Lumax International Corp., Ltd. and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

LUMAX INTERNATIONAL CORP., LTD.

By

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C.K. LIN
Chairman

March 11, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lumax International Corp., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Lumax International Corp., Ltd. and its subsidiaries (collectively referred to as the "Group"), 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 notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

The key audit matter of the consolidated financial statements for the year ended December 31, 2023 is as follows:

Recognition of Contract Revenue

Contract revenue is measured by the completion progress based on the actual input cost compared to the expected total cost, and the revenue is recognized in accordance with the percentage of services completed during the period. The process of calculating the completion rate involves subjective judgments made by management, and the amount of revenue from the rendering of services is significant to the outcome of an accounting estimate. Therefore, the revenue from the rendering of services was deemed a key audit matter.

The key audit procedures that we performed in respect of the above-mentioned key audit matter included the following:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls for revenue recognition from contracts.

2. We understood and assessed the reasonableness of the assumptions made and the methodology used by management to estimate the percentage of completion.

3. We obtained revenue from the calculation table for contracts, which was prepared by the management, and we verified the accuracy of relevant information and the correctness of the calculation.

Other Matter

We have also audited the parent company only financial statements of Lumax International Corp., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued unmodified opinion and unmodified opinion, respectively.

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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 Chien-liang Liu and Hsin-wei Tai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022 (Restated)		January 1, 2022 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,531,389	14	$ 1,419,440	14	$ 2,525,758	28
Financial assets at amortized cost (Notes 8 and 26)	2,264,053	21	2,076,979	21	1,234,711	13
Contract assets (Note 19)	441,725	4	408,119	4	354,319	4
Notes receivable (Notes 15, 19 and 24)	448,430	4	292,088	3	325,755	4
Trade receivables (Notes 9 and 19)	1,129,803	10	1,060,118	11	1,119,368	12
Other receivables (Note 9)	8,915	-	8,389	-	9,767	-
Inventories (Note 10)	3,366,234	31	3,001,805	30	2,088,469	23
Other current assets	101,133	1	135,309	2	71,771	1
Total current assets	9,291,682	85	8,402,247	85	7,729,918	85
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 7)	12,662	-	12,662	-	12,662	-
Financial assets at amortized cost - non-current (Notes 8 and 26)	95,227	1	65,860	1	33,442	-
Property, plant and equipment (Notes 12 and 26)	1,004,249	9	1,023,793	10	1,045,602	12
Right-of-use assets (Note 13)	15,220	-	23,634	-	24,258	-
Investment property (Notes 14 and 26)	100,992	1	103,159	1	105,640	1
Deferred tax assets (Note 21)	25,833	-	20,927	-	26,241	-
Prepayments for equipment (Note 27)	273,805	3	181,592	2	66,655	1
Refundable deposits	62,500	1	60,267	1	68,044	1
Other non-current assets	9,873	-	7,044	-	2,048	-
Total non-current assets	1,600,361	15	1,498,938	15	1,384,592	15
TOTAL	$ 10,892,043	100	$ 9,901,185	100	$ 9,114,510	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 24)	$ 42,143	1	$ -	-	$ -	-
Contract liabilities (Note 19)	2,923,511	27	2,396,579	24	2,110,700	23
Notes payable	33,775	-	31,767	1	40,389	1
Trade payables	438,918	4	414,822	4	373,409	4
Other payables (Note 16)	404,175	4	401,681	4	348,823	4
Current tax liabilities	175,686	2	138,446	2	118,084	1
Lease liabilities (Note 13)	10,546	-	13,281	-	10,548	-
Other current liabilities	36,706	-	30,648	-	30,914	1
Total current liabilities	4,065,460	38	3,427,224	35	3,032,867	34
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 21)	305,995	3	298,569	3	271,491	3
Lease liabilities (Note 13)	5,067	-	10,941	-	14,242	-
Net defined benefit liabilities (Note 17)	46,293	-	78,216	1	98,233	1
Guarantee deposits	4,347	-	1,462	-	1,882	-
Total non-current liabilities	361,702	3	389,188	4	385,848	4
Total liabilities	4,427,162	41	3,816,412	39	3,418,715	38
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Ordinary shares	961,558	9	961,558	10	1,068,398	12
Capital surplus - additional paid-in capital	111,016	1	111,014	1	110,891	1
Retained earnings						
Legal reserve	1,204,937	11	1,115,365	11	1,030,468	11
Special reserve	137,898	1	165,223	2	152,654	2
Unappropriated earnings	4,206,830	39	3,868,681	39	3,497,787	38
Total retained earnings	5,549,665	51	5,149,269	52	4,680,909	51
Other equity	(158,322)	(2)	(137,899)	(2)	(165,223)	(2)
Total equity attributable to owners of the Company	6,463,917	59	6,083,942	61	5,694,975	62
NON-CONTROLLING INTERESTS	964	-	831	-	820	-
Total equity	6,464,881	59	6,084,773	61	5,695,795	62
TOTAL	$ 10,892,043	100	$ 9,901,185	100	$ 9,114,510	100

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

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 5 and 19)	$ 6,728,154	100	$ 6,547,641	100
OPERATING COSTS (Notes 10 and 20)	4,577,827	68	4,389,360	67
GROSS PROFIT	2,150,327	32	2,158,281	33
OPERATING EXPENSES (Notes 9 and 20)				
Selling and marketing expenses	758,813	11	704,516	11
General and administrative expenses	208,764	3	213,785	3
Research and development expenses	116,114	2	113,208	2
Expected credit loss	8,884	-	10,249	-
Total operating expenses	1,092,575	16	1,041,758	16
OPERATING INCOME	1,057,752	16	1,116,523	17
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	79,886	1	30,148	1
Other income	17,923	-	22,459	-
Other gains and losses	(45,641)	-	16,752	-
Finance costs	(966)	-	(382)	-
Total non-operating income and expenses	51,202	1	68,977	1
PROFIT BEFORE INCOME TAX	1,108,954	17	1,185,500	18
INCOME TAX EXPENSE (Note 21)	322,776	5	295,119	4
NET PROFIT FOR THE YEAR	786,178	12	890,381	14

(Continued)

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (1,280)	-	$ 6,576	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	256	-	(1,315)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(20,425)	(1)	27,412	-
Other comprehensive (loss) income for the year, net of income tax	(21,449)	(1)	32,673	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 764,729	11	$ 923,054	14
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 786,043	12	$ 890,458	14
Non-controlling interests	135	-	(77)	-
	$ 786,178	12	$ 890,381	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 764,596	11	$ 923,043	14
Non-controlling interests	133	-	11	-
	$ 764,729	11	$ 923,054	14
EARNINGS PER SHARE (Note 22)				
Basic	$ 8.17		$ 8.68	
Diluted	$ 8.07		$ 8.54	

