Stock Code:3325

Casing Macron Technology Co., Ltd. and Subsidiaries

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

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Table of Contents

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Casing Macron Technology 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 Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Casing Macron Technology Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CASING MACRON TECHNOLOGY CO., LTD.

Hsiao, Yi-Chang
Chairman
March 12, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Casing Macron Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Casing Macron Technology Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Casing Macron Technology Co., Ltd. and its subsidiaries 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Casing Macron Technology Co., Ltd. and its subsidiaries for the year ended December 31, 2023. 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.

Key audit matters for the consolidated financial statements of Casing Macron Technology Co., Ltd. and its subsidiaries for the year ended December 31, 2023 are stated as follows:

Recognition of Revenue from Major Customers

The operating revenue of Casing Macron Technology Co., Ltd. and its subsidiaries is mainly generated from the Top 3 customers who occupied about 80% of the total operating revenue of Casing Macron Technology Co., Ltd. and its subsidiaries. Because the businesses of Casing Macron Technology Co., Ltd. and its subsidiaries are concentrated on the major customers and the amount of the operating revenue from the aforesaid customers is significant in the entire consolidated financial statements, we determined that the recognition of the revenue from the Top 3 customers is identified as a key audit matter for the year.

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

1. Understand the design of the relevant internal controls on the process related to the recognition of the revenue from the Top 3 customers, and examine the execution effectiveness thereof.
2. Sample the accounts from the Top 3 customers listed on the statements of the operating revenue, from which the detailed items are examined, review the original orders, the shipping documents and the relevant transaction documents confirmed to the sampled accounts, and verify the truthfulness of the transactions executed with the customers.
3. Check over the receipts of the payment collection and the debit notes, review the dates on which the payments are actually collected from the aforesaid customers, comparing to the offered credit periods for detecting whether there is any major abnormality, and verify the correspondence between the names of goods receivers and payers.

Other Matter

We have also audited the parent company only financial statements of Casing Macron Technology Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified 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 the IFRS, IAS, IFRIC, and 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 abilities of Casing Macron Technology Co., Ltd. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Casing Macron Technology Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the financial reporting process of Casing Macron Technology Co., Ltd. and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the general 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 maintain 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 internal control of Casing Macron Technology Co., Ltd. and its subsidiaries.
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 abilities of Casing Macron Technology Co., Ltd. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Casing Macron Technology Co., Ltd. and its subsidiaries 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 for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li, Guan-Hao and Lin, Wang-Sheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 12, 2024

Financial Supervisory Commission Approved-certified No.:
Jin-Guan-Certificate No. 1100372936

Financial Supervisory Commission Approved-certified No.:
Jin-Guan-Certificate No. 1060023872

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents（Notes 4, 6 and 24）	$ 423,889	21	$ 439,153	24
1170	Notes and accounts receivable, net（Notes 4, 8 and 24）	590,776	29	405,359	23
1180	Notes and accounts receivable – related parties, net（Notes 4, 24 and 25）	-	-	1,195	-
1200	Other receivables, net（Notes 4, 8 and 24）	12,195	1	2,855	-
1210	Other receivables - related parties（Notes4, 24 and 25）	130	-	-	-
1220	Current tax assets（Note 4）	348	-	36	-
130X	Inventories, net（Notes 4 and 9）	245,357	12	280,697	16
1476	Other financial assets（Notes 4, 24 and 26）	103,487	5	102,680	6
1479	Other current assets（Note 14）	45,676	2	25,748	1
11XX	Total current assets	1,421,858	70	1,257,723	70
	NON-CURRENT ASSETS				
1600	Property, plant and equipment, net（Notes 4, 11, 17, 25 and 26）	375,499	18	418,456	23
1755	Right-of-use assets, net（Notes 4, 12 and 26）	20,904	1	24,919	1
1760	Investment properties（Note 4, 13 and 26）	107,583	5	-	-
1780	Intangible assets（Note 4）	520	-	338	-
1840	Deferred tax assets（Notes 4 and 21）	92,253	5	80,617	5
1990	Other non-current assets（Notes 8, 14, 18 and 24）	19,486	1	7,640	1
15XX	Total non-current assets	616,245	30	531,970	30
1XXX	TOTAL ASSETS	$ 2,038,103	100	$ 1,789,693	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings（Notes 15, 24 and 26）	$ 426,339	21	$ 327,531	18
2120	Financial liabilities measured at fair value through profit or loss（Notes 4, 7 and 24）	-	-	1,389	-
2170	Notes and accounts payable（Note 24）	197,411	10	154,694	9
2180	Notes and accounts payable to related parties（Notes 24 and 25）	-	-	1,117	-
2219	Other payables（Notes 17 and 24）	80,423	4	95,526	5
2220	Other payables to related parties（Notes 24 and 25）	2,832	-	702	-
2230	Current tax liabilities（Note 4）	2,626	-	6,126	-
2280	Lease liabilities - current （Note 4, 12 and 24）	251	-	184	-
2322	Long-term borrowings, current portion（Notes 15, 24 and 26）	67,619	3	43,434	3
2399	Other current liabilities（Notes 24 and 29）	16,379	1	14,251	1
21XX	Total current liabilities	793,880	39	644,954	36
	NON-CURRENT LIABILITIES				
2530	Corporate bonds payables（Notes 4, 16 and 24）	9,616	1	-	-
2540	Long-term borrowings（Notes 15, 24 and 26）	149,930	7	186,528	11
2570	Deferred tax liabilities（Notes 4 and 21）	23,375	1	2,541	-
2580	Lease liabilities – non-current （Note 4, 12 and 24）	618	-	-	-
2670	Other non-current liabilities（Notes 24）	866	-	884	-
25XX	Total non-current liabilities	184,405	9	189,953	11
2XXX	Total liabilities	978,285	48	834,907	47
	EQUITY OF OWNERSHIP ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT（Note 16 and 19）				
3110	Common stock	896,097	44	846,346	47
3200	Capital surplus	171,392	8	133,789	7
	Retained earnings				
3310	Legal reserve	26,919	1	26,919	2
3320	Special reserve	72,694	4	72,694	4
3350	Accumulated deficit	(165,407)	(8)	(134,553)	(8)
3300	Total retained earnings	(65,794)	(3)	(34,940)	(2)
3400	Other equity interest	(7,780)	-	(60,849)	(3)
31XX	Total equity of the Company's shareholders	993,915	49	884,346	49
36XX	NON-CONTROLLING EQUITY INTEREST	65,903	3	70,440	4
3XXX	Total equity	1,059,818	52	954,786	53
	TOTAL LIABILITIES AND EQUITY	$ 2,038,103	100	$ 1,789,693	100

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

Chairman: Hsiao, Yi-Chang Managerial Officer: Hung, Ting-Hung Accounting Officer: Li, Rong-De

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, except Losses per Share in New Taiwan Dollars)

		2023		2022	
Code		Amount	%	Amount	%
4000	OPERATING REVENUE（Notes 4, 25 and 29）	$ 1,675,460	100	$ 1,065,995	100
5000	COST OF REVENUE（Notes 9, 20 and 25）	1,518,908	90	1,026,678	96
5900	GROSS PROFIT	156,552	10	39,317	4
	OPERATING EXPENSES（Notes 12, 18 and 20）				
6100	Marketing expenses	53,857	3	44,642	4
6200	Administrative expenses	135,859	8	132,152	13
6300	Research and development expenses	23,409	2	23,003	2
6000	Total operating expenses	213,125	13	199,797	19
6900	NET LOSS FROM OPERATIONS	(56,573)	(3)	(160,480)	(15)
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	6,067	-	3,647	-
7190	Other income（Note 20）	15,548	1	10,424	1
7020	Other gains and losses（Note 20）	15,664	1	47,112	5
7050	Finance costs（Note 20）	(21,636)	(1)	(9,663)	(1)
7000	Total non-operating income and expenses	15,643	1	51,520	5
7900	NET LOSS BEFORE INCOME TAX	(40,930)	(2)	(108,960)	(10)
7950	INCOME TAX BENEFIT（Notes 4 and 21）	(3,234)	-	(17,165)	(1)
8200	NET LOSS	(37,696)	(2)	(91,795)	(9)

（Continued）

(Concluded)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8312	Gains on revaluation of properties（Notes 4 and 13）	$ 88,459	5	$ -	-
8311	Remeasurement of defined benefit obligation（Notes 4 and 18）	(143)	-	1,030	-
8349	Income tax related to items that will not be reclassified subsequently（Notes 4 and 21）	(22,086)	(1)	(206)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations（Notes 4 and 19）	(15,865)	(1)	25,591	2
8399	Income tax related to items that may be reclassified subsequently（Notes 4, 19 and 21）	3,319	-	(4,109)	-
8300	Other comprehensive income (loss), net of income tax	53,684	3	22,306	2
8500	TOTAL COMPREHENSIVE INCOME (LOSS)	$ 15,988	1	($ 69,489)	(7)
	NET LOSS ATTRIBUTABLE TO:				
8610	Shareholders of the parent	($ 24,028)	(1)	($ 76,552)	(7)
8620	Non-controlling equity interest	(13,668)	(1)	(15,243)	(2)
8600		($ 37,696)	(2)	($ 91,795)	(9)
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Shareholders of the parent	$ 28,927	2	($ 59,292)	(6)
8720	Non-controlling equity interest	(12,939)	(1)	(10,197)	(1)
8700		$ 15,988	1	($ 69,489)	(7)
	LOSSES PER SHARE（Note 22）				
9750	Basic losses per share	($ 0.28)		($ 0.90)	
9850	Diluted losses per share	($ 0.28)		($ 0.90)	

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

Chairman: Hsiao, Yi-Chang　Managerial Officer: Hung, Ting-Hung　Accounting Officer: Li, Rong-De

