed portion of the special reserve may be distributed. The balance of this special reserve was $21,546 thousand and $31,863 thousand as of December 31, 2023 and 2022, respectively.

3) Earnings distribution

Distribution for the earnings of 2022 and 2021 was approved in the meeting of the Board of Directors on March 7, 2023 and March 14, 2022, respectively. The relevant information was as follows:

	For the years ended December 31,	
	2022	**2021**
Dividends distributed to ordinary shareholders (Amount per share)		
Cash	**$ 2.50**	**3.50**

The amount of cash dividends on the 2023 earnings distribution, and the amount of shares dividends on 2023 earnings distribution, had been approved and proposed, respectively during the board meeting on March 8, 2024, as follows:

	For the year ended December 31, 2023
Dividends distributed to ordinary shareholders (Amount per share)	
Cash	$ 2.00
Shares	0.50
Total	**$ 2.50**

(Continued)

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(iv) Other comprehensive income accumulated in reserves

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2023	$ (21,546)
Exchange differences on foreign operations	(2,944)
Balance at December 31, 2023	**$ (24,490)**
Balance at January 1, 2022	$ (31,863)
Exchange differences on foreign operations	10,317
Balance at December 31, 2022	**$ (21,546)**

(o) Earnings per share

The details on the calculation of basic and diluted earnings per share were as follows:

	For the years ended December 31,	
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 148,918**	**236,592**
Weighted average number of ordinary shares	**53,565**	**53,565**
	$ 2.78	**4.42**
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 148,918**	**236,592**
Weighted average number of ordinary shares (basic)	53,565	53,565
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	404	497
Weighted average number of ordinary shares (diluted)	**53,969**	**54,062**
	$ 2.76	**4.38**

(Continued)

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(p) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31, 2023			
	Segment B1	**Segment B3**	**Other Segment**	**Total**
Primary geographical markets:				
Taiwan	$ 82,272	64,860	365,145	512,277
China	1,346,665	625,041	187,553	2,159,259
Others	163,708	-	762	164,470
	$ 1,592,645	**689,901**	**553,460**	**2,836,006**
Major products/services lines:				
Sales of Electronic Components	**$ 1,592,645**	**689,901**	**553,460**	**2,836,006**

	For the year ended December 31, 2022			
	Segment B1	**Segment B3**	**Other Segment**	**Total**
Primary geographical markets:				
Taiwan	$ 129,354	84,680	321,220	535,254
China	1,550,256	540,147	186,736	2,277,139
	$ 1,679,610	**624,827**	**507,956**	**2,812,393**
Major products/services lines:				
Sales of Electronic Components	**$ 1,679,610**	**624,827**	**507,956**	**2,812,393**

(q) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 4% of the profit as employee compensation and less than 1.5% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions.

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For the years ended 2023 and 2022, the Company estimated its employee remuneration amounting to 8,060 thousand and 12,515 thousand, and directors' and supervisors' remuneration amounting to 3,022 thousand and 4,693 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2023 and 2022. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(r) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31, 2023	2022
Interest income from bank deposits	$ 6,236	2,118
Other interest income	22	12
	$ 6,258	**2,130**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31, 2023	2022
Service income	$ 263	1,124
Policy maturity benefit	56	-
Income from insurance claims	203	379
Income from default compensation	222	-
Rent income	70	70
Other income, others	1,127	302
	$ 1,941	**1,875**

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(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31,	
	2023	2022
Foreign exchange gains	$ 4,072	83,824
Settlement gains of defined benefit plans	-	1,380
Losses (Gains) on disposals of property, plant and equipment	(5)	95
Gains on lease modification	2	1
Others	(1,897)	(153)
	$ 2,172	**85,147**

(iv) Finance cost

The details of finance costs were as follows:

	For the years ended December 31,	
	2023	2022
Interest expense	**$ 8,856**	**6,398**

(v) Gains or losses on investments accounted for using the equity method

	For the years ended December 31,	
	2023	2022
Losses on investments accounted for using the equity method	**$ 162**	**79**

(s) Financial instruments

(i) The categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 303,915	353,248
Notes receivable, accounts receivable, and other receivables	1,056,717	905,352
Others	2,565	2,551
Total	**$ 1,363,197**	**1,261,151**

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2) Financial liabilities

	December 31, 2023	December 31, 2022
Short-term borrowings	$ 440,000	501,850
Accounts payable	293,867	175,224
Other payables	47,062	48,098
Lease liabilities	5,034	3,839
Long-term borrowings (including current portion)	2,066	4,777
Total	**$ 788,029**	**733,788**

(ii) Credit risk

1) Concentration of credit risk

As of December 31, 2023 and 2022, 80% and 66% of the accounts receivable balance of the Group was respectively composed of three customer groups, which caused a significant concentration of credit risk. The Group's customers are concentrated in several customers. To minimize the credit risk, the Group periodically evaluates the customers' financial positions and requires the customers to provide collateral when necessary. The Group still regularly evaluates the possibility of recovery of accounts receivable and sets aside allowances for bad debts, to ensure that the losses on bad debts are always within management's expectations.