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

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,068,398	$ 110,891	$ 1,030,468	$ 152,654	$ 3,497,787	$ (148,575)	$ (16,648)	$ 5,694,975	$ 820	$ 5,695,795
Appropriation of 2021 earnings										
Legal reserve	-	-	84,897	-	(84,897)	-	-	-	-	-
Special reserve	-	-	-	12,569	(12,569)	-	-	-	-	-
Cash dividends - NT$4 per share	-	-	-	-	(427,359)	-	-	(427,359)	-	(427,359)
Capital reduction	(106,840)	-	-	-	-	-	-	(106,840)	-	(106,840)
Other changes in capital reserves:										
Overdue dividends not received by shareholders	-	123	-	-	-	-	-	123	-	123
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	890,458	-	-	890,458	(77)	890,381
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	5,261	27,324	-	32,585	88	32,673
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	895,719	27,324	-	923,043	11	923,054
BALANCE AT DECEMBER 31, 2022	961,558	111,014	1,115,365	165,223	3,868,681	(121,251)	(16,648)	6,083,942	831	6,084,773
Appropriation of 2022 earnings										
Legal reserve	-	-	89,572	-	(89,572)	-	-	-	-	-
Reversal of special reserve	-	-	-	(27,325)	27,325	-	-	-	-	-
Cash dividends - NT$4 per share	-	-	-	-	(384,623)	-	-	(384,623)	-	(384,623)
Other changes in capital reserves:										
Overdue dividends not received by shareholders	-	2	-	-	-	-	-	2	-	2
Net profit for the year ended December 31, 2023	-	-	-	-	786,043	-	-	786,043	135	786,178
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	(1,024)	(20,423)	-	(21,447)	(2)	(21,449)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	785,019	(20,423)	-	764,596	133	764,729
BALANCE AT DECEMBER 31, 2023	$ 961,558	$ 111,016	$ 1,204,937	$ 137,898	$ 4,206,830	$ (141,674)	$ (16,648)	$ 6,463,917	$ 964	$ 6,464,881

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

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,108,954	$ 1,185,500
Adjustments for:		
Depreciation expense	53,898	51,676
Amortization expense	2,103	1,465
Expected credit loss recognized	8,884	10,249
Finance costs	966	382
Interest income	(79,886)	(30,148)
Dividend income	(557)	(653)
(Gain) loss on disposal of property, plant and equipment	(242)	192
Write-down (reversal) of inventories	27,649	(801)
Net loss on foreign currency exchange	7,742	1,531
Gain on modification of contract	-	(99)
Changes in operating assets and liabilities		
Contract assets	(33,606)	(53,800)
Notes receivable	(156,342)	33,667
Trade receivables	(83,239)	47,939
Other receivables	567	4,795
Inventories	(391,760)	(912,594)
Other current assets	35,292	(64,432)
Contract liabilities	526,932	285,879
Notes payable	2,008	(8,622)
Trade payables	28,065	42,491
Other payables	2,494	52,858
Other current liabilities	6,058	(266)
Net defined benefit liabilities	(33,203)	(13,441)
Cash generated from operations	1,032,777	633,768
Interest received	78,795	26,729
Interest paid	(966)	(382)
Income tax paid	(282,782)	(243,680)
Net cash generated from operating activities	827,824	416,435
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,522,046)	(3,234,541)
Proceeds from sale of financial assets at amortized cost	2,294,489	2,388,666
Payments for property, plant and equipment	(14,947)	(12,904)
Proceeds from disposal of property, plant and equipment	368	576
Increase in refundable deposits	(2,238)	-
Decrease in refundable deposits	-	7,978
Payments for intangible assets	(3,994)	(2,393)
Payments for investment properties	(324)	-

(Continued)

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	**2022 (Restated)**
Increase in prepayments for equipment	$ (96,832)	$ (119,640)
Dividends received	557	653
Net cash used in investing activities	(344,967)	(971,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	70,465	-
Repayments of short-term borrowings	(27,651)	-
Proceeds from guarantee deposits received	2,885	-
Refund of guarantee deposits received	-	(420)
Repayment of the principal portion of lease	(15,171)	(13,126)
Cash dividends paid	(384,623)	(427,359)
Capital reduction	-	(106,840)
Overdue dividends not received by shareholders	2	123
Net cash used in financing activities	(354,093)	(547,622)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(16,815)	(3,526)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	111,949	(1,106,318)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,419,440	2,525,758
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,531,389	$ 1,419,440

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

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Lumax International Corp., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on August 16, 1975, under the Company Act of the ROC and related laws. The Company's shares were traded on the Taipei Exchange (TPEx) since November 11, 2002. Afterward, the Company's shares have been listed on the Taiwan Stock Exchange since September 27, 2004. The Company is primarily engaged in the trading of electronic components and process control equipment, integration of process control system and providing related maintenance services.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 11, 2024.

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

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the related standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the related standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

d. Presentation reclassification

The management of the Group considers the bank deposits repatriated for restricted purposes for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, which does not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows in 2023. The financial assets at amortized cost were reclassified to cash and cash equivalents with a carrying amount of $2,704 thousand, $73,122 thousand and $196,994 thousand on December 31, 2023, December 31, 2022 and January 1, 2022. The impact on cash flows for the year ended December 31, 2022, was as follows:

	Adjustments
Increase in net cash used in investing activities	$ (123,872)
Net decrease in cash and cash equivalents	$ (123,872)

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The 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 liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

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

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

The Company is engaged in the integration of process control system, which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of current or non-current for the integration-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries in other countries or those that use currencies different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

Except for freehold land, which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment property

Investment property is property held to earn rentals and/or for capital appreciation. Investment property also includes land held for a currently undetermined future use.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

ii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

2) Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from wholesale of electronic components. Sales from wholesale of electronic components are recognized as revenue when the goods are delivered to the customer’s specific location. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the integrated maintenance services of process-control devices.

When the maintenance of the process-control devices is completed, the Company recognizes the revenue and accounts receivable at that time, and the advance receipts before the completion of the above-mentioned performance obligations are recognized as contract liabilities.

3) Revenue from the contracts

Revenue from contracts comes from the integrated services of the process-control system.