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY										
				Retained earnings				Other equity				
Code		Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Exchange Differences Arising on Translation of Foreign Operations	Gain on revaluation of properties	Total	Non-controlling interests	Total equity
A1	BALANCE, JANUARY 1, 2022	$ 846,346	$ 133,789	$ 26,919	$ 72,694	($ 58,825)	$ 40,788	($ 77,285)	$ -	$ 943,638	$ 80,637	$ 1,024,275
D1	NET LOSS FOR THE YEAR 2022	-	-	-	-	(76,552)	(76,552)	-	-	(76,552)	(15,243)	(91,795)
D3	OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX FOR THE YEAR 2022	-	-	-	-	824	824	16,436	-	17,260	5,046	22,306
D5	TOTAL COMPREHENSIVE INCOME FOR THE YEAR 2022	-	-	-	-	(75,728)	(75,728)	16,436	-	(59,292)	(10,197)	(69,489)
Z1	BALANCE, DECEMBER 31, 2022	846,346	133,789	26,919	72,694	(134,553)	(34,940)	(60,849)	-	884,346	70,440	954,786
D1	NET LOSS FOR THE YEAR 2023	-	-	-	-	(24,028)	(24,028)	-	-	(24,028)	(13,668)	(37,696)
D3	OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX FOR THE YEAR 2023	-	-	-	-	(114)	(114)	(13,275)	66,344	52,955	729	53,684
D5	TOTAL COMPREHENSIVE INCOME FOR THE YEAR 2023	-	-	-	-	(24,142)	(24,142)	(13,275)	66,344	28,927	(12,939)	15,988
C5	ISSUANCE OF CONVERTIBLE BONDS RECOGNIZED IN EQUITY	-	3,853	-	-	-	-	-	-	3,853	-	3,853
I1	CONVERSION OF CORPORATE BONDS TO COMMON STOCK	49,751	35,440	-	-	-	-	-	-	85,191	-	85,191
M7	CHANGES IN OWNERSHIP OF INTERESTS OF SUBSIDIARIES	-	(1,690)	-	-	(6,712)	(6,712)	-	-	(8,402)	8,402	-
Z1	BALANCE, DECEMBER 31, 2023	$ 896,097	$ 171,392	$ 26,919	$ 72,694	($ 165,407)	($ 65,794)	($ 74,124)	$ 66,344	$ 993,915	$ 65,903	$ 1,059,818

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

Chairman: Hsiao, Yi-Chang

Managerial Officer: Hung, Ting-Hung

Accounting Officer: Li, Rong-De

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Loss before income tax	($ 40,930)	($ 108,960)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	67,746	67,991
A20200	Amortization expense	154	230
A20400	Losses (gains) on financial assets and liabilities at fair value through profit or loss	(1,389)	1,389
A20900	Finance costs	21,636	9,663
A21200	Interest income	(6,067)	(3,647)
A22500	Losses on disposal of property, plant and equipment	(245)	(108)
A23700	Loss for market price decline and obsolete and slow-moving inventories	4,406	8,779
A24100	Loss (gain) on unrealized foreign exchange	12,546	(4,276)
A30000	Changes in operating assets and liabilities		
A31150	Decrease (increase) in notes and accounts receivable	(203,237)	239,783
A31160	Decrease (increase) in accounts receivable due from related parties	1,203	(1,142)
A31180	Decrease (increase) in other receivables	(9,442)	(1,296)
A31190	Decrease (increase) in other receivables due from related parties	(130)	159
A31200	Decrease (increase) in inventories	27,380	31,833
A31240	Decrease (increase) in other current assets	(20,422)	13,107
A32150	Increase (decrease) in notes and accounts payable	49,815	(60,281)
A32160	Increase (decrease) in accounts payable to related parties	(1,117)	1,117
A32180	Increase (decrease) in other payables	(11,792)	(5,373)
A32190	Increase (decrease) in other payables to related parties	2,117	(29,680)
A32230	Increase (decrease) in other current liabilities	68	1,404
A33000	Cash generated from (used in) operations	(107,700)	160,692
A33100	Interest received	6,021	3,548
A33300	Interest paid	(20,397)	(9,247)
A33500	Income tax paid	(10,108)	(1,708)
AAAA	Net cash generated by operating activities	(132,184)	153,285

(Continued)

(Concluded)

Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02700	Acquisition of property, plant and equipment	($ 50,726)	($ 137,138)
B02800	Disposals of property, plant and equipment	8,284	188
B03800	Refundable deposits (paid) refunded	(70)	(266)
B04500	Acquisition of intangible assets	(333)	(355)
B06500	Decrease (increase) in other financial assets	(804)	(9,985)
B06800	Decrease (increase) in other non-current assets	(5,937)	122
B07100	Decrease (increase) in prepaid of equipment	(6,015)	28,515
BBBB	Net cash generated from (used in) investing activities	(55,601)	(118,919)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	1,433,224	1,273,847
C00200	Decrease in short-term borrowings	(1,330,677)	(1,352,636)
C01200	Issuance of corporate bonds	100,000	-
C01600	Proceeds from long-term bank loans	35,543	151,156
C01700	Repayment of long-term bank loans	(48,888)	(12,100)
C04020	Repayment of the principal portion of lease liabilities	(184)	(198)
CCCC	Net cash generated from (used in) financing activities	189,018	60,069
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(16,497)	13,963
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,264)	108,398
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	439,153	330,755
E00200	CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 423,889	$ 439,153

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

Chairman: Hsiao, Yi-Chang　Managerial Officer: Hung, Ting-Hung　Accounting Officer: Li, Rong-De

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. **GENERAL**

Casing Macron Technology Co., Ltd. (hereinafter referred to as the "Company") was established under the R.O.C. Company Act in April 1996, mainly engaged in the business of selling PC cases, switching power supply, electronic peripherals and parts, etc.

The Company's stocks have been officially traded on the over-the-counter (OTC) market on the Taipei Exchange since August 15, 2005.

The accompanying consolidated financial statements are expressed in the Company's functional currency, New Taiwan Dollars.

2. **THE AUTHORIZATION OF FINANCIAL STATEMENTS**

The accompanying consolidated financial statements were approved by the Board of Directors on March 8, 2024.

3. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS accounting standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS accounting standards endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Company and entities controlled by the Company (collectively, the "Group").

(2) The IFRS accounting standards endorsed by the FSC with effective date starting 2024

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note a.)
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024 (Note b.)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note c.)

Note a. Unless specified otherwise, the above new, revised or amended standards and interpretations are effective for annual reporting periods beginning on or after their effective dates respectively.

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

Note c. Part of the disclosure regulations is exempt at first-time adoption of the modification.

As of the date the accompanying consolidated financial statements were authorized for issuance, the above standards and interpretations have no significant impact on the Group's financial position and financial performance based on the Group's assessment.

(3) The IFRS accounting standards issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note a.)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
IFRS 17 Amendment "Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note b.)

Note a. Unless specified otherwise, the above new, revised or amended standards and interpretations are effective for annual reporting periods beginning on or after their effective dates respectively.

Note b. The amendments apply to annual reporting periods beginning on or after 1 January 2025. The consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the consolidated company uses a presentation currency other than its functional currency, the consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the exchange differences in the conversion of the financial statements of foreign operations under equity at the first-adoption date.

As of the date the accompanying consolidated financial statements were authorized for issuance, the Group continues evaluating the impact on their financial position and financial performance from the initial adoption of the above standards and interpretations. The related impact will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) **Statement of Compliance**

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting standards endorsed by the FSC with the effective dates.

(2) **Basis of Preparation**

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value, and net defined benefit assets, which are measured from present value of a defined benefit obligation less plan assets recognized at fair value.

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
c. Level 3 inputs are unobservable for the asset or liability.

(3) **Standard in Determining Whether the Assets or Liabilities Are Current or Non-current**

Current assets include:

a. Assets held mainly for transaction purposes;
b. Assets to be realized within 12 months after the balance sheet date; and
c. Cash and cash equivalents (unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities include:

a. Liabilities held mainly for transaction purposes;
b. Liabilities to be settled when due within 12 months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial statements are authorized for issue); and
c. Liabilities for which the settlement date cannot be extended unconditionally to at least 12 months after the balance sheet date. However, terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets or liabilities not meeting the above criteria are classified as non-current assets or non-current liabilities.

(4) **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). Control means that the parent company has authority to direct the financial and operating policies of an entity in order to obtain benefits from its activities. When necessary, adjustments are properly made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are written off in full upon consolidation.

See Note 10 and Tables 3 and 4 for the detailed information of subsidiaries, the percentages of ownership and business operation items.

(5) **Foreign Currencies**

When preparing financial statements, an entity prepares records in a currency other than their functional currency (i.e. foreign currencies) and converts them to the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the year in which they occur.

Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate on the date the fair value was determined. The resulting exchange differences are recognized in profit or loss, except for those recognized in other comprehensive income (loss) when fair value changes are recognized in other comprehensive income (loss).

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rate prevailing on the transaction date and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of the foreign operations (including those of subsidiaries or affiliates operating in countries or currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate in the period, with the resulting exchange differences recognized in other comprehensive income (loss).

(6) **Inventories**

Inventories consist of raw materials, material supplies in the production process, work in process, finished goods and merchandise. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the selling price estimated under normal circumstances less estimated costs to complete the process and estimated costs to complete the sale. The cost of inventories is calculated by using the weighted-average method.

(7) **Property, Plant and Equipment**

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

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component, except for owned land, for which no depreciation is provided. The Group reviews the estimated useful lives, residual values and depreciation methods at least at the end of each fiscal year and defers the effect of changes in applicable accounting estimate values.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) **Investment properties**

Investment property is property held to earn rentals or for capital appreciation or both (including right-of-use assets meet the definition of investment properties).

Investment properties shall be measured initially and subsequently by fair value model. Any changes in fair value are recognized in profit or loss.

When an item of property, plant or equipment is at end of owner-occupation, and transferred to investment property, the difference between the original carrying amount and fair value shall be recognized in other comprehensive income, accumulated in gains on revaluation under equity, and directly transferred into retained earnings at derecognition of the asset.

Any differences arising from derecognition of investment properties, which are the differences between the net proceeds received and the carrying amount of the assets, shall be recognized in profit or loss.

(9) **Intangible Assets**

Intangible assets acquired separately with finite useful lives are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives, and the estimated useful lives, residual values and amortization methods applied to the aforesaid assets are reviewed at least at the end of each fiscal year, also the effect of their changes in applicable accounting estimates would be deferred.

Expenditure on research is recognized as an expense when occurring.

(10) **Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets**

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. Where the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation to cash-generating units can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that had been determined but had no impairment loss be recognized for the asset or cash-generating unit in prior years. Reversals of impairment losses are directly recognized in profit or loss.

(11) **Financial Instruments**

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

When the financial assets and financial liabilities are recognized initially, financial assets or financial liabilities, which are not measured at fair value through profit or loss, are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial Assets</u>

Regular transactions of financial assets are recognized and derecognized by using trade date accounting.

a. Measurement Categories

Financial assets are classified and held by the Group into the following categories: financial assets measured at fair value through profit or loss (FVTPL) and financial assets measured at amortized cost.

a-1. Financial Assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at fair value through other comprehensive income (FVTOCI) and investments in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 24.

a-2. Financial Assets at Amortized Cost

The Group’s investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

A. The objective of the Group’s business models is achieved by collecting contractual cash flows; and
B. The contractual terms give rise to cash flows on a specific date that are solely payments of principal and interest on the principal amount circulated outside.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and guarantee deposits paid) are measured at their total carrying amount determined by using the effective interest method less amortized cost of any impairment loss, and gains or losses on any foreign currency exchange are recognized in profit or loss.

Cash equivalents include highly liquid short-term time deposits and investments that are readily convertible to known amounts of cash and with maturity dates within three months that do not present significant risks of changes in value. The Group holds them for the purpose of short-term cash commitment.

b. Impairment of Financial Assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including accounts receivables) at each balance sheet date.