2) Receivables

For credit risk exposure of accounts receivables and notes receivable, please refer to note 6(b).

Other financial assets at amortized cost includes other receivables.

All of these financial assets are considered to have low credit risk, and thus, there is no significant amount of expected credit losses.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Nonderivative financial liabilities							
Secured loans	$ 134,066	134,179	133,484	695	-	-	-
Unsecured loans	308,000	309,420	288,998	20,422	-	-	-
Notes and accounts payable	293,867	293,867	293,867	-	-	-	-
Other payables	47,062	47,062	47,062	-	-	-	-
Lease liabilities	5,034	5,119	1,267	1,267	1,785	800	-
	$ 788,029	**789,647**	**764,678**	**22,384**	**1,785**	**800**	**-**

(Continued)

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Nonderivative financial liabilities							
Secured loans	$ 158,777	158,900	155,430	1,388	2,082	-	-
Unsecured loans	347,850	349,160	349,160	-	-	-	-
Notes and accounts payable	175,224	175,224	175,224	-	-	-	-
Other payables	48,098	48,098	48,098	-	-	-	-
Lease liabilities	3,839	3,947	826	826	1,652	643	-
	$ 733,788	735,329	728,738	2,214	3,734	643	-

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 37,894	30.7050	1,163,550	30,425	31.7500	965,987
JPY	-	-	-	40	0.2201	9
CNY	13,238	4.3270	57,282	30,211	4.4730	135,132
Financial liabilities						
Monetary items						
USD	$ 8,671	30.7050	266,238	7,519	31.7500	238,713
CNY	6,615	4.3270	28,624	3,329	4.4730	14,891

The Group's exposure to foreign currency risk mainly arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings, accounts payable, accounts payable and other payables that are denominated in foreign currency. As of December 31, 2023 and 2022, under the assumes that all other variables remain constant, a strengthening (weakening) of 1% of the NTD against the USD, HKD, CNY and JPY would have increased (decreased) the net profit after tax by $7,408 thousand and $8,485 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $4,072 and $83,824, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

(vi) Fair value

The Group’s management considers that financial assets and financial liabilities of carrying amount are approximate to their fair values.

(t) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements

(ii) Structure of risk management

The Group's financial management department provides business services for each department. It monitors and manages the financial risks related to the operations through internal risk reports that analyze the risk exposure based on the level and extent of the risk, the results of which are reported to the supervisors on a quarterly basis. The internal auditors of the Group continue to review the amount of the risk exposure and the compliance with the policies.

The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investments in debt securities.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered. The Group’s review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Group; these limits are reviewed quarterly. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

(Continued)

The Group does not require any collateral for trade and other receivables.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2023 and 2022, the short term and long term borrowings of the Group were on floating rates. Therefore, as market interest rates fluctuate, the effective interest rates of short term and long term borrowings will change accordingly, which will result in fluctuations in the future cash flows. If the market interest rates increase by 1%, the Group's cash outflows will be increased by approximately $4,421 thousand and $5,066 thousand, respectively.

(v) Market risk

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

There is no significant market risk from financial assets and liabilities of the Group.

(u) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2023, the Group's capital management strategy is consistent with the prior year as of December 31, 2022.

The debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 889,730	894,130
Less: cash and cash equivalents	(303,915)	(353,248)
Net debt	**$ 585,815**	**540,882**
Total equity	**$ 1,151,761**	**1,139,611**
Debt-to-equity ratio	**50.86%**	**47.46%**

The debttoequity ratio increased in 2023, due to a decrease in cash levels and an increase in accounts payable caused by the large amount of purchase.

(v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended 2023 and 2022, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(g).