In the process of providing labor services, the cost of performance is directly related to the completion of the performance obligation. The Company measures the completion progress based on the actual input cost to the expected total cost. The Company gradually recognizes contract assets when providing labor services and converts contract assets into accounts receivable when rendering the bill. If the Company has already received project funds that exceed the amount of revenue recognized, the difference is recognized as contract liabilities.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

l. Leases

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

1) 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 from operating leases are recognized as income on a straight-line basis over the terms of the relevant lease.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the 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, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, 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.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liability 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 in which 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 liability represents the actual deficit in the Group's defined benefit plan.

n. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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 generally recognized for all taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, 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 arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Recognition of Contract Revenue

The revenue from the contracts is recognized with reference to the stage of completion of the contract, and the degree of completion of a contract is measured based on the satisfaction of performance obligations stated in the contract. The estimated total contract costs and contractual items are assessed and determined by management based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022 (Restated)**
Cash on hand	$ 1,231	$ 1,166
Checking accounts and demand deposits	1,468,358	1,175,764
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	61,800	242,510
	$ 1,531,389	$ 1,419,440

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Demand and time deposits (%)	0.001-1.70	0.001-4.05

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments

	December 31	
	2023	**2022**
Non-current		
Domestic unlisted ordinary shares	$ 6,662	$ 6,662
Domestic unlisted preference shares	6,000	6,000
	$ 12,662	$ 12,662

The Group elected to designate these investments in equity instruments at FVTOCI.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022 (Restated)**
Current		
Time deposits with original maturities of more than 3 months	$ 2,249,844	$ 2,067,393
Restricted deposits	14,209	-
Pledged deposits	-	9,586
	$ 2,264,053	$ 2,076,979
Non-current		
Pledged deposits	$ 95,227	$ 65,860
Rate intervals (%)	1.25-5.69	0.13-5.35

Refer to Note 26 for information relating to financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	**2022**
Trade receivables		
At amortized cost (a)		
Gross carrying amount	$ 1,164,424	$ 1,089,107
Less: Allowance for impairment loss	(34,621)	(28,989)
	$ 1,129,803	$ 1,060,118

(Continued)

	December 31	
	2023	2022
Overdue receivables		
Gross carrying amount	$ 60,069	$ 58,328
Less: Allowance for impairment loss	(60,069)	(58,328)
	$ -	$ -
Other receivables		
At amortized cost	$ 8,383	$ 7,395
At FVTOCI (b)	532	994
	$ 8,915	$ 8,389

(Concluded)

a. At amortized cost

The average credit period for sales of goods is 90 to 120 days, and no interest is charged on accounts receivable.

The Group recognizes expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are based on the customer's past default experience and collection experience, and the provision for loss allowance is determined by past due status.

The following table details the Group's loss allowance of trade receivables:

December 31, 2023

	Not Past Due	1-180 Days	Over 180 Days	Other (Note)	Total
Expected credit loss rate	0.02%-8.84%	0.02%-8.84%	50%	0%	
Gross carrying amount	$ 689,594	$ 296,873	$ 43,976	$ 133,981	$ 1,164,424
Loss allowance (Lifetime ECL)	(7,793)	(4,840)	(21,988)	-	(34,621)
Amortized cost	$ 681,801	$ 292,033	$ 21,988	$ 133,981	$ 1,129,803

December 31, 2022

	Not Past Due	1-180 Days	Over 180 Days	Other (Note)	Total
Expected credit loss rate	0.01%-8.84%	0.01%-8.84%	50%	0%	
Gross carrying amount	$ 552,293	$ 140,717	$ 30,751	$ 365,346	$ 1,089,107
Loss allowance (Lifetime ECL)	(9,342)	(4,271)	(15,376)	-	(28,989)
Amortized cost	$ 542,951	$ 136,446	$ 15,375	$ 365,346	$ 1,060,118

Note: Customers with good credit and no default.

The movements of the loss allowance of trade receivables (including contract assets and overdue receivables) were as follows:

	December 31	
	2023	2022
Balance at January 1	$ 87,317	$ 86,920
Add: Net remeasurement of loss allowance	8,884	10,249
Less: Amounts written off	-	(10,895)
Foreign exchange gains and losses	(1,511)	1,043
Balance at December 31	$ 94,690	$ 87,317

The individual trade receivables recognized in the impairment loss has been reclassified as overdue receivables.

Refer to Note 19 for information about the loss allowance of contract assets.

b. At FVTOCI

For trade receivables with good credit, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets.

The Group uses the same credit risk management practices for such trade receivables since trade receivables are measured at amortized cost. Due to good credit and no significant overdue, there was no allowance for loss.

Factored trade receivables for the years ended December 31, 2023 and 2022 were as follows:

December 31, 2023

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
First Commercial Bank	$ 532	$ 532	$ -	-

December 31, 2022

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
First Commercial Bank	$ 994	$ 994	$ -	-

According to the Group’s factoring agreement, loss from commercial disputes (such as sales returns and discounts) is borne by the Group, while loss from credit risk is borne by these banks.

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 1,183,734	$ 1,276,183
Other inventories	2,182,500	1,725,622
	$ 3,366,234	$ 3,001,805

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $4,577,827 thousand and $4,389,360 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs (reversed of inventory write-downs) of $27,649 thousand and $(801) thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

			% of Ownership December 31		
Investor	**Investee**	**Main Business**	**2023**	**2022**	**Note**
The Company	Lumax International Ltd. (Lumax BVI)	Investment activities	100.00	100.00	-
The Company	Lumax Controls, Inc. (Lumax Controls)	Machinery and equipment contract	90.00	90.00	-
The Company	Exodus Limited Company (Exodus)	Electronic components and process control equipment trading, integration of process control system and related maintenance services.	100.00	100.00	-
The Company	Lumax Japan, Inc. (Lumax Japan)	Electronic components and process control equipment trading, integration of process control system and related maintenance services.	100.00	100.00	1
The Company and Lumax BVI	Zennor Ltd. (Zennor)	Investment activities	100.00	100.00	-
Lumax BVI	Dalian Ftz Lumax International Trade Co., Ltd. (Dalian Lumax)	Sales of valves, cocks, mechanical equipment and instrumentation products, special equipment for chemical production and other technical services related to component manufacturing	100.00	100.00	-
Lumax BVI	Wimax Hi-Tech (Shen Zhen) Co., Ltd. (Wimax)	Producing new styles of insulating materials, conductive materials, tape materials, power supplies, computer connectors, triple insulated wires, release film for thermostat and high pressure bearings	100.00	100.00	-
Lumax BVI	Zmax Hi-Tech (Su Zhou) Co., Ltd. (Zmax)	Processing H.F. level of thermostable insulating materials, thermal transfer materials, tape materials, LCD and etc., sale of products produced by the Company, install and maintain valves and calibration instruments, the wholesale and import of similar products, cables and communication connections, motors, electrical equipment and parts thereof, parts of grinding and polishing machine tools, non-hazardous chemical products, copper and copper products, aluminum and aluminum products. Export, transit trade, commission agency (except auction) and related businesses (commodities involving quotas, authorized management and special management shall be handled in accordance with relevant national regulations); cargo transportation	-	-	2