Loss allowances based on the lifetime expected credit losses (i.e. ECLs) are always recognized for accounts receivables. For all other financial assets, it is firstly evaluated whether there has been a significant increase in credit risk since initial recognition; when the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowances are measured and recognized for that financial asset at an amount equal to 12-month ECLs. If, on the other hand, the loss allowances based on the lifetime ECLs are recognized when there has been a significant increase in credit risk since initial recognition.

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

An impairment gain or loss is recognized in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of Financial Assets

The Group derecognizes the financial assets only when the contractual rights to the cash flows from the assets have lapsed, or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Equity Instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

Financial Liabilities

a. Subsequent Measurement

   All financial liabilities are measured at amortized cost by using the effective interest method, except in the following conditions:

   Financial Liabilities at FVTPL

   Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at FVTPL.

   Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The gain or loss recognized in profit or loss incorporates any dividends or interest paid for such a financial liability. Fair value is determined in the manner described in Note 24.

b. Derecognition of Financial Liabilities

   The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Convertible corporate bonds

Compound financial instruments (convertible corporate bonds) issued by the Group shall be classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

At initial recognition, fair value of liability component is estimated by the current market interest rate of a similar liability, and measured at amortized cost by effective interest rate method before conversion or maturity.

A conversion right classified as equity is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component, recognized in equity after deducting income tax effects, and will not be measured subsequently. When the conversion right is executed, the relevant liability component and the amount in equity shall be transferred to share capital and capital surplus – additional paid-in capital. If the conversion right is not executed until maturity, the amount recognized in equity will be transferred to capital surplus – additional paid-in capital.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability (recognized into the carrying amount of the liability) and equity components (recognized into equity) of the instrument in proportion to the allocation of proceeds.

Derivative Financial Instruments

The Group enters into the derivative financial instruments – FX swap contracts, to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured at their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(12) **Revenue Recognition**

The Group identifies the contract with the customers, allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is satisfied.

a. Merchandise Sales Revenue

Merchandise Sales Revenue is generated from sales of computer peripheral products. Sales of computer peripheral products are recognized as revenue when the merchandise departs from the contracted place because it is the time when the customer has full discretion over the manner of distribution and price to sell the merchandise, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivables are recognized concurrently.

During the machining process to remove the materials from the parts, the control of the ownership of such work in process is not transferred yet, which is not recognized in the revenue.

b. Revenue from Rendering of Services
Service revenue is recognized when services are provided.

(13) **Lease**

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

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

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

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted by using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments or from assessments on underlying assets with purchase options, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(14) **Employee Benefits**

Retirement Benefits

Payments to the defined contribution retirement benefit plans are recognized as an expense when the employees have rendered service entitling them to the contribution.

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

Net defined benefit asset represents the actual surplus in the defined benefit retirement benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(15) **Income Tax**

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

a. Current Tax

Income tax on unappropriated earnings, which is calculated in accordance with the R.O.C. Income Tax Act, is expensed in the year the shareholders’ meeting approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of the prior years’ tax liabilities are included in the current tax.

b. Deferred Tax

Deferred tax is the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences or loss carryforwards to the extent that it is probable that taxable profits are available against which those deductible temporary differences or loss carryforwards can be utilized.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and decreased to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered. The deferred tax assets originally not recognized are also reviewed at each balance sheet date and also to have its carrying amount be increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

c. Current and Deferred Tax for the Year

Current and deferred tax are recognized in profit or loss, except for them relating to the items that are recognized in other comprehensive income or directly in equity, in that case the current and deferred tax are recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In adopting accounting policies as described in Note 4, the Group's management is required to make judgments, estimation and assumptions that are based on historical experience and other relevant factors where relevant information is not readily available from other sources. Actual results may differ from those estimates.

The Group's management will continue reviewing the estimates and underlying assumptions. Revisions will be made to the recognition booked for the current period, only which the revisions of the estimates are affected for; or otherwise the revisions to the recognition will be made for both current and future periods when the revisions of the estimates are affected for both periods.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand	$ 466	$ 2,980
Bank checks and demand deposits	379,782	391,689
Cash equivalents		
Time deposits with original maturity date within 3 months	43,641	44,484
	$ 423,889	$ 439,153

Interest rate ranges for bank deposits and cash equivalents at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Bank deposits	0.05%～1.45%	0.05%～1.05%
Time deposits with original maturity date within 3 months	1.25%～1.35%	1.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2023	December 31, 2022
Financial liabilities - current		
Held for trading		
Derivative financial instruments		
－FX swap contracts	$ -	$ 1,389

Derivative Financial Instruments

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

At the balance sheet date, outstanding FX swap contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2022			
FX swap contracts	USD/NTD	2022.10.14 ~ 2023.1.13	USD 700
FX swap contracts	USD/NTD	2022.10.27 ~ 2023.4.27	USD 500

8. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Notes receivables		
Total carrying amount at amortized cost	$ 339	$ 345
Less: Loss allowance	(339)	(345)
	$ -	$ -
Accounts receivables		
Total carrying amount at amortized cost	$ 591,383	$ 405,969
Less: Loss allowance	(607)	(610)
	$ 590,776	$ 405,359
Other receivables		
Installment receivables	$ 1,233	$ -
Others	10,976	2,869
Less: Loss allowance	(14)	(14)
	$ 12,195	$ 2,855

In principle, the Group's average credit period of sales of merchandise is 30 – 150 days from the end of the month when the invoice is issued. No interest is charged on accounts receivable. The Group assesses any changes in credit quality of accounts receivable from the originally granted credit date to the balance sheet date when determining the recoverability of the accounts receivable.

The Group applies the simplified approach of IFRS 9 to recognize the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The lifetime ECLs on receivables are estimated by using a provision matrix through reference to the past default experience of the debtor and an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtors operate, as well as GDP forecast and industry outlook considered at the same time. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Group's different customer base, but the ECLs' rate is measured based on past due days of the accounts receivable.

The Group writes off the relevant accounts receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, but the recovery activity continues and the amount recovered is recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivables, other and overdue receivables (booked in other non-current assets) based on the Group's provision matrix.

December 31, 2023

	Not Past Due	1 – 60 Days Past Due	61 – 90 Days Past Due	91 – 120 Days Past Due	121 – 365 Days Past Due	Over 365 Days Past Due	Total
ECLs' rate	0%~0.01%	0%~0.08%	0%~0.28%	0%~1.36%	0%~13.85%	100%	
Total carrying amount	$ 604,276	$ 665	$ 4,500	$ -	$ -	$ 1,630	$ 611,071
Loss allowance	(501)	-	-	-	-	(1,630)	(2,131)
Amortized cost	$ 603,775	$ 665	$ 4,500	$ -	$ -	$ -	$ 608,940

December 31, 2022

	Not Past Due	1 – 60 Days Past Due	61 – 90 Days Past Due	91 – 120 Days Past Due	121 – 365 Days Past Due	Over 365 Days Past Due	Total
ECLs' rate	0%~0.01%	0%~0.07%	0%~0.22%	0%~1.18%	0%~14.04%	100%	
Total carrying amount	$ 398,505	$ 9,843	$ 246	$ -	$ -	$ 1,783	$ 410,377
Loss allowance	(374)	(5)	(1)	-	-	(1,783)	(2,163)
Amortized cost	$ 398,131	$ 9,838	$ 245	$ -	$ -	$ -	$ 408,214

Movements in the loss allowance for notes and accounts receivables, other and overdue receivables (booked in other non-current assets) are as follows:

	Years Ended December 31	
	2023	2022
Balance, beginning of the year	$ 2,163	$ 2,134
Reversal of impairment loss for the year	-	-
Foreign currency exchange differences	(32)	29
Balance, end of the year	$ 2,131	$ 2,163

9. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	$ 44,710	$ 60,798
Work in process	50,309	62,802
Raw materials	147,283	154,367
Merchandise	3,055	2,730
	$ 245,357	$ 280,697

Cost of goods sold related to inventories for the years 2023 and 2022 is $1,518,908 thousand and $1,026,678 thousand respectively, including a loss of $4,406 thousand and $8,779 thousand respectively on the decline in the value of inventories.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The detailed information of the subsidiaries is as follows:

Name of Investor	Name of Investee	Main Business	Percentage of Ownership Interest December 31, 2023	Percentage of Ownership Interest December 31, 2022	Descriptions
The Company	L.S.H. Technology Co., Ltd. (LSH)	Holding company, Trading of PC cases and switching power supply, etc.	100%	100%	—
The Company	Tai Casing Technology (Thailand) Co., Ltd. (Casing Thailand)	Manufacture of PC cases and peripheral parts and accessories	65%	51%	Note
LSH	Dongguan Casing Electronics Co., Ltd. (Casing China)	Manufacture of PC cases and switching power supply, etc.	100%	100%	—
LSH	Dongguan Yiwen Electronic Technology Co., Ltd. (Yiwen China)	Wholesale and import and export of PC cases, PC parts and accessories, aluminum products and water dispensers	100%	100%	—

Note: The subsidiary (Casing Thailand) implemented cash capital increase for capital demand of future operating plans. The Company has approved by the board of directors on August 9, 2023 to participate in the cash capital increase, with the transaction price of THB76.5 per share, and subscribed 1,000 thousand of shares in December, resulting the increase of the percentage of ownership to 65%. As the Company did not subscribe in proportion to the percentage of ownership, the capital surplus and retained earnings have been decrease by $1,690 thousand and $6,712 thousand, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