Reconciliation of liabilities arising from financing activities weas as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Changes in lease payments	Foreign exchange movement	December 31, 2023
Long-term borrowings	$ 4,777	(2,711)	-	-	2,066
Short-term borrowings	501,850	(61,850)	-	-	440,000
Lease liabilities	3,839	(1,795)	3,007	(17)	5,034
Total liabilities from financing activities	**$ 510,466**	**(66,356)**	**3,007**	**(17)**	**447,100**

			Non-cash changes		
	January 1, 2022	Cash flows	Changes in lease payments	Foreign exchange movement	December 31, 2022
Long-term borrowings	$ 7,452	(2,675)	-	-	4,777
Short-term borrowings	319,550	182,300	-	-	501,850
Lease liabilities	5,174	(2,033)	665	33	3,839
Total liabilities from financing activities	**$ 332,176**	**177,592**	**665**	**33**	**510,466**

(Continued)

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(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
GANG HUI CO., LTD.	Other related parties of the Group
PODAK TIEN-HO TECHNOLOGY CO., LTD.	An associate of the Group

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31, 2023	2022
Associates	$ -	2,700
Other related parties	12	54
	$ 12	2,754

As of December 31, 2023 and 2022, the collection terms for an associate, PODAK TIEN-HO TECHNOLOGY CO., LTD., were within 40 days per month.

The selling price for other related parties, GANG HUI CO., LTD., was not significantly different from the normal selling price. The collection terms ranged from one to two months. The accounts receivable from related parties were not collateralized, and no impairment loss was recognized after the assessment by the management.

In July 2022, the Group sold a machine to an associate, PODAK TIEN-HO TECHNOLOGY CO., LTD., and the loss arising from the downstream sales transaction should be unrealized. The unrealized losses amounting to $3,636 thousand were eliminated and investment income was recognized in proportion to the Group's shareholding. The Group recognized the realized losses and reversed the investment income on a period-by-period basis over the useful lives of the machines.

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable	Other related parties	$ -	7

(iii) Guarantee

As of December 31, 2023 and 2022, the key management of the Group acted as the joint guarantors for the borrowings. Please refer to note 6(h) and (j) for details of the acquisition and utilization of the credit line.

(iv) Lease

Other related party, GANG HUI CO., LTD., rented office from the Group in 2023 and 2022 the Group recognized the amount of $36 thousand as rental income each period, and the contract was renewed for one more year after expiration date.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2023	2022
Short-term employee benefits	$ 18,237	23,313
Post-employment benefits	211	333
	$ 18,448	**23,646**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land	Bank loans	$ 92,287	92,287
Land	Guarantee for purchases	11,659	11,659
Buildings	Bank loans	30,116	31,064
Buildings	Guarantee for purchases	4,438	4,582
		$ 138,500	**139,592**

(9) Commitments and contingencies:

(a) Second tier subsidiary Podak (H.K.) Co., Ltd. provided free warranty to some customers for a certain number of years from the date of product acceptance, and the Group was the joint guarantor. As of December 31, 2023 and 2022, the Company's cumulative sales amounted to $129 thousand and $357 thousand, respectively. In addition, as of December 31, 2023, there were no any product returns due to poor quality.

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(b)

(i) Promissory notes of accounts receivable factoring was as follows:

	December 31, 2023	December 31, 2022
USD	$ 18,000	18,000

(ii) On December 31, 2023 and 2022, by signing promissory notes of $660,000 thousand and $644,200 thousand, respectively, the Group received a credit line from the bank and issued letters of guarantee totaling $800,000 thousand and $724,200 thousand, respectively, and the remaining balance of the letters of guarantee issued amounted to $65,100 thousand and $100,100 thousand, respectively, as of December 31, 2023 and 2022, respectively. These guarantees are mainly for the Group's purchases from others, and the fair value of these guarantees is equal to the contract value.

(iii) The Group purchased goods from the original manufacturer and issued promissory notes as follows:

	December 31, 2023	December 31, 2022
NTD	$ -	16,308

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	For the years ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	-	76,134	76,134	-	82,782	82,782
Labor and health insurance	-	4,675	4,675	-	4,696	4,696
Pension	-	4,931	4,931	-	5,268	5,268
Others	-	1,706	1,706	-	1,862	1,862
Depreciation	-	11,401	11,401	-	7,715	7,715
Depletion	-	-	-	-	-	-
Amortization	-	97	97	-	283	283

(Continued)

PODAK CO., LTD. AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Podak(H.K.) Co., Ltd.	2	460,704	301	129	129	-	0.01 %	575,881	Y		

Note 1: Parent company-1. Second-tier subsidiary-2.

Note 2: The total amount of the endorsement/guarantee shall not exceed 50% of the Company's net worth in the most recent financial statements.

Note 3: The amount of the endorsement/guarantee for a specific party shall not exceed 40% of the Company's net worth as of the date of the most recent financial statements. If single enterprise engages in endorsement and guarantee due to a business relationship, the amount of the endorsement/guarantee shall not exceed the total amount of transactions with the Company in the most recent year (the higher of the purchase or sale amount between the two parties).