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2023	% of Ownership December 31 2022	Note
Zennor	Dalian Ftz Zennor International Industry & Trade Co., Ltd. (Dalian Zennor)	Import and export agency, information consulting services (not including licensing information consulting services), conference and exhibition services, technical services, technology development, technology consulting, technology exchanges, technology transfer, technology promotion, sales of valves and cocks, sale of mechanical equipment, sale of instruments, electronic components wholesale, instrument repair	100.00	100.00	-
Zennor and Dalian Lumax	Lumax International Corp., Ltd. (Shanghai) (Lumax Shanghai)	Sales of valves, cocks, mechanical equipment and instrumentation products, special equipment for chemical production and other technical services related to component manufacturing	100.00	100.00	-
Dalian Zennor	Lumax (Dalian) Process Control Systems Co., Ltd. (Lumax Dalian Control)	The installation of mechanical and electrical equipment, on-site maintenance; sales, import and export of goods, technology import and export, instrument sales; assembly, repair and instrument calibration of mechanical/electrical products, valve, electromechanical equipment assembly, maintenance, commissioning and technical consultation, and technical services	100.00	100.00	3

(Concluded)

Note 1: Established in Jan 2022.

Note 2: The liquidation finished in November 2022.

Note 3: Dalian Chuangzhan Mechanical and Electrical Equipment Maintenance Services Limited was renamed Lumax (Dalian) Process Control Systems Co., Ltd. in September 2023.

b. Subsidiaries excluded from consolidated financial statements: None.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2022	$ 429,247	$ 692,456	$ 98,477	$ 61,410	$ 54,508	$ 7,970	$ 44,864	$ 1,388,932
Additions	-	392	3,979	103	6,742	-	1,688	12,904
Disposals	-	-	(838)	(3,928)	(10,735)	-	(930)	(16,431)
Reclassification	-	-	1,367	-	-	-	(732)	635
Effects of foreign currency exchange differences	-	1,418	141	192	113	117	163	2,144
Balance at December 31, 2022	$ 429,247	$ 694,266	$ 103,126	$ 57,777	$ 50,628	$ 8,087	$ 45,053	$ 1,388,184
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 163,917	$ 70,110	$ 43,415	$ 39,668	$ 5,818	$ 20,402	$ 343,330
Disposals	-	-	(838)	(3,276)	(10,619)	-	(930)	(15,663)
Depreciation expense	-	15,320	7,746	4,662	4,365	1,020	2,807	35,920
Reclassification	-	-	732	-	-	-	(732)	-
Effects of foreign currency exchange differences	-	275	78	157	96	83	115	804
Balance at December 31, 2022	$ -	$ 179,512	$ 77,828	$ 44,958	$ 33,510	$ 6,921	$ 21,662	$ 364,391
Carrying amount at December 31, 2022	$ 429,247	$ 514,754	$ 25,298	$ 12,819	$ 17,118	$ 1,166	$ 23,391	$ 1,023,793

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2023	$ 429,247	$ 694,266	$ 103,126	$ 57,777	$ 50,628	$ 8,087	$ 45,053	$ 1,388,184
Additions	-	1,953	5,227	2,490	4,022	-	1,255	14,947
Disposals	-	-	(5,773)	(531)	(446)	-	(111)	(6,861)
Reclassification	-	-	195	-	3,263	-	29	3,487
Effects of foreign currency exchange differences	-	(1,794)	(187)	(192)	(143)	(149)	(230)	(2,695)
Balance at December 31, 2023	$ 429,247	$ 694,425	$ 102,588	$ 59,544	$ 57,324	$ 7,938	$ 45,996	$ 1,397,062
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 179,512	$ 77,828	$ 44,958	$ 33,510	$ 6,921	$ 21,662	$ 364,391
Disposals	-	-	(5,773)	(531)	(417)	-	(14)	(6,735)
Depreciation expense	-	15,421	7,546	4,070	5,744	956	2,687	36,424
Reclassification	-	-	(5)	-	(12)	-	-	(17)
Effects of foreign currency exchange differences	-	(509)	(135)	(154)	(120)	(143)	(189)	(1,250)
Balance at December 31, 2023	$ -	$ 194,424	$ 79,461	$ 48,343	$ 38,705	$ 7,734	$ 24,146	$ 392,813
Carrying amount at December 31, 2023	$ 429,247	$ 500,001	$ 23,127	$ 11,201	$ 18,619	$ 204	$ 21,850	$ 1,004,249

(Concluded)

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

Building	
Main buildings	20-55 years
Building improvements	3-10 years
Machinery and equipment	5-15 years
Transportation equipment	4-5 years
Office equipment	3-20 years
Leasehold improvements	3-5 years
Other equipment	5-20 years

Refer to Note 26 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 13,331	$ 21,206
Office equipment	1,889	2,428
	$ 15,220	$ 23,634

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 6,872	$ 12,347
Depreciation charge for right-of-use assets		
Buildings	$ 14,443	12,735
Office equipment	540	540
	$ 14,983	$ 13,275

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 10,546	$ 13,281
Non-current	$ 5,067	$ 10,941
Discount rate (%)	1.37-2.00	1.37-1.66

c. Material lease-in activities and terms

The Group leases building and office equipment for operating use with lease terms of 2 to 8 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 18,057	$ 12,852
Total cash outflow for leases	$ (33,535)	$ (26,321)

The Group's leases of certain buildings qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTY

	Completed Investment Properties
Cost	
Balance at January 1, 2023	$ 182,663
Additions	324
Balance at December 31, 2023	$ 182,987

(Continued)

	Completed Investment Properties
Accumulated depreciation	
Balance at January 1, 2023	$ 79,504
Depreciation expenses	2,491
Balance at December 31, 2023	$ 81,995
Carrying amount at December 31, 2023	$ 100,992
Cost	
Balance at January 1, 2022 and December 31, 2022	$ 182,663
Accumulated depreciation	
Balance at January 1, 2022	$ 77,023
Depreciation expenses	2,481
Balance at December 31, 2022	$ 79,504
Carrying amount at December 31, 2022	$ 103,159

(Concluded)

The investment properties held by the Group are depreciated over their estimated useful lives using the straight-line method as follows:

Main buildings	55 years
Building improvements	10 years

The fair value of the Group's investment property for the years ended December 31, 2023 and 2022 was $700,490 thousand and $651,148 thousand, respectively. The fair value was evaluated without independent valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The carrying amount of investment property pledged by the Group to secure borrowings granted to the Group is reflected in Note 26.

15. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
Discounted bill borrowings		
Banker's acceptance bill discounted loans	$ 42,143	$ -
Rate intervals (%)	1.40-1.75	-

16. OTHER PAYABLES

	December 31	
	2023	2022
Salaries and bonus	$ 201,075	$ 208,993
Compensation of employees and remuneration of directors and supervisors	123,873	122,248
Others	79,227	70,440
	$ 404,175	$ 401,681

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's foreign subsidiaries are members of a state-managed retirement benefit plan operated by the government of People's Republic of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 311,080	$ 308,524
Fair value of plan assets	(264,787)	(230,308)
Net defined benefit liability	$ 46,293	$ 78,216

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2022	$ 300,314	$ (202,081)	$ 98,233
Service cost			
Current service cost	622	-	622
Net interest expense (income)	1,877	(1,308)	569
Recognized in profit or loss	2,499	(1,308)	1,191
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(15,463)	(15,463)
Actuarial loss - changes in demographic assumptions	204	-	204
Actuarial gain - changes in financial assumptions	(312)	-	(312)
Actuarial loss - experience adjustments	8,995	-	8,995
Recognized in other comprehensive income	8,887	(15,463)	(6,576)
Contributions from the employer	-	(14,632)	(14,632)
Benefits paid	(3,176)	3,176	-
Balance at December 31, 2022	308,524	(230,308)	78,216
Service cost			
Current service cost	605	-	605
Net interest expense (income)	3,442	(2,646)	796
Recognized in profit or loss	4,047	(2,646)	1,401
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,422)	(2,422)
Actuarial gain - changes in financial assumptions	(2,399)	-	(2,399)
Actuarial loss - experience adjustments	6,101	-	6,101
Recognized in other comprehensive income	3,702	(2,422)	1,280
Contributions from the employer	-	(34,604)	(34,604)
Benefits paid	(5,193)	5,193	-
Balance at December 31, 2023	$ 311,080	$ (264,787)	$ 46,293

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

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

2) Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

	December 31	
	2023	2022
Discount rate(s)	1.250%	1.125%
Expected rates of salary increase	3.000%	3.000%

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

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	$ (4,704)	$ (4,977)
0.25% decrease	$ 4,829	$ 5,118
Expected rate(s) of salary increase/decrease		
0.25% increase	$ 4,673	$ 4,945
0.25% decrease	$ (4,577)	$ (4,834)

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	$ 15,321	$ 14,919
Average duration of the defined benefit obligation	6.13 years	6.54 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	120,000	120,000
Shares authorized	$ 1,200,000	$ 1,200,000
Number of shares issued and fully paid (in thousands)	96,156	96,156
Shares issued	$ 961,558	$ 961,558

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

In order to adjust the capital structure and enhance the return on equity of shareholders, the Company carried out a capital reduction through a cash return to shareholders, which has been resolved in the shareholders' meeting on June 23, 2022. The total amount of the capital reduction was $106,840 thousand, which represented 10,684 thousand shares cancelled.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset deficit, distributed as cash or transferred to share capital (Note)		
Additional paid-in capital	$ 110,891	$ 110,891
May be used to offset deficit only		
Overdue unclaimed dividends	125	123
	$ 111,016	$ 111,014

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

c. Retained earnings and dividend policy

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

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 20 (e).

The Company's dividend policy was considered in line with the current and future development plans, together with the investment environment, demand for funds and competition both at home and abroad. Thus, the Company adopts a dividend distribution policy whereby only surplus profits of the Company shall be distributed to shareholders.

In the distribution of earnings, the Company's net income is given priority consideration. Under the balanced dividend policy, prior years' unappropriated earnings will be used when current net income is insufficient for distribution. The Company considers the operating scope and capital needs in dividend distribution. However, the amount of cash dividends should not be less than 20% of the total dividends to be distributed in the current year.

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

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	$ 89,572	$ 84,897
(Reversal of) special reserve	$ (27,325)	$ 12,569
Cash dividends	$ 384,623	$ 427,359
Cash dividends per share (NT$)	$ 4.0	$ 4.0

The appropriations of earnings as cash dividends for 2021 were resolved by the Company's board of directors on March 23, 2022, and the other appropriations of earnings for 2021 were approved by the shareholders in their meeting on June 23, 2022.

The appropriations of earnings as cash dividends for 2022 were resolved by the Company's board of directors on March 23, 2023, and the other appropriations of earnings for 2022 were approved by the shareholders in their meeting on June 27, 2023.

The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 11, 2024. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 78,502
Special reserve	$ 20,423
Cash dividends	$ 480,779
Cash dividends per share (NT$)	$ 5.0

The above appropriation of earnings as cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 26, 2024.

19. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 5,116,007	$ 4,917,568
Revenue from the rendering of services	457,952	377,471
Revenue from contracts	1,152,971	1,248,826
Other revenue	1,224	3,776
	$ 6,728,154	$ 6,547,641

a. Contract information

1) Revenue from the sale of goods

Revenue from the sale of goods comes from wholesale of electronic components and instruments and valves. Sales from wholesale of electronic components are recognized as revenue when the goods are delivered to the customer's specific location. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the integrated maintenance services of process-control devices.

When the maintenance of the process-control devices is completed, the Company recognizes the revenue and accounts receivable at that time, and the advance receipts before the completion of the above-mentioned performance obligations are recognized as contract liabilities.

3) Revenue from the contracts

Revenue from contracts comes from the integrated services of the process-control system.

In the process of providing labor services, the cost of performance is directly related to the completion of the performance obligation. The Company measures the completion progress based on the actual input cost to the expected total cost. The Company gradually recognizes contract assets when providing labor services and converts contract assets into accounts receivable when rendering the bill. If the Company has already received project funds that exceed the amount of revenue recognized, the difference is recognized as contract liabilities.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

b. Contract balances

	December 31	
	2023	**2022**
Contract assets		
Rendering of services and contracts	$ 441,725	$ 408,119
Less: Allowance for impairment loss	-	-
	$ 441,725	$ 408,119
Notes receivable (Note 24)	$ 448,430	$ 292,088
Trade receivables (Note 9)	$ 1,129,803	$ 1,060,118
Contract liabilities		
Sale of goods	$ 2,439,338	$ 1,838,860
Rendering of services and contracts	484,173	557,719
	$ 2,923,511	$ 2,396,579

c. Disaggregation of revenue

Refer to Note 30 for information about disaggregation of revenue.