	Self-owned Land	Buildings and Structures	Machinery equipment	Mold Equipment	Other Equipment	Total
Cost						
Balance as of January 1, 2022	$ 42,393	$ 400,541	$ 490,642	$ 620,745	$ 79,381	$ 1,633,702
Additions	-	5,547	70,500	44,393	13,777	134,217
Disposals	-	-	(244)	(2,756)	-	(3,000)
Reclassification from prepayments	-	12,797	-	-	(11,565)	1,232
Net exchange differences	1,478	11,977	12,548	10,943	1,316	38,262
Balance as of December 31, 2022	$ 43,871	$ 430,862	$ 573,446	$ 673,325	$ 82,909	$ 1,804,413
Accumulated depreciation and impairment						
Balance as of January 1, 2022	$ -	$ 190,048	$ 441,526	$ 600,877	$ 66,989	$ 1,299,440
Depreciation expenses	-	12,441	15,652	34,662	4,167	66,921
Disposals	-	-	(164)	(2,756)	-	(2,920)
Net exchange differences	-	3,314	7,412	10,676	1,113	22,516
Balance as of December 31, 2022	$ -	$ 205,803	$ 464,426	$ 643,459	$ 72,269	$ 1,385,957
Net amount as of December 31, 2022	$ 43,871	$ 225,059	$ 109,020	$ 29,866	$ 10,640	$ 418,456
Cost						
Balance as of January 1, 2023	$ 43,871	$ 430,862	$ 573,446	$ 673,325	$ 82,909	$ 1,804,413
Additions	-	12,489	9,492	19,246	7,181	48,408
Disposals	-	(9,418)	(149,731)	(9,871)	(5,614)	(174,634)
Reclassification from prepayments	-	1,973	109	-	(2,082)	-
Transfer to investment properties	-	(42,115)	-	-	-	(42,115)
Net exchange differences	217	(5,028)	(6,643)	(12,789)	(1,226)	(25,469)
Balance as of December 31, 2023	$ 44,088	$ 388,763	$ 426,673	$ 669,911	$ 81,168	$ 1,610,603
Accumulated depreciation and impairment						
Balance as of January 1, 2023	$ -	$ 205,803	$ 464,426	$ 643,459	$ 72,269	$ 1,385,957
Depreciation expenses	-	12,650	17,170	33,330	3,594	66,744
Disposals	-	(9,418)	(141,692)	(9,871)	(5,614)	(166,595)
Transfer to investment properties	-	(26,675)	-	-	-	(26,675)
Net exchange differences	-	(3,775)	(6,829)	(12,533)	(1,190)	(24,327)
Balance as of December 31, 2023	$ -	$ 178,585	$ 333,075	$ 654,385	$ 69,059	$ 1,235,104
Net amount as of December 31, 2023	$ 44,088	$ 210,178	$ 93,598	$ 15,526	$ 12,109	$ 375,499

The Group rent the self-occupied plant, right-of-use assets – land and improvements to the third parties based on actual use conditions in June 2023, and reclassified the properties to investment properties by the fair value at the time of change in use. The difference between the carrying amounts and fair values of the properties and right-of-use assets at the date of change in use amounted to $88,459 thousand, which was recognized in other comprehensive income – gains on revaluation of properties by the amount of $66,344 thousand, after deducting taxes. Please refer to Note 13.

The Group purchased property, plant, machinery equipment in a total of $48,408 thousand in 2023. As of December 31, 2023, there were still $375 thousand of payables on equipment (recognized in other payables) that have not been paid yet.

The Group purchased property, plant, machinery equipment in a total of $134,217 thousand in 2022. As of December 31, 2022, there were still $2,693 thousand of payables on equipment (recognized in other payables) that have not been paid yet.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and structures	
Plant and staff dormitory	25 – 50 Years
Building auxiliary equipment	2 – 10 Years
Machinery equipment	2 – 10 Years
Mold equipment	2 – 5 Years
Other equipment	2 – 10 Years

Property, plant and equipment pledged as collateral for long-term borrowings is set out in Note 26.

12. LEASE ARRANGEMENTS

(1) Right-of-use Assets－Net

	December 31, 2023	December 31, 2022
Right-of-use assets, net		
Land	$ 20,035	$ 24,722
Transportation equipment	869	197
	$ 20,904	$ 24,919

	Years Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 869	$ -
Depreciation of right-of-use assets		
Land	$ 805	$ 873
Transportation equipment	197	197
	$ 1,002	$ 1,070

(2) Lease Liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current	$ 251	$ 184
Non-current	$ 618	$ -

Range of discount rate for lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Transportation equipment	2.080%	1.463%

(3) Significant Leasing Activities and Terms

The land of the right-of-use assets is an amount paid by Casing China for obtaining the use rights of the land in Hong Yeh Industrial Zone, Tangxia, Dong Guan City, Guandong, China, and its use rights as a lease will expire on September 19, 2051. The lease payment is paid in one lump sum when the contract is signed, and the Group does not have rights to purchase the land at the end of the land-use-rights period.

Part of the land in Hong Yeh Industrial Zone, Tangxia, Dong Guan City rent by the Group was subleased by operating lease since June 2023. The relevant right-of-use assets recognized as investment properties amounted to $3,388 thousand. Please refer to Note 13.

Right-of-use assets pledged as collateral for borrowings is set out in Note 26.

13. INVESTMENT PROPERTIES

	December 31, 2023	December 31, 2022
Measured at fair value	$ 107,583	$ -

The Group leased out investment properties by the lease periods of 1~5 years. According to the lease contracts, when the lessee exercises the renew option, the rent shall be adjusted based on the market price. The lessee does not have preferential purchase right to the investment properties at the end of the lease period.

As of December 31, 2023, the total lease payments that will be received in the future from the operating lease of investment properties are as follow:

	December 31, 2023
The first year	$ 6,151
The second year	6,032
The third year	6,032
The fourth year	6,032
The fifth year	3,016
	$ 27,263

Investment properties measured at fair value

	Buildings and structures	Land use right	Total
Balance as of January 1, 2023	$ -	$ -	$ -
Reclassification from property, plant and equipment and right-of-use assets	15,440	3,388	18,828
Effects on other comprehensive income arising from fair value	45,724	42,735	88,459
Foreign exchange differences	215	81	296
Balance as of December 31, 2023	$ 61,379	$ 46,204	$ 107,583

Investment properties are measured at fair value on a recurring basis. The valuation of fair value refers to:

	December 31, 2023
Appraisal by external parties	$ 107,583

Fair value of the investment properties held by the Group was appraised by Chang, Hong-Kai and Wu, Cheng-Ye, who are appraisers from an independent appraisal firm, Savills Valuation and Professional Services, on June 27, 2023. The Group requested appraisers to check the effectiveness of the original appraisal report on December 31, 2023, and the fair value information on the investment properties is considered effective.

Fair value of investment properties is evaluated by income approach. The significant assumptions are as follows:

	December 31, 2023
Expected future cash inflows	$ 412,681
Expected future cash outflows	(144,942)
Expected future net cash inflows	$ 267,739
Discount rate	7%

The market price of rents in the area where the investment properties are located is about RMB18 to 23 per square meter. The market price of rents of similar underlying assets is about RMB20 to 21 per square meter.

The expected future cash inflows generated from investment properties include rent income, interest revenue from guaranteed deposits, and vacancy adjustments. Rent income is estimated by current lease contracts, local rent or the market price of rent of similar underlying assets in the market and considering external growth rate of rent. The analysis period of income is 10 years. Interest revenue from guaranteed deposits is estimated by the one-year time deposits interest rate of 1.75%. Vacancy adjustments are calculated on the basis of 5% of vacancy rate after considering the vacancy condition of local plants. Expected future cash outflows include expenditures, such as land use tax, property tax, land use compensation fee, value-added tax, other taxes, administrative expenses, maintenance expenses, Construction Cost Index, and depreciation, etc. The expenditures are estimated by current level of expenditures with considering the adjustments of the future announced land values, tax rates regulated in the House Tax Act.

Discount rate is determined based on the interest rate of one-year time deposit from the top four nation-owned banks in China, plus the risk premium relevant to the investment properties.

Fair value of right-of-use assets is evaluated by the net amount of expected rent income deducting all the expected payments.

Please refer to Note 26 for the amount of investment properties pledge as collaterals for borrowings.

14. OTHER ASSETS

	December 31, 2023	December 31, 2022
Current		
Prepayments	$ 17,112	$ 3,799
Overpaid business tax	27,807	21,427
Others	757	522
	$ 45,676	$ 25,748
Non-current		
Long-term installments receivables	$ 6,241	$ -
Less: unrealized interest revenue	(272)	-
Overdue receivables	1,171	1,194
Less: loss allowances	(1,171)	(1,194)
	5,969	-

	December 31, 2023	December 31, 2022
Net defined benefit assets (Note18)	$ 6,187	$ 6,243
Guaranteed deposits paid	1,001	941
Prepayments on equipment	6,269	274
Others	60	182
	$ 19,486	$ 7,640

The Group signed a contract of sales of machinery equipment with the non-related party, Dongguan Xinmeirui Plastic Products Co., LTD, in June 2023, with the total contract amount of RMB1,980 thousand to be paid in 66 installments. Installments receivables due over one year are recognized as long-term installments receivables.

15. BORROWINGS

(1) Short-term Borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	$ 134,453	$ 85,000
Secured borrowings	291,886	242,531
	$ 426,339	$ 327,531
Interest rate of borrowings	1.85%～7.06%	1.60%～6.30%

For the detail of the collateral provided for the above borrowings, please refer to Note 26.

(2) Long-term Borrowings

	December 31, 2023	December 31, 2022
Long-term borrowings	$ 217,549	$ 229,962
Less: Long-term borrowings due within 1 year	67,619	43,434
	$ 149,930	$ 186,528
Interest rate of borrowings	1.90%～4.80%	1.78%～3.59%

The Company provided Chang Hwa Bank with the land and buildings of the self-owned office located at Xingde Road, Sanchong District, New Taipei City, Taiwan (R.O.C.) as collateral for the bank borrowings, and obtained the bank borrowings of $87,000 thousand from Chang Hwa Bank. The borrowing has been drawn down on March 23, 2021 in full. The period of the borrowings is 5 years. The principal and interests are amortized and repaid in 36 installments since April 23, 2023, and interests are paid monthly.

The Company signed an agreement of a credit loan in a total amount of $68,000 thousand with Export-Import Bank of the Republic of China, and subsequently $66,000 thousand was drawn down on January 19, 2022. The loan period is from February 19, 2022. The principal and interests are amortized and repaid in 60 installments, and the interests are paid monthly.

The subsidiary (Casing Thailand) provided Mega Bank with the machinery equipment of the factory in Thailand as collateral for the secured borrowings granted in a total amount of THB60,000 thousand, and subsequently THB7,700 thousand, THB16,000 thousand, THB16,000 thousand, and THB20,171 thousand were drawn down on June 28, 2023, May 31, 2023, March 21, 2023, and April 1, 2022, respectively. The due date of the borrowings is all April 1, 2027, and the principal and interest are amortized and repaid monthly in 46, 47, 48, and 48 installments since July 1, 2023, June 1, 2023, March 21, 2023 and April 1, 2023, respectively. The interests are paid monthly.

The subsidiary (Casing Thailand) provided Mega Bank with the self-owned land and buildings of the factory in Thailand as collateral for the secured borrowings granted in a total amount of THB80,000 thousand, and subsequently THB40,000 thousand were drawn down both on July 11, 2022 and June 13, 2022 respectively. The borrowing periods are from July 11, 2022 to July 11, 2029 and June 13, 2022 to June 13, 2029, respectively. The principal and interest are amortized and repaid monthly both in 72 installments since July 11, 2023 and June 13, 2023, respectively. The interests are paid monthly. Please refer to Note 26 for the collaterals pledged for the aforementioned borrowings.