Note 4: The inter-company transactions were eliminated in the preparation of the consolidated financial statements.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
The Company	Podak (H.K.) Co., Ltd.	Second-tier subsidiary	Sales	433,043	15 %	90 days-150 days	Note 1	90 days-150 days	154,998	15%	Note 3
The Company	PODAK Trading (ShenZhen) CO., LTD	Second-tier subsidiary	Sales	296,096	10 %	90 days-150 days	Note 2	90 days-150 days	114,222	11%	Note 3

Note 1: The sales price to Podak (H.K.) Co., Ltd. was determined based on 95% of the sales price to end customers.

Note 2: The sales price to Podak (SZ) Co., Ltd. was determined based on the quarterly quotation of the product plus 5% gross profit. If the gross profit of the product did not reach 5%, the sales price was determined based on 50% gross profit of each of the Company and Podak (SZ) Co., Ltd. However, the exceptional price and discount adjustments were not included.

Note 3: The inter-company transactions were eliminated in the preparation of the consolidated financial statements.

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(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Podak (H.K.) Co., Ltd.	Second-tier subsidiary	154,998	2.48	-		64,617	-
The Company	PODAK Trading (ShenZhen) CO., LTD.	Second-tier subsidiary	114,222	2.72	-		28,043	-

Note : The inter-company transactions were eliminated in the preparation of consolidated financial statements.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	PODAK CO., LTD.	Podak (H.K.) Co., Ltd.	1	Accounts receivable	154,998	90 days-150 days	7.58%
			1	Sales	433,043	Note 3	15.27%
			1	Service income	180	Note 4	0.01%
		Podak (SZ) co., Ltd.	1	Accounts receivable	114,221	90 days-150 days	5.59%
			1	Sales	296,096	Note 6	10.44%
		Podak International (SH) Co., Ltd.	1	Sales	4,716	Note 6	0.17%
			1	Accounts receivable	1,830	90 days-150 days	0.09%
			1	Service expense	3,739	Note 4	0.13%
2	Podak (H.K.) Co., Ltd.	Podak International (SH) Co., Ltd.	3	Accounts receivable	6,324	90 days-150 days	0.31%
			3	Sales	14,140	Note 5	0.50%
			3	Service expense	7,477	Note 4	0.26%
		Podak (SZ) co., Ltd.	3	Sales	3,577	Note 5	0.13%
			3	Service expense	3,739	Note 4	0.13%
			3	Accounts receivable	2,626	90 days-150 days	0.13%

Note 1: Company numbering is as follows:

1. Parent company-0
2. Second tier subsidiaries start from 1

Note 2: The numbering of the relationship between transaction parties is as follows:

Parent company to second tier subsidiary-1

Second-tier subsidiary to parent company-2

Second-tier subsidiary to subsidiary-3

Note 3: The sales price was determined based on 95% of the sales price to the end customers.

Note 4: Prices and dates were determined in accordance with mutual agreements.

Note 5 The markup on the purchase (sales) price was 4% of the cost of products.

Note 6: The sales price was determined based on the quarterly quotation of the product plus 5% gross profit. If the gross profit of the product did not reach 5%, then the sales price was determined based on 50% gross profit of each of the Company and second tier subsidiary. However, the exceptional price and discount adjustments were not included.

Note 7: As of December 31, 2023, the Company's sales to Podak (H.K.) Co., Ltd., Podak (SZ) Co., Ltd. and Podak International (SH) Co., Ltd., resulted in the Company recognizing the unrealized gross profit amounting to $5,376 thousand, $1,000 thousand, and $69 thousand, respectively, which was eliminated in the preparation of consolidated financial statements.

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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2023	Original investment amount: December 31, 2022	Balance as of December 31, 2023: Shares (thousands)	Balance as of December 31, 2023: Percentage of ownership	Balance as of December 31, 2023: Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
0	Kai Ta International Limited.	Mauritius	Holding company	128,277	128,277	4,148,700	100.00 %	225,530	100.00 %	(12,957)	(12,957)	Subsidiary
0	PODAK TIEN-HO TECHNOLOGY CO., LTD.	Taiwan	International trade	2,700	2,700	270,000	45.00 %	5,341	45.00 %	(358)	(682)	The Group's associate. The investment income included investment loss of $520 thousand recognized from downstream transactions for the Company's investees.
1	Podak (H.K.) Co., Ltd.	Hong Kong	International trade of electronic components	794	794	200,000	100.00 %	73,861	100.00 %	(2,294)	(2,443)	The Group's second tier subsidiary. The share of profits of investees includes the amount to be recognized as the share of profits arising from downstream transactions.