20. PROFIT BEFORE INCOME TAX

Net profit for the year was as follows:

a. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	$ 10,141	$ 9,014
Dividends	557	653
Others	7,225	12,792
	$ 17,923	$ 22,459

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (loss) gain	$ (9,852)	$ 14,866
Gain (loss) on disposal of property, plant and equipment	242	(192)
Others	(36,031)	2,078
	$ (45,641)	$ 16,752

c. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 36,424	$ 35,920
Right-of-use assets	14,983	13,275
Investment property	2,491	2,481
Intangible assets	2,103	1,465
	$ 56,001	$ 53,141
An analysis of depreciation by function		
Operating costs	$ 6	$ 10
Operating expenses	53,892	51,666
	$ 53,898	$ 51,676
An analysis of amortization by function		
Operating expenses	$ 2,103	$ 1,465

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	$ 747,532	$ 747,329
Post-employment benefits (Note 17)		
Defined contribution plans	20,571	19,539
Defined benefit plans	1,401	1,191
Other employee benefits	109,066	98,724
	$ 878,570	$ 866,783
An analysis of employee benefits expense by function		
Operating costs	$ 91,645	$ 80,723
Operating expenses	786,925	786,060
	$ 878,570	$ 866,783

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 11, 2024 and March 23, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	8.1%	7.7%
Remuneration of directors	1.0%	1.0%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 90,175	$ 95,300
Remuneration of directors	10,985	12,227

The audit committee has been established by law and replaces the function of supervisors from June 23, 2022.

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 estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

21. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 261,483	$ 244,768
Income tax on unappropriated earnings	21,613	15,542
Adjustments for prior years	36,926(Note)	3,732
Deferred tax		
In respect of the current year	2,754	31,077
Income tax expense recognized in profit or loss	$ 322,776	$ 295,119

Note: This is mainly due to Dalian Lumax's assessment of the amount of additional tax levied arising from related party transactions in previous years. Dalian Lumax has actively negotiated with the local tax bureau, but the actual final amount is subject to subsequent negotiations.

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 1,108,954	$ 1,185,500
Income tax expense calculated at the statutory rate	$ 264,463	$ 275,127
Income tax on unappropriated earnings	21,613	15,542
Adjustments for prior years' tax	36,926	3,732
Others	(226)	718
Income tax expense recognized in profit or loss	$ 322,776	$ 295,119

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Defined benefit obligation	$ 8,657	$ (6,667)	$ 256	$ -	$ 2,246
Loss on inventories	6,674	4,064	-	-	10,738
Others	5,596	7,275	-	(22)	12,849
	$ 20,927	$ 4,672	$ 256	$ (22)	$ 25,833
Deferred tax liabilities					
Investment income recognized under equity method	$ 298,569	$ 7,426	$ -	$ -	$ 305,995

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Defined benefit obligation	$ 12,679	$ (2,707)	$ (1,315)	$ -	$ 8,657
Loss on inventories	7,544	(870)	-	-	6,674
Others	6,018	(422)	-	-	5,596
	$ 26,241	$ (3,999)	$ (1,315)	$ -	$ 20,927
Deferred tax liabilities					
Investment income recognized under equity method	$ 271,491	$ 27,078	$ -	$ -	$ 298,569

c. Income tax assessments

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

22. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic/diluted earnings per share	$ 786,043	$ 890,458

Weighted-average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic earnings per share	96,156	102,625
Effect of potentially dilutive ordinary shares:		
Compensation of employees or bonuses issued to employees	1,284	1,636
Weighted average number of ordinary shares used in the computation of diluted earnings per share	97,440	104,261

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

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's capital management aims to maintain the sufficiency of financial resources and the soundness of operating strategies to meet the needs for operating capital, capital expenditure, R & D expenses, debt handling, dividend disbursement, etc.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

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

24. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Financial assets at amortized cost (1)	$ 5,539,785	$ 4,982,147
Financial assets at FVTOCI		
Investment in equity instruments	12,662	12,662
Other receivables	532	994

(Continued)

	December 31	
	2023	2022
Financial liabilities		
Amortized cost (2)	$ 923,358	$ 849,732
		(Concluded)

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables and other receivables and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade and other payables and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at amortized cost, financial assets at FVTOCI, notes receivable, trade receivables, notes payable, short-term borrowings, trade payables, and lease liabilities. The Group's financial risk management pertains to financial risks relating to the operations of the Group, these risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar and RMB (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and their adjusted translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Profit or loss	$ 31,043	$ 35,093	$ 5,873	$ -

b) Interest rate risk

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the financial assets and liabilities exposed to interest rates were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 2,406,871	$ 2,385,349
Financial liabilities	57,756	24,222
Cash flow interest rate risk		
Financial assets	1,474,060	1,174,076

Sensitivity analysis

The sensitivity analyses below have been determined on the basis of the exposure to interest rates for non-derivative instruments at balance sheet dates. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet dates outstanding for the entire period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by $7,370 thousand and $5,870 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable rate deposits and bank loans.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group transacted with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group's unused bank credit lines in bank were $463,820 thousand and $505,128 thousand, respectively.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had 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. The tables included both interest and principal cash flows. Except lease liabilities, as of December 31, 2023 and 2022, notes payable, trade and other payables are paid within one year.

December 31, 2023

	Within 1 Year	**Over 1 Year to 5 Years**	**Over 5 Years**
Non-derivative financial liabilities			
Lease liabilities	$ 10,692	$ 4,892	$ 253
short-term borrowings	42,143	-	-
	$ 52,835	$ 4,892	$ 253

December 31, 2022

	Within 1 Year	**Over 1 Year to 5 Years**	**Over 5 Years**
Non-derivative financial liabilities			
Lease liabilities	$ 13,524	$ 10,967	$ -

4) Transfers of financial assets

During the years ended December 31, 2023, the Group entered into discount loan transactions by using some of its banker's acceptance bills in mainland China. According to the loan contract, if these bankers' acceptance bills are not recoverable at maturity, transferees have the right to demand the Group pay the unsettled balance. Since the Group has not transferred the significant risks and rights relating to these bankers' acceptance bills, the Group continues to recognize the full carrying amounts of these banker's acceptance bills.

As of December 31, 2023, the carrying amount of these banker's acceptance bills that have been transferred but not derecognized was $42,143 thousand, and the carrying amount of the related liabilities was $42,143 thousand.