16. CORPORATE BONDS PAYABLES

	December 31, 2023	December 31, 2022
Domestic unsecured convertible corporate bonds	$ 9,616	$ -

The third domestic unsecured convertible corporate bonds are authorized for issuing by the Financial Supervisory Commission on May 9, 2023. The total amount is $100,000 thousand, with par value of $100 thousand, and coupon rate of 0%. The issue period is 3 years. The terms of repayment or conversion are as follows:

1. The Company will redeem the bonds by the par value upon maturity.
2. From the next day after the issuance of convertible bonds three months later to 40 days prior to maturity of the issuance period, the Company may request to redeem the corporate bond at par value in cash from the creditors.
3. From the next day after the issuance of convertible bonds three months later to 40 days prior to maturity of the issuance period, the creditor may request for conversion by the conversion price into the ordinary shares of the Company at

any time, except during the period in which transfer is suspended by laws. According to the rules of the issuance and conversion of the corporate bonds, the original conversion price is $18.07.

4. The date after 2 years of the issuance of the convertible bonds is the base date of selling back the convertible bonds by bondholders. 40 days prior to the base date of selling back, the bondholders may request the Company to redeem the corporate bonds at par value plus interest compensations in cash.
5. The convertible bonds include liability and equity components. Equity components are recognized in capital surplus – stock options. The effective interest rate of the initial recognition of liability components is 2.08%.

As of December 31, 2023, the par value of the corporate bonds whose conversion rights have been exercised amounted to $89,900 thousand, which were transferred to share capital of $49,751 thousand. Due to the execution of conversion rights of the corporate bonds, the capital surplus – stock options of convertible bonds of initial recognition have been decreased by $3,464 thousand, the discount on corporate bonds payables has been decreased by $4,709 thousand, and the amount of net conversion amount exceeding par value of ordinary shares that has been transferred to capital surplus – premium on conversion of corporate bonds is $38,904 thousand.

Issuance amount (deducting transaction costs of $2,200 thousand)	$ 97,800
Equity component	(3,853)
Liability component at the issuance date	93,947
Corporate bonds converted into ordinary shares	(85,191)
Interests calculated by effective interest rate of 2.08%	860
Liability component as of December 31, 2023	$ 9,616

17. OTHER PAYABLES

	December 31, 2023	December 31, 2022
Expenses payables	$ 48,781	$ 52,334
Wages, salaries and bonuses payables	27,045	31,031
Payables to contractors	22	1,617
Payables on equipment	375	2,693
Water and electricity expenses	2,574	2,941
Others	1,626	4,910
	$ 80,423	$ 95,526

18. RETIREMENT BENEFIT PLANS

(1) Defined Contribution Plans

The Company adopts the pension plan under the R.O.C. Labor Pension Act (LPA), which is a government-managing defined contribution retirement benefit plan. Pursuant to the LPA, the Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ individual pension account. The amount that shall be appropriated by the ratio specified in the defined contribution plan has been recognized by the Company in the consolidated statements of comprehensive income as pension expenses of $951 thousand and $916 thousand for the years ended December 31, 2023 and 2022, respectively.

According to the P.R.C. Basic Endowment Insurance system, the employees of the Group’s subsidiaries in China, Casing China and Yiwen China, the endowment insurance premiums shall be allocated monthly by a certain percentage of the employees’ total monthly salaries (booked in employee insurance expense). The Group's obligation to this government-operating retirement benefit plan is only to contribute a specific amount.

(2) Defined Benefit Plans

The Company handles the pension plan based on the R.O.C. Labor Standards Law, which is a government-managing defined benefit retirement benefit plan. Pension amounts paid to retired employees is calculated based on years of service and average monthly salary of the 6 months prior to the approved retirement date. The Company allocates a pension by 15% of the employees’ total monthly salaries as the labor pension reserve funds, which are deposited in the pension fund account of Bank of Taiwan (collectively, the “Special Account”), set up in the name of the labor pension reserve supervision committee of the business entity. As the Special Account has been fully allocated with the pension by the Company, the New Taipei City Government approved the suspension of the pension allocation to the Special Account from April 2021 to March 2024. The Special Account is entrusted to the Bureau of Labor Funds, Ministry of Labor with management, in which the Group has no rights to influence the investment policies and strategies.

The subsidiary of the Group in Thailand is obliged to pay certain retirement benefits to its employees in accordance with the Thai Labour Law when the employees retire.

The amounts of the defined benefit plans are recognized in the consolidated balance sheets as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 4,812	$ 4,527
Fair value of plan assets	(10,999)	(10,770)
Net defined benefit assets (booked in other non-current assets)	($ 6,187)	($ 6,243)

Movements in the net defined benefit assets are as follows:

	Present value of the defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2022	$ 4,719	($ 9,892)	($ 5,173)
Interest expense (income)	36	(76)	(40)
Recognized in profit or loss	36	(76)	(40)
Remeasurements			
Return on plan assets	-	(802)	(802)
Actuarial gain arising from changes in financial assumptions	(379)	-	(379)
Actuarial loss arising from experience adjustments	151	-	151
Recognized in other comprehensive income	(228)	(802)	(1,030)
Contributions from employer	-	-	-
Payment from employer	-	-	-
Balance as of December 31, 2022	4,527	(10,770)	(6,243)
Interest expense (income)	63	(150)	(87)
Recognized in profit or loss	63	(150)	(87)
Remeasurements			
Return on plan assets	-	(79)	(79)
Actuarial loss arising from changes in financial assumptions	83	-	83
Actuarial loss arising from experience adjustments	139	-	139
Recognized in other comprehensive income	222	(79)	143
Contributions from employer	-	-	-
Payment from employer	-	-	-
Balance as of December 31, 2023	$ 4,812	($ 10,999)	($ 6,187)

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Group is exposed to the following risks:

a. Investment risk: The pension funds are invested in domestic/foreign equity and debt securities, bank deposits, etc. by the methods of its own discretion and commissioned operations of the Bureau of Labor Funds, Ministry of Labor. However, the earnings appropriated from the plan assets of the Group shall not be less than the average interest rate on a two-year time deposit published by the local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, but the return on the debt investments of the plan assets will also increase accordingly, which brings the effect of partially offsetting the net defined benefit liabilities.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the Group's present value of the defined benefit obligation were carried out by the qualified actuaries. The principal assumptions of the measurement date are as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.39%
Forecasted salary increase rate	2.50%	2.50%

When the possible changes in the principal assumptions of the actuarial valuations reasonably happen respectively, based on the circumstances of all other assumptions kept the same, the increased (decreased) amounts in the present value of the defined benefit obligation will be as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.5%	($ 294)	($ 294)
Decrease by 0.5%	$ 303	$ 308
Forecasted salary increase rate		
Increase by 0.5%	$ 298	$ 303
Decrease by 0.5%	($ 279)	($ 281)

Since assumptions of actuarial valuations are possibly correlated with one another, the possibility of changes in only one assumption is small. Therefore, the above sensitivity analyses are possibly unable to reflect the actual status of the changes in the present value of the defined benefit obligation.

	December 31, 2023	December 31, 2022
Forecasted amount contributed within one year	$ -	$ -
Average due period of defined benefit obligation	12.0 years	12.9 years

19. EQUITY

(1) Common Stock

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	130,000	130,000
Authorized capital	$ 1,300,000	$ 1,300,000
Issued and paid shares (in thousands)	89,610	84,635
Common stock in public	$ 872,276	$ 822,525
Common stock by private placement	23,821	23,821
Issued capital	$ 896,097	$ 846,346

A holder of issued common shares with par value of $10 per share is entitled to vote and to receive dividends.

As of December 31, 2023, the par value of the third unsecured convertible corporate bonds whose conversion rights have been exercised by bondholders amounted to $89,900 thousand. The Company has issued 4,975 thousand of common stocks, and the conversion premium of $38,904 thousand has been recognized in capital surplus. The registration of changes has been completed on November 27, 2023.

(2) Capital Surplus

	December 31, 2023	December 31, 2022
May be used to compensate a deficit, distributed as cash dividends, or transferred to share capital		
Additional paid-in capital	$ 64,802	$ 64,802
From convertible bonds	86,059	47,155
Lapsed share option of convertible corporate bond	16,275	16,275
Employee share options transferred	3,867	3,867
May only be used to compensate a deficit		
From share of changes in equities of associates	-	1,690
May not be used for any purposes		
Stock options of convertible bonds	389	-
	$ 171,392	$ 133,789

Capital surplus arising from issuance of common shares over par value (including premium from issuance of common stocks over par value and from convertible bonds) may be used to compensate a deficit; in addition, when a business entity has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to the certain percentage of the business entity's paid-in share capital annually.

Capital surplus arising from investments accounted for using equity method shall be only used to compensate a deficit without being used for other purposes.

(3) Retained Earnings and Dividend Policy

Under the earnings distribution policy set forth in the Company's Articles of Incorporation, where profit is made in a fiscal year, the profit shall be first utilized for paying profit-seeking enterprise income tax, compensating losses of previous years, and then allocating 10% for legal reserve, as well as setting aside or reversing special reserve in accordance with the laws and regulations. The remaining, plus the accumulated unappropriated earnings of the previous year but minus the portion that is reserved and not intended to be distributed, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for a resolution to proceed. When distribution of all or part of the dividends and bonuses to shareholders by the way in cash, it shall be handled according to a resolution passed by the Board of Directors authorized and reported in the shareholders' meeting. See Note 20(5) Profit Sharing Bonus to Employees and Compensation to Directors for the Company's distribution policy of profit-sharing bonus to employees and compensation to directors set forth in the Articles of Incorporation.

The Company's dividend policy provides the principle for sustainable operation, improving the company's financial structure, and considering future operation and development; hence profits of the Company may be distributed by way of cash dividends and/or stock dividends. However, the ratio for stock dividend distribution shall not exceed 50% of the total distribution.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to compensate deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

A resolution made in a shareholders' meeting of the Company held on June 30, 2022 to determine a proposal of covering the deficit for the year ended December 31, 2021 is as follows:

Item	Amount
Unappropriated retained earnings, beginning of the year	$ -
Add: Retained earnings adjustment on remeasurement of defined benefit plans for the year	486
Less: Net loss after tax for the year	(59,311)
Accumulated deficit, end of the year	($ 58,825)

The proposal of covering the deficit for the year ended December 31, 2022 has been resolved by the shareholders meeting on June 28, 2023 as follows:

Item	Amount
Accumulated deficit, beginning of the year	($ 58,825)
Add: Retained earnings adjustment on remeasurement of defined benefit plans for the year	824
Less: Net loss after tax for the year	(76,552)
Accumulated deficit, end of the year	($ 134,553)

The proposal of covering the deficit for the year ended December 31, 2023 has been proposed by the board of directors on March 8, 2024as follows:

Item	Amount
Accumulated deficit, beginning of the year	($ 134,553)
Add: Retained earnings adjustment on remeasurement of defined benefit plans for the year	(114)
Less: Net loss after tax for the year	(24,028)
Less: Retained earnings adjustment on investments accounted for using equity method	(6,712)
Accumulated deficit, end of the year	($ 165,407)

The proposal of covering the deficit of 2023 shall be resolved by the shareholders meeting expected to be held in June 2024.