Note 1: Parent company-0

The parent company's investee, Kai Ta International Limited. -1

Note 2: The inter-company transactions were eliminated in the preparation of consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	Accumulated remittance of earnings in current period
PODAK INTERNATIONAL (SH) CO., LTD.	International trade	79,544	(2)	79,544	-	-	79,544	(13,287)	100.00%	100%	(13,320)	75,771	-	Second-tier subsidiary. The loss on investment includes the amount to be recognized as realized gains arising from downstream transactions.
PODAK Trading (ShenZhen) CO., LTD.	International trade	44,376	(2)	44,376	-	-	44,376	2,843	100.00%	100%	6,668	81,127	-	Second-tier subsidiary. The loss on investment includes the amount to be recognized as realized losses arising from downstream transactions.

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
123,920	123,920	691,057

Note 1: There are three ways to invest in China:

(a) The Group directly invests in China.

(b) The Group reinvests in China through a third party company, Kai Ta International Limited.

(c) Other ways.

Note 2: In the column of "net income (loss) of the investee":

(a) If it is under preparation, there is no investment profit or loss, it should be explained.

(b) The basis for recognizing investment profit or loss is the financial statements audit by the Group's CPA.

Note 3: The inter-company transactions were eliminated in the preparation of consolidated financial statements.

(iii) Significant transactions:

For the year ended December 31, 2023, the significant intercompany transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and "Business relationships and significant intercompany transactions".

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
HUANG,HUI-YU	3,734,115	6.97 %
CHEN,ZHAO-YANG	2,981,055	5.56 %

(14) Segment information:

(a) Segment information

The Group identifies NB and its ancillary products segment (B1), PC motherboard and its ancillary products segment (B3) as reportable segments based on factors such as product types, resource utilization, customer types, distribution method and operating activities. The three reportable segments are engaged in the sale of electronic components and electrical equipment.

The reportable segments of the Group are independent business units which offer different products and services. Each business unit needs different technologies, resources and marketing strategies, thus they should be managed separately. The reportable segment has managers who are directly responsible to management decision-makers and are in regular contact with them to discuss the operating activities, financial results, forecasts, or plans for the segment.

(b) Information about reportable segments and their measurement and reconciliations

Income tax expense (revenue) or non-recurring gain or loss are not allocated to the reportable segments. In addition, not all of the profit or loss of the reportable segments include significant non-cash items other than depreciation and amortization. The total profit or loss of the reportable segments is reconciled to the amount of profit or loss before tax for the continuing operations.

	For the year ended December 31, 2023				
	Segment B1	**Segment B3**	**Other Segment**	**Reconciliation and elimination**	**Total**
Revenue					
Revenue from external customers	$ 1,592,645	689,901	553,460	-	2,836,006
Intersegment revenues	-	-	-	-	-
Total revenue	**$ 1,592,645**	**689,901**	**553,460**	**-**	**2,836,006**
Reportable segment profit or loss	**$ 85,794**	**113,351**	**77,014**	**(85,236)**	**190,923**

	For the year ended December 31, 2022				
	Segment B1	**Segment B3**	**Other Segment**	**Reconciliation and elimination**	**Total**
Revenue					
Revenue from external customers	$ 1,679,610	624,827	507,956	-	2,812,393
Intersegment revenues	-	-	-	-	-
Total revenue	**$ 1,679,610**	**624,827**	**507,956**	**-**	**2,812,393**
Reportable segment profit or loss	**$ 102,831**	**105,473**	**69,456**	**17,700**	**295,460**

(Continued)

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(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	For the years ended December 31, 2023	2022
Revenue from external customers:		
Taiwan	$ 512,277	535,254
China	2,159,259	2,277,139
Other countries	164,470	-
	$ 2,836,006	2,812,393
Non-current assets:		
Taiwan	$ 193,199	181,035
Other countries	63,468	67,761
Total	$ 256,667	248,796

Non-current assets include property, plant and equipment, intangible assets, and other assets, not including deferred tax assets.

(d) Major customers

Customer generating over 10% of total revenue for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,			
	2023		2022	
Customer	Revenue	Percentage	Revenue	Percentage
A Group	$ 1,227,628	43 %	1,208,521	43 %
B Group	289,587	10 %	335,577	12 %
C Group	518,543	18 %	301,787	11 %
	$ 2,035,758	71 %	1,845,885	66 %