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships with the Company:

Related Party	Relationship with the Company
Chunghang Investment Ltd.	Related party in substance
Huii Investment Ltd.	Related party in substance
Lushun Investment Ltd.	Related party in substance

b. Rental revenue:

	For the Year Ended December 31	
Related Party Category	**2023**	**2022**
Related parties in substance	$ 54	$ 54

The rent is determined according to market conditions and charged monthly.

c. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits	$ 144,061	$ 132,194
Post-employment benefits	8,687	8,290
Other long-term employee benefits	3,215	2,056
	$ 155,963	$ 142,540

The remuneration of directors and key executives is determined by the remuneration committee on the basis of the performance of individuals and market trends.

26. ASSETS PLEDGED

The following assets were provided as collateral for bank borrowings and deposits for issuing quality assurance letters:

	December 31	
	2023	2022
Property, plant and equipment	$ 328,764	$ 333,065
Investment property	100,992	103,159
Restricted deposits (classified as financial assets at amortized cost - current)	14,209	-
Pledged deposits (classified as financial assets at amortized cost - current)	-	9,586
Pledged deposits (classified as financial assets at amortized cost - non-current)	95,227	65,860
	$ 539,192	$ 511,670

27. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

a. As of December 31, 2023 and 2022, the Group issued refundable guarantee bills, and guarantee letters of credit in the amounts of $1,658,084 thousand and $1,724,328 thousand, respectively, as guarantees for performance of purchases or sales.

b. The company has expanded the factory due to business expansion. The estimated total project budget is 387,000 thousand. As of December 31, 2023, $270,964 thousand has been prepaid (included in prepayments for equipment).

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 28,201	30.71 (USD:NTD)	$ 865,922
JPY	611,251	0.217 (JPY:NTD)	$ 132,764

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 6,786	30.71 (USD:NTD)	$ 208,360
USD	1,195	7.096 (USD:RMB)	$ 36,701
JPY	70,418	0.217 (JPY:NTD)	$ 15,295

(Concluded)

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 30,063	30.71 (USD:NTD)	$ 923,247
Financial liabilities			
Monetary items			
USD	5,396	30.71 (USD:NTD)	$ 165,707
USD	1,813	6.967 (USD:RMB)	$ 55,683

For the years ended December 31, 2023 and 2022, unrealized and realized net foreign exchange (losses) gains were $(9,852) thousand and $14,866 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investments in subsidiaries). (Table 3)

4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Other: Intercompany relationships and significant intercompany transactions. (Table 7)

11) Information on investees. (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) 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: (Tables 2 and 6)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Process control instrument - department A
Process control system - department B
Telecommunication and linear transmission - department C
Electronics component - department D
Other process control - department CN

a. Segment revenue and results

	Segment Revenue		Segment Income Before Tax	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Department A	$ 3,000,445	$ 2,929,274	$ 782,849	$ 759,071
Department B	1,631,704	1,558,931	306,059	320,434
Department C	499,682	554,722	23,926	37,429
Department D	504,342	486,492	(16,818)	17,386
Department CN	1,293,463	1,244,032	132,268	158,474
Adjustments and eliminations	(201,482)	(225,810)	-	-
Total operating segments	$ 6,728,154	$ 6,547,641	1,228,284	1,292,794
Management costs and remuneration of directors and supervisors			(170,532)	(176,271)
Non-operating income and expenses			51,202	68,977
Income before tax			$ 1,108,954	$ 1,185,500

The above revenue were generated through transactions with external customers. The inter-segment revenue had been adjusted and eliminated from the consolidated financial statements.

Segment operating income refers to profits earned by each segment, excluding management costs and remuneration of directors and supervisors and non-operating income and expenses. This is the measure reported to the Group's chief operating decision maker to allocate resources to each segment and evaluate its performance.

b. Segment assets

The Group's measure of assets is not provided to the chief operating decision maker; thus, measure of assets is disclosed as zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2023	**2022**
Process control	$ 5,788,026	$ 5,581,995
Electronics	940,128	965,646
	$ 6,728,154	$ 6,547,641

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		**Non-current Assets**	
	For the Year Ended December 31		**December 31**	
	2023	**2022**	**2023**	**2022**
Taiwan	$ 4,891,691	$ 4,843,850	$ 1,354,286	$ 1,269,866
China	1,793,847	1,694,876	112,066	128,570
Other	42,616	8,915	287	1,053
	$ 6,728,154	$ 6,547,641	$ 1,466,639	$ 1,399,489

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

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Balance Used	Interest Rate	Financing Provided (Note 3)	Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Financing Amount Limits (Note 2)
													Item	Value		
1	Dalian Lumax	Lumax Shanghai	Other receivables	Yes	$ 46,673	$ 45,434	$ -	-	b	$ -	Working capital	$ -	-	$ -	$ 463,069	$ 617,425

Note 1: The financing amounts to any one of borrower should not exceed 60% of the net worth.

Dalian Lumax ($771,781 × 60% = $463,069)

Note 2: The financing amounts should not exceed 80% of the net worth.

Dalian Lumax ($771,781 × 80% = $617,425)

Note 3: Explanations of financing provided are as follows:

a. For transaction.
b. For short-term financing.

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsements/ Guarantees at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantees Limit (Note 3)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	Lumax BVI	Subsidiary	$ 1,939,175	$ 2,080	$ -	$ -	$ -	-	$ 6,463,917	Y	-	-	
		Lumax Controls	Subsidiary	1,939,175	75,617	71,606	71,606	-	1.11	6,463,917	Y	-	-	
		Exodus	Subsidiary	1,292,783	10,000	10,000	-	-	0.15	6,463,917	Y	-	-	
		Lumax Shanghai	Second-tier subsidiary	1,939,175	174,525	122,115	15,353	30,705	1.89	6,463,917	Y	-	Y	
		Dalian Zennor	Second-tier subsidiary	1,939,175	3,000	3,000	3,000	-	0.05	6,463,917	Y	-	Y	
1	Dalian Lumax	The Company	Second-tier subsidiary	231,534	1,044	989	989	1,073	0.13	771,781	-	Y	Y	

Note 1: The financing amounts should not exceed 20% of the net worth.

The Company ($6,463,917 × 20% = $1,292,783)

Note 2: The financing amounts should not exceed 30% of the net worth.

The Company ($6,463,917 × 30% = $1,939,175)
Dalian Lumax ($771,781 × 30% = $231,534)

Note 3: The financing amounts should not exceed 100% of the net worth.

The Company ($6,463,917 × 100% = $6,463,917)
Dalian Lumax ($771,781 × 100% = $771,781)

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	Shares							
	Prohubs International Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,949	$ 6,662	6.96	$ 6,662	-
	Powtec Electrochemical Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,879	-	0.13	-	-
	Chou Chin Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	-
	Preference shares							
	Ta Shee Golf & Country Club	-	Financial assets at fair value through other comprehensive income - non-current	Note	6,000	-	6,000	-

Note: Unlisted due to hold less than thousand shares.