(4) Special Reserve

The amount of $36,613 thousand is appropriated as the retained earnings transferred from the accumulated convertible adjustment recognized on the Company's first-time adoption of IFRS accounting standards, the amount of which is recognized as the special reserve. If a special reserve appropriated on the first-time adoption of IFRS accounting standards relates to the exchange differences on translating the financial statements of foreign operations (including subsidiaries), the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the other equity interest recognized at the end of the reporting period and the special reserve appropriated on the first-time adoption of IFRS accounting standards. Any net debit balance of the other equity interest may be reversed to the extent that the corresponding special reserve is reversed as earnings distributed thereafter.

(5) Other Equity Items

1. Exchange Differences on Translating the Financial Statements of Foreign Operations

	Years Ended December 31	
	2023	2022
Balance, beginning of the year	($ 60,849)	($ 77,285)
Incurred during the year		
Exchange differences arising on translation of foreign operations	(16,594)	20,545
Income tax effects	3,319	(4,109)
Balance, end of the year	($ 74,124)	($ 60,849)

2. Gains on revaluation of properties

	Years Ended December 31	
	2023	2022
Balance, beginning of the year	$ -	$ -
Gains on revaluation of properties	88,459	-
Income tax related to items that will not be reclassified subsequently	(22,115)	-
Balance, end of the year	$ 66,344	$ -

(6) Non-controlling interests

	Years Ended December 31	
	2023	2022
Balance, beginning of the year	$ 70,440	$ 80,637
Net loss of the period	(13,668)	(15,243)
Other comprehensive income of the period		
Exchange differences arising on translation of foreign operations	729	5,046
Changes in ownership of subsidiaries	8,402	-
Balance, end of the year	$ 65,903	$ 70,440

20. LOSS BEFORE INCOME TAX

(1) Other Income

	Years Ended December 31	
	2023	2022
Rent income	$ 6,435	$ 2,450
Others	9,113	7,974
	$ 15,548	$ 10,424

(2) Other Gains and Losses

	Years Ended December 31	
	2023	2022
Gains (losses) on financial assets and liabilities at fair value through profit or loss	$ 1,389	($ 1,389)
Net, gains on foreign currency exchange	14,031	48,616
Gains on disposal of property, plant and equipment	245	108
Others	(1)	(223)
	$ 15,664	$ 47,112

(3) Finance Costs

	Years Ended December 31	
	2023	2022
Interest Expense		
Bank loan	$ 20,775	$ 9,659
Corporate bonds payables	860	-
Lease liabilities	1	4
	$ 21,636	$ 9,663

(4) Expenses of Employee Benefits, Depreciation and Amortization

	Years Ended December 31, 2023			Years Ended December 31, 2022		
	Attributable to Operating Costs	Attributable to Operating Expenses	Total	Attributable to Operating Costs	Attributable to Operating Expenses	Total
Employee benefits expense						
Wages and salaries	$ 276,514	$ 75,424	$ 351,938	$ 218,974	$ 76,134	$ 295,108
Employee insurance	20,378	7,443	27,821	19,124	6,066	25,190
Pension expense	-	864	864	-	878	878
Other employee benefits	12,967	4,387	17,354	12,413	4,214	16,627
	$ 309,859	$ 88,118	$ 397,977	$ 250,511	$ 87,292	$ 337,803
Depreciation expense	$ 55,382	$ 12,364	$ 67,746	$ 54,714	$ 13,277	$ 67,991
Amortization expense	-	154	154	-	230	230
	$ 55,382	$ 12,518	$ 67,900	$ 54,714	$ 13,507	$ 68,221

(5) Profit Sharing Bonus to Employees and Compensation to Directors

According to the Company's Articles of Incorporation, when there is still a balance after annual profits (if any) less accumulated deficit, the Company shall allocate first profit sharing bonus to employees and compensation to directors and supervisors of the Company at the rates of 5% - 10% and no more than 3% during the period, respectively. Due to loss before income tax for the years ended December 31, 2023 and 2022, the Company did not accrue profit sharing bonus to employees and compensation to directors and supervisors.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimates and amounts adjustment thereof in the following year.

For the information about the profit-sharing bonus to employees and compensation to directors resolved by the Company's Board of Directors, please go to the website of the "Market Observation Post System" of Taiwan Stock Exchange.

21. INCOME TAX

(1) Major Components of Income Tax Benefit Recognized in Profit or Loss

	Years Ended December 31	
	2023	2022
Current tax		
Recognized during the current year	$ 6,935	$ 4,526
Adjustments for the prior years	(576)	251
Deferred tax		
Recognized during the current year	(9,593)	(21,942)
Income tax benefit recognized in profit or loss	($ 3,234)	($ 17,165)

A reconciliation of loss before income tax and income tax benefit recognized in profit or loss is as follows:

	Years Ended December 31	
	2023	2022
Loss from continuing operations before income tax	($ 40,930)	($ 108,960)
Income tax benefit at the statutory rate	$ 1,502	($ 8,834)
Nondeductible items (non-taxable income) in determining taxable income, net	(4,160)	(8,582)
Adjustments to current income tax expense in respect of prior years	(576)	251
Income tax benefit recognized in profit or loss	($ 3,234)	($ 17,165)

The tax rate applicable to the subsidiaries in the P.R.C. is 25%. The subsidiary in Thailand can enjoy the income tax exemption during the preferential tax periods for the approved items according to a letter of approval obtained from Thailand Board of Investment.

(2) Income Tax Recognized in Other Comprehensive Income

	Years Ended December 31	
	2023	2022
Deferred tax		
Recognized during the current year		
Remeasurement of defined benefit plans	$ 29	($ 206)
Gains on revaluation of properties	(22,115)	-
Translating the financial	3,319	(4,109)

statements of foreign operations		
Income tax benefit (expense) recognized in other comprehensive income	($ 18,767)	($ 4,315)

(3) Deferred Tax Assets and Liabilities

The changes in deferred tax assets and liabilities are as follows:

Year ended December 31, 2023

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Deferred tax assets				
Temporary differences				
Loss allowance for accounts receivable	$ 2,685	($ 356)	$ -	$ 2,329
Exchange differences on foreign operations	15,212	-	3,319	18,531
Gains (loss) on unrealized foreign exchange	-	2,603	-	2,603
Others	278	(278)	-	-
	18,175	1,969	3,319	23,463
Carryforward of net operating losses	62,442	6,349	-	68,791
	$ 80,617	$ 8,318	$ 3,319	$ 92,253
Deferred tax liabilities				
Temporary differences				
Defined benefit retirement benefit plans	$ 1,248	$ 18	($ 29)	$ 1,237
Gains on revaluation of properties	-	-	22,115	22,115
Gains (loss) on unrealized foreign exchange	1,293	(1,293)	-	-
	$ 2,541	($ 1,275)	$ 22,086	$ 23,375

Year ended December 31, 2022

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Deferred tax assets				
Temporary differences				
Loss allowance for accounts receivable	$ 2,196	$ 489	$ -	$ 2,685
Exchange differences on foreign operations	19,321	-	(4,109)	15,212
Others	-	278	-	278
	21,517	767	(4,109)	18,175
Carryforward of net operating losses	42,072	20,370	-	62,442
	$ 63,589	$ 21,137	($ 4,109)	$ 80,617
Deferred tax liabilities				
Temporary differences				
Defined benefit retirement benefit plans	$ 1,034	$ 8	$ 206	$ 1,248
Gains (loss) on unrealized foreign exchange	2,106	(813)	-	1,293
	$ 3,140	($ 805)	$ 206	$ 2,541

As of December 31, 2023 and 2022, unused carryforward of net operating losses for deferred tax assets not recognized in the consolidated balance sheets amounted to $120,646 thousand and $133,766 thousand, respectively.

(4) Information of Unused Carryforward of Net Operating Losses

As of December 31, 2023, information of unused carryforward of net operating losses is as follows:

Balance before Carryforward	Year of Last Carryforward
$ 75,767	2023
67,992	2027
56,885	2028
130,364	2031
101,847	2032
31,745	2033
$ 464,600	

(5) Aggregate Temporary Differences Associated with Investments Not Recognized as Deferred Tax Liabilities

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries not recognized as deferred tax liabilities amounted to $771,908 thousand and $756,391 thousand, respectively.

(6) Income Tax Examination

The Company's income tax returns have been examined and archived by the tax authorities through the year ended December 31, 2021.

22. LOSSES PER SHARE

	Years Ended December 31	
	2023	2022
Basic losses per share	($ 0.28)	($ 0.90)
Diluted losses per share	($ 0.28)	($ 0.90)

Net income and weighted average number of common shares outstanding used in the computation of losses per share are as follows:

Net Income for the Period

	Years Ended December 31	
	2023	2022
Net loss for computing basic and diluted losses per share	($ 24,028)	($ 76,552)

Number of Shares

Unit: Thousand Shares

	Years Ended December 31	
	2023	2022
Weighted average number of common shares used in the computation of basic and diluted losses per share	86,137	84,635

If the Group offered to settle profit sharing bonus paid to employees in cash or stocks, the Group assumed the entire amount of the employees' compensation will be settled in stocks and the resulting potential common shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL RISK MANAGEMENT

Based on the characteristics of the current operating industry, the scale of the industry where the Group operates businesses, the status of the industry growth in the future and product development, and consideration to factors such as changes in the external environment and fluctuations in the industrial boom cycle, the Group plans the production capacity required in the future, and accordingly plans capital expenditure for setting up the necessary plants and equipment, operation funds, research and development expense, and dividend expense required to achieve the aforementioned production capacity, so as to ensure the Group's continuing operation and give returns to shareholders while taking into account of interests of other stakeholders, and to maintain an optimal capital structure for the long-term enhancement of shareholder value.

24. FINANCIAL INSTRUMENTS

(1) Fair Value Information – Financial Instruments Not Measured at Fair Value

Except as indicated in the table below, the management of the Group considers that the carrying amount of financial assets and financial liabilities not measured at fair value approximate to the fair value.

December 31, 2023

	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
－Corporate bonds payables	$ 9,616	$ -	$ 19,998	$	$ 19,998

Fair value of corporate bonds payables is measured by the public market quoted prices provided by the third parties. (which is level 2)

(2) Fair Value Information – Financial Instruments Measured at Fair Value on a Recurring Basis

a. Fair Value Hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative Financial Instruments	$ -	$ 1,389	$ -	$ 1,389

There are no transfers between Levels 1 and 2 fair value measurements for the years ended December 31, 2023 and 2022, respectively.

b. Valuation Techniques and Inputs Applied for Level 2 Fair Value Measurement

Type of Financial Instruments	Valuation Techniques and Inputs
Derivative financial instruments – FX swap contracts	Discounted cash flow method: Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of each counterparty.

(3) Categories of Financial Instruments

	December 31, 2023	December 31, 2022
Financial assets		
Measured at amortized cost (Note 1)	$ 1,131,478	$ 952,183
Financial liabilities		
Measured at FVTPL	-	1,389
Measured at amortized cost (Note 2)	935,037	810,416

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other receivables due from related parties, other financial assets and guarantee deposits paid.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, notes and accounts payable to related parties, other payables, other payables to related parties, long-term borrowings – current portion, long-term borrowings, corporate bonds payables, and other partial non-current liabilities.

(4) Financial Risk Management Objectives and Policies

The daily operation of the Group is affected by various financial risks, which include market risk (comprising foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group’s Board of Directors is fully responsible for establishing and supervising the financial risk management framework of the Group. The financial risk management policies are to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to operating activities. To reduce the aforesaid financial risks, the Group strives to identify, evaluate and hedge market uncertainties, so as to reduce the potential adverse effects from market changes on the Group's financial performance.

The significant financial activities of the Group are reviewed by the Board of Directors in accordance with the relevant regulations and internal control system. During the executive period of the financial plan, the Group’s management works closely with the operating entities responsibly to identify, evaluate and hedge financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment from surplus liquidity. The Group uses multiple financial instruments to hedge specific risk exposure.

a. Market Risk

a-1. Foreign Exchange Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities. To monitor the foreign exchange risk, the net portion of assets and liabilities that are exposed to the risk is periodically reviewed and the appropriate adjustment is made, so as to control any risk arising from fluctuation of exchange rates.

Since net investment in a foreign operation is a strategic investment, the Group does not hedge against it.

The carrying amounts of the Group’s foreign-currency-denominated monetary assets and monetary liabilities (including those written off upon consolidation) at the balance sheet date are set out in Note 27.

Sensitivity Analysis

The Group is mainly affected by fluctuations in the exchange rates of the U.S. dollar, and the significant amount of assets and liabilities thereof arises from foreign currency transactions. Although the foreign currency assets and liabilities due to market exchange rate changes have a mutual offset effect, the amount of foreign currency assets of the Group, however, is greater than the amount of foreign currency liabilities, which is exposed to foreign exchange risk.

The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the balance sheet date for a 1% change in foreign currency rates. For a 1% strengthening of NTD against USD, pre-tax income for the years ended December 31, 2023 and 2022 would decrease $7,105 thousand and $5,508 thousand, respectively.

a-2. Interest Rate Risk

Interest rate risk arises from changes in fair value of financial instruments or future cash flows resulting from fluctuations in market interest rates. The Group is subject to interest rate risk exposure arising from borrowing funds bearing floating interest rate. Therefore, changes in market interest rates will cause the effective interest rates of debt financial instruments to change and thus cause the future cash flows to fluctuate over time.

The carrying amounts of the Group’s financial liabilities with exposure to interest rates at the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
With fair value interest rate risk	$ 9,616	$ -
With cash flow interest rate risk	643,888	557,493

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk of floating rate liabilities at the balance sheet date. The analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding during the whole year.

If interest rates increase by 1%, with all other variables kept constant without change, the Group's net income before taxes would decrease $6,439 thousand and $5,575 thousand for the years ended December 31, 2023 and 2022, respectively, mainly due to the exposure to interest rate risk on cash flows from the Group's variable-rate loans.

b. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks from operating activities, primarily accounts receivable, and from investing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

According to the internal credit policy of the Group, each operating entity in the group must conduct management and credit risk analysis for each new customer before setting the terms and conditions for payment and delivery. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience and other factors. Limits for individual risks are established by the Board of Directors based on internal or external ratings, and the use of credit limits is regularly monitored.

b-1. Business Related Credit Risk

In order to maintain the quality of accounts receivable, the Group has established the procedures for credit risk management related to business operation.

The risk assessment of an individual customer is based on consideration of various factors that may affect the customer's ability to pay, including the customer's financial status, ratings from credit rating agencies, the Group’s internal credit ratings, historical transaction records and current economic conditions. The Group also uses certain credit enhancement instruments at an appropriate timing to reduce the credit risk for specific customers.

The Group's credit risk is mainly concentrated op Top 3 customers, which accounted for 80% and 81% of the total accounts receivables as of December 31, 2023 and 2022, respectively.

b-2. Financial Credit Risk

The credit risk exposures in the bank deposits, fixed-income investment and other financial instruments are measured and monitored by the Group’s finance department. Since the Group’s transaction partners and performing contracts with other parties resulted from the banks with good credit and the financial institutions with investment grade and above, there are no significant incompliance issues, and therefore there is no significant credit risk.

c. Liquidity Risk

The objective of the Group’s liquidity risk management is to ensure that the Group has sufficient financial flexibility to keep its business operation by requiring adequate cash and cash equivalents, negotiable securities in high liquidity and sufficient limit of bank financing.

Liquidity and Interest Rate Risk Table

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2023

	1-180 Days	181-365 Days	Over 365 Days	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 429,192	$ -	$ -	$ 429,192
Notes and accounts payable	197,411	-	-	197,411
Other payables	80,423	-	-	80,423
Other payables to related parties	2,832	-	-	2,832
Lease liabilities	123	123	635	881
Corporate bonds payables	-	-	10,100	10,100
Long-term borrowings	36,770	36,446	157,154	230,370

December 31, 2022

	1-180 Days	181-365 Days	Over 365 Days	Total
Non-derivative financial liabilities				
Short-term	$ 329,412	$ -	$ -	$ 329,412

borrowings				
Notes and accounts payable	154,692	-	-	154,692
Accounts payable to related parties	1,119	-	-	1,119
Other payables	95,526	-	-	95,526
Other payables to related parties	702	-	-	702
Lease liabilities	101	84	-	185
Long-term borrowings	16,713	31,114	194,461	242,288

25. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, income and expenses between the Company and its subsidiaries, which are related parties of the Company, have been written off upon consolidation and are therefore not disclosed in this note. Except as disclosed in other notes, the following is a summary of transactions between the Group and other related parties:

(1) Names of Related Parties and Relationship

Names of Related Parties	Relationship with the Group
Tai Serng Sin Metal Industrial (Thailand) Co., Ltd. (Tai Serng Sin)	Other related party (since December 2021)

(2) Operation and Other Transactions

Tai Serng Sin

	Years Ended December 31	
	2023	2022
Operating revenue	$ 5,918	$ 3,933
Cost of revenue－processing expense	$ 4,543	$ 20,011
Cost of revenue－purchase of goods	$ 5,876	$ 7,346
Accounts receivable	$ -	$ 1,195
Accounts payable	$ -	$ 1,117
Other receivables	$ 130	$ -
Other payables	$ 2,832	$ 702

The transaction prices and payment terms for processing expense between the Group and related parties were not significantly different from those of transactions between the Group and non-related parties. For other related party transactions, prices and terms were determined in accordance with mutual agreements due to no relevant similar transaction to follow.

The outstanding other receivables due from related parties are unsecured.

The outstanding balances of payables and other payables to related parties are unsecured and will be settled in cash.

(3) Acquisition of Property, Plant and Equipment

	Acquisition Price	
	Years Ended December 31	
	2023	2022
Tai Serng Sin	$ 15,984	$ 1,677

(4) Disposal of Property, Plant and Equipment

	Proceeds	
	Years Ended December 31	
	2023	2022
Tai Serng Sin	$ -	$ 83

(5) Compensation of Key Management Personnel

The compensation to directors and other key management personnel is as follows:

	December 31, 2023	December 31, 2022
Short-term employee benefits	$ 11,267	$ 12,245
Post-employment benefits	158	158
	$ 11,425	$ 12,403

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

26. ASSETS PLEDGED AS COLLATERAL

The assets pledged as collateral for short-term borrowings and long-term borrowings are as follows:

	December 31, 2023	December 31, 2022
Pledged deposits and compensation account (booked in other financial assets)	$ 103,487	$ 102,680
Property, plant and equipment	322,166	268,930
Investment properties	107,583	-
Right-of-use assets	20,035	24,722
	$ 553,271	$ 396,332

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is aggregated by the foreign currencies other than functional currencies of the Group's entities, and the exchange rates disclosed are these foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies are as follows:

Unit: Foreign Currencies／NTD in Thousands

	December 31, 2023			December 31, 2022		
	Foreign Currencies	Exchange Rate	Carrying Amount	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets						
Monetary items						
USD	$ 31,440	30.7350	$ 966,307	$ 21,470	30.7080	$ 659,301
HKD	3,484	3.9339	13,707	958	3.9383	3,773
RMB	669	4.3338	2,900	1,847	4.4175	8,159
THB	1,772	0.8978	1,591	4,639	0.8891	4,125
Financial liabilities						
Monetary items						
USD	8,323	30.7350	255,803	3,533	30.7080	108,491
HKD	-	3.9339	-	3	3.9383	12
RMB	124,117	4.3338	537,900	93,404	4.4175	412,612
THB	-	0.8978	-	1,256	0.8891	1,117

The Group is mainly exposed to foreign currency risk in currencies the U.S. dollar and Renminbi. The following information is presented in aggregate for the functional currencies of each entity holding foreign currencies, and the exchange rates disclosed are the rates at which those functional currencies are translated into the expression currency. The significant realized and unrealized foreign exchange gains (losses) are as follows:

	Year Ended December 31, 2023		Year Ended December 31, 2022	
Functional currencies of each entity	Functional Currency into Expression Currency	Net Foreign Exchange Gains (Losses)	Functional Currency into Expression Currency	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	$ 10,216	1(NTD:NTD)	$ 41,767
RMB	4.3988(RMB:NTD)	6,819	4.4241(RMB:NTD)	5,305
THB	0.8953(THB:NTD)	(3,004)	0.8501(THB:NTD)	1,544
		$ 14,031		$ 48,616

28. ADDITIONAL DISCLOSURES

(1) Information about Significant Transactions and (2) Information on Investees

a. Financing Provided to Others: None.

b. Endorsements/Guarantees Provided: None.

c. Marketable securities held (excluding investments in subsidiaries and associates): None.

d. Marketable securities acquired and disposed of at costs or prices of at least NTD300 million or 20% or more of the paid-in capital: None.

e. Acquisition of individual real estate at costs of at least NTD300 million or 20% or more of the paid-in capital: None.

f. Disposal of individual real estate at prices of at least NTD300 million or 20% or more of the paid-in capital: None.

g. Total purchases from or sales to related parties amounting to at least NTD100 million or 20% or more of the paid-in capital: Table 1.

h. Receivables from related parties amounting to at least NTD100 million or 20% or more of the paid-in capital: Table 2.
i. Trading in derivative instruments: Please refer to Notes 7 and 24 on financial statements.
j. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 5.
k. Information on investees: Table 3.