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Dalian Zennor	Second-tier subsidiary	Sales	$ 136,183	3	Note 1	Note 2	Note 1	$ 33,856	5	-

Note 1: The Company collected receivables through T/T in 3-6 months after delivery of goods.

Note 2: Sales prices are based on the Company’s purchasing costs plus reasonable profits.

TABLE 5

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount			
The Company	Lumax BVI	British Virgin Islands	Investment activities	$ 128,148	$ 128,148	3,500	100.00	$ 1,496,365	$ 65,079	$ 65,079	-
	Zennor	Samoa	Investment activities	49,570	49,570	1,510	60.16	150,135	7,110	4,278	-
	Lumax Controls	California, U.S.A	Machinery and equipment contract	7,535	7,535	90	90.00	8,678	1,350	1,215	-
	Exodus	Taiwan	Electronic components and process control equipment trading, integration of process control system and related maintenance services	9,890	9,890	Note 1	100.00	11,048	1,168	1,168	-
	Lumax Japan	Japan	Electronic components and process control equipment trading, integration of process control system and related maintenance services	4,842	4,842	Note 2	100.00	(417)	(4,680)	(4,680)	-
Lumax BVI	Zennor	Samoa	Investment activities	US$ 1,000	US$ 1,000	1,000	39.84	US$ 3,239	US$ 228	NA	-

Note 1: Limited company without common stock outstanding.

Note 2: Unlisted due to held less than thousand shares.

Note 3: For related information on the investee company in China, refer to Table 6.

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Dalian Lumax	Sales of valves, cocks, mechanical equipment and instrumentation products, special equipment for chemical production and other technical services related to component manufacturing	$ 101,327 US$ 3,300	Note 1	$ 30,705 US$ 1,000	$ -	$ -	$ 30,705 US$ 1,000	$ 27,915 RMB 6,350	100	$ 27,915 RMB 6,350	$ 771,781 RMB 178,364	$ 98,225 US$ 3,199
Wimax	Producing new styles of insulating materials, conductive materials, tape materials, power supplies, computer connectors, triple insulated wires, release film for thermostat and high pressure bearings	24,564 US$ 800	Note 1	-	-	-	-	12,744 RMB 2,899	100	12,744 RMB 2,899	144,556 RMB 33,408	36,355 US$ 1,184
Dalian Zennor	Import and export agency, information consulting services (not including licensing information consulting services), conference and exhibition services, technical services, technology development, technology consulting, technology exchanges, technology transfer, technology promotion, sales of valves and cocks, sale of mechanical equipment, sale of instruments, electronic components wholesale, instrument repair	61,410 US$ 2,000	Note 1	30,705 US$ 1,000	-	-	30,705 US$ 1,000	(3,367) RMB (766)	100	(3,367) RMB (766)	107,362 RMB 24,812	-
Lumax Shanghai	Engaged in computer systems, instruments, meters, industrial automation systems and equipment in the field of technology development, technology transfer, technical consulting, technical services; computer software design; computer systems, instruments, meters, industrial automation system equipment wholesale, import and export, commission agents (except auction), and other related supporting services	30,705 US$ 1,000	Note 1	15,660 US$ 510	-	-	15,660 US$ 510	11,421 RMB 2,598	100	11,421 RMB 2,598	73,399 RMB 16,963	-
Lumax Dalian Control (formerly Dalian Chuangzhan)	The installation of mechanical and electrical equipment, on-site maintenance; sales, import and export of goods, technology import and export, instrument sales; assembly, repair and instrument calibration of mechanical/electrical products, valve, electromechanical equipment assembly, maintenance, commissioning and technical consultation, and technical services	43,270 RMB 10,000	Note 1	-	-	-	-	(2,616) RMB (595)	100	(2,616) RMB (595)	57,095 RMB 13,195	-

Note 1: The indirect investment made by Lumax BVI and Zennor

Note 2: The financial statements are audited by the certified public accountant of the parent company in Taiwan.

Note 3: The investment income repatriated by the company from mainland China that has been disposed of (including sale, liquidation, dissolution, merger and bankruptcy, etc.) up to the current period is US$567 thousand.

Note 4: Zmax was liquidated in November 2022, and the remaining share proceeds of US$4,656 thousand were remitted to LUMAX BVI. The cumulative amount of investment in mainland China will be deducted after being remitted back to the parent company in Taiwan in the future.

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023		Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Dalian Lumax	$ 30,705 /US$ 1,000	$ 112,073 /US$ 3,650	Net asset value 60% $3,878,350
Wimax	- / -	30,705 /US$ 1,000	
Zmax (Note 4)	76,763 /US$ 2,500	- / -	
Dalian Zennor	30,705 /US$ 1,000	61,410 /US$ 2,000	
Lumax Shanghai	15,660 /US$ 510	15,660 /US$ 510	

Significant direct or indirect transactions with mainland China

Investee Company	Relationship with the Company	Purchase/Sale	Amount	Unit Price	Payment (Receivable) Terms	To Compare with General Transaction	Ending Balance		% to Total	Unrealized Gain (Loss)
Dalian Zennor	Second-tier subsidiary	Sale	$ 136,183	Note 1	Note 2	Notes 1 and 2	Accounts receivable	$ 33,856	5	$ -
Dalian Lumax	Second-tier subsidiary	Sale	35,305	Note 1	Note 2	Notes 1 and 2	Accounts receivable	3,211	-	-

Note 1: Sales prices are based on the Company’s purchasing costs plus reasonable profits.

Note 2: The Company collected receivables through T/T in 3-6 months after delivery of goods.

(Concluded)

TABLE 7

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Transaction Details				
			Flow of Transactions (Note)	Account	Amount	Transaction Terms	Percentage to Consolidated Total Operating Revenue or Total Assets
0	The Company	Dalian Lumax	a	Sales revenue	$ 35,305	Based on regular terms	1
			a	Contract liabilities	81,599	Based on regular terms	1
		Dalian Zennor	a	Sales revenue	33,856	Based on regular terms	-
			a	Trade receivables	136,183	Based on regular terms	2
			a	Contract liabilities	17,419	Based on regular terms	-

Note:
a. From parent to subsidiary.
b. From subsidiary to parent.
c. Between subsidiaries.
d. Amount exceed $10,000 shall be disclosed.

LUMAX INTERNATIONAL CORP., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Luxun Investment Co., Ltd.	8,864,552	9.21

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 preference shares held by shareholders with ownership of 5% or greater, that 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.