(3) Information on Investments in Mainland China

a. Information on any investee company in mainland China, showing the names, principal business activities, paid-in capital, methods of investment, inward and outward remittance of funds, ownership percentage, investment profit or loss recognized in the current profit and loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4.
b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   b-1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 1.
   b-2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 1.
   b-3. The amount of property transactions and the amount of the resultant gains or losses: None.
   b-4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
   b-5. The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of funds: None.
   b-6. Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

(4) Information of Major Shareholders

List all shareholders with ownership of 5% or more showing the name of the shareholder, the number of shares owned and percentage of ownership of each shareholder: Table 6.

29. SEGMENT INFORMATION

The Group’s reportable business segment is only the computer peripheral products business department, which is mainly engaged in the manufacture and sales of PC cases, switching power supply, electronic peripherals and parts, etc. The Group has a single business segment, so it does not report segment information.

The Group’s product and service information, as well as geographic and major customers’ information are as follows:

(1) Major Products and Service Revenue

	Years Ended December 31	
	2023	2022
Sales revenue	$ 1,675,173	$ 1,065,443
Processing revenue	287	552
	$ 1,675,460	$ 1,065,995

As of December 31, 2023 and 2022, the Group's balances of the contract liabilities (booked in other current liabilities) from merchandise sales were $7,657 thousand and $7,489 thousand, respectively. Contract liabilities arise primarily from the difference between the timing of satisfaction of performance obligations and the timing of payment by customers.

(2) Geographic Information

	Revenue from Customers outside the Group	
	Years Ended December 31	
	2023	2022
Europe	$ 655,608	$ 447,772
Asia	194,804	212,911
America	825,048	405,312
	$ 1,675,460	$ 1,065,995

(3) Information of Major Customers

The following is a summary of each customer whose revenue reaches 10% or more of the Group's total revenue.

	Years Ended December 31	
	2023	2022
Customer A	$ 802,244	$ 400,857
Customer B	318,786	200,669
Customer C	219,860	164,827
	$ 1,340,895	$ 766,353

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTD100 MILLION OR 20% OR MORE OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 1

Unit: NTD in Thousands

Company of Purchase/Sale	Related Party	Relationship	Transaction Details				Special Transaction		Notes/Accounts Receivable (Payable)		Remark
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Balance	% of Total	
The Company	L.S.H. TECHNOLOGY CO., LTD.	Subsidiary	Purchase	$ 1,198,898	77	Calculated from the end of the month when the invoice is issued, offset against debts	$ -	—	($ 781,589)	(88)	—
The Company	Tai Casing Technology (Thailand) Co., Ltd.	Subsidiary	Purchase	355,589	23	Calculated from the end of the month when the invoice is issued, offset against debts	-	—	(102,489)	(12)	
L.S.H. TECHNOLOGY CO., LTD.	DONGGUAN CASING ELECTRONICS CO., LTD.	Subsidiary	Purchase	1,215,870	100	Calculated from the end of the month when the invoice is issued, offset against debts	-	—	(465,123)	(100)	
Tai Casing Technology (Thailand) Co., Ltd.	DONGGUAN CASING ELECTRONICS CO., LTD.	Fello subsidiary	Purchase	167,360	94	Calculated from the end of the month when the invoice is issued, offset against debts	-	—	(72,777)	(83)	—

Note 1: The above accounts payables arising from purchases are offset against the creditor's right, calculated from the end of the month when the invoice is issued; if there is any difference afterwards, which will be collected and paid as inward or outward remittances.

Note 2: Transactions, balances, income and expenses between the parent and its subsidiaries have been written off in full upon consolidation.

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTD100 MILLION OR 20% OR MORE OF THE PAID-IN CAPITAL
DECEMBER 31, 2023

Table 2

Unit: NTD in Thousands

Trader Name	Related Party	Relationship	Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Amounts Uncollectible
					Amount	Actions Taken		
L.S.H TECHNOLOGY CO., LTD.	The Company	Parent company	$ 781,589	1.65	$ -	—	$ 91,520	$ -
Tai Casing Technology (Thailand) Co., Ltd.	The Company	Parent company	102,489	6.06	-	—	77,575	-
DONGGUAN CASING ELECTRONICS CO., LTD.	L.S.H. TECHNOLOGY CO., LTD.	Parent company	465,123	2.89	-	—	69,154	-

Note 1: The above accounts receivables arising from sales are offset against the creditor's right, calculated from the end of the month when the invoice is issued; if there is any difference afterwards, which will be collected and paid as inward or outward remittances.
Note 2: Transactions, balances, income and expenses between the parent and its subsidiaries have been written off in full upon consolidation.

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

Unit: NTD／Foreign Currencies in Thousands

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Holding, End of the Period			Current Net Income (Loss) of Investee	Current Share of Profit (Loss) of Investee	Remark
				December 31, 2023	December 31, 2022	Shares (in Thousands)	Percentage of Ownership (%)	Carrying Amount			
The Company	L.S.H. TECHNOLOGY CO., LTD.	British Cayman Islands	A holding company, established by the Company to reinvest in mainland China	$ 500,083 (USD 15,183)	$ 500,083 (USD 15,183)	15,183	100.00	$ 1,389,639	$ 29,782	$ 29,782	—
The Company	TAI CASING TECHNOLOGY (THAILAND) CO., LTD.	176/5 moo.7 Huasamrong Plangyao Chachoengsao 24190, Thailand.	Manufacture of PC cases and peripheral parts and accessories	155,027 (THB 178,500)	86,812 (THB 102,000)	2,020	65.00	120,037	(27,933)	(14,265)	—

Note 1: The Company invested in Advanced Heat Solution company (AHS) with an original investment amount of $50,000 thousand and a shareholding ratio of 28.28%. The fair value of AHS has been zero (0) and its company registration has been abolished by the competent authority, so the Company removed AHS from the investment list.
Note 2: For relevant information of the investees in mainland China, please refer to Table 4.
Note 3: Transactions, balances, income and expenses between the parent and its subsidiaries have been written off in full upon consolidation.

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 4

Unit: NTD／USD／RMB in Thousands

Investee Company	Main Business and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee for the current period	Direct or Indirect Percentage of Ownership	Share of Profit (Loss) of Investee for the current period	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Dongguan Casing Electronics Co., Ltd.	Manufacture of PC cases, switching power supply, and PC peripheral parts and accessories,	$ 480,419 (USD 15,631)	(Note 1)	$ 413,878 (USD 13,466)	$ -	$ -	$ 413,878 (USD 13,466)	$ 28,656 RMB 6,525	100%	$ 28,656 RMB 6,525	$ 919,695	$ -
Dongguan Yiwen Electronic Technology Co., Ltd.	Wholesale and import and export of PC cases, PC parts and accessories, aluminum products and water dispensers	36,882 (USD 1,200)	(Note 1)	36,882 (USD 1,200)	-	-	36,882 (USD 1,200)	(2,111) (RMB 482)	100%	(2,111) (RMB 482)	77,984	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$466,650（USD 15,183）（Note 2）	$533,191（USD 17,348）	$635,891（Note 4）

Note 1: The investment method is to reinvest in China companies through reinvestment in existing companies in the third region.

Note 2: Based on the total amount actually remitted from Taiwan to China as of December 31, 2022, the amount includes the investment in Suzhou Kaiju Electronics Co., Ltd. at the investment cost of USD517 thousand, which has not been returned to the Company after Suzhou Kaiju Electronics Co., Ltd. has been liquidated.

Note 3: The above amounts of assets and profit (loss) in USD and RMB are converted into NTD according to the end-of-period exchange rate and the average exchange rate respectively.

Note 4: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" stipulated by the Investment Commission, the limit is 60% of the Company's net value or consolidated net value, whichever is higher.

Note 5: The difference between the paid-in capital of Dongguan Casing Electronics Co., Ltd. and the accumulated investment amount remitted from Taiwan as of the end of the current period is the surplus transferred to capital increase.

CASING MACRON TECHNOLOGY CO., LTD. AND SUBSIDIARIES
THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND SIGNIFICANT TRANSACTIONS BETWEEN THEM
FOR THE YEAR ENDED DECEMBER 31, 2023

Table 5

Unit: NTD in Thousands

No. (Note 1)	Trader Name	Related Party	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	LSH	1	Costs of goods sold	$ 1,198,898	According to the price agreed by both parties	72%
		LSH	1	Accounts payables	781,589	Payables calculated at the end of the period, offset by a monthly basis from which difference is collected and paid as inward or outward remittances if any.	38%
		Casing Thailand	1	Costs of goods sold	355,589	According to the price agreed by both parties	21%
		Casing Thailand	1	Accounts payables	102,489	Payables calculated at the end of the period, offset by a monthly basis from which difference is collected and paid as inward or outward remittances if any.	5%
		Casing Thailand	1	Other receivables	16	Payables calculated at the end of the period, offset by a monthly basis from which difference is collected and paid as inward or outward remittances if any.	-
1	LSH	Casing China	1	Accounts payables	465,123	Payables calculated at the end of the period, offset by a monthly basis from which difference is collected and paid as inward or outward remittances if any.	23%
		Casing China	1	Costs of goods sold	1,215,870	According to the price agreed by both parties	73%
		Yiwen China	1	Sales revenue	16,972	According to the price agreed by both parties	1%
2	Casing China	Yiwen China	3	Sales revenue	292	According to the price agreed by both parties	-
		Yiwen China	3	Accounts receivables	168	According to the price agreed by both parties	-
		Yiwen China	3	Other receivables	91	According to the price agreed by both parties	-
		Yiwen China	3	Rent income	1,056	According to the price agreed by both parties	-
		Casing Thailand	3	Sales revenue	167,360	According to the price agreed by both parties	10%
		Casing Thailand	3	Accounts receivables	72,777	Payables calculated at the end of the period, offset by a monthly basis from which difference is collected and paid as inward or outward remittances if any.	4%
		Casing Thailand	3	Other receivables	1,011	Payables calculated at the end of the period, offset by a monthly basis from which difference is collected and paid as inward or outward remittances if any.	-

Note 1: The meaning of the number marked is as follows:
(1) 0 means parent company.
(2) Subsidiaries are numbered sequentially starting from the Arabic numeral 1 according to the company category.

Note 2: The meaning of the number marked to indicate the relationship between the trader and the related party is as follows:
(1) means the parent to the subsidiary.
(2) means the subsidiary to the parent.
(3) means the subsidiary to the subsidiary.

Note 3: Transactions, balances, income and expenses between the parent and its subsidiaries have been written off in full upon consolidation.

CASING MACRON TECHNOLOGY CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Table 6

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Hsiao, Yi-Chang	5,635,430	6.28%

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