Stock Code: 3015

FSP Technology Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

Fiscal years of 2023 and 2022

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Statement

In the fiscal year 2023 of our company (from January 1, 2023 to December 31, 2023), the companies that are required to prepare consolidated financial statements for related parties in accordance with the "Guidelines for the Preparation of Business Reports, Consolidated Financial Statements for Related Parties, and Related Reports" and the companies that are required to prepare consolidated financial statements for parent-subsidiary mergers in accordance with International Financial Reporting Standard No. 10 approved by the Financial Supervisory Commission are the same. Furthermore, the relevant information that should be disclosed in the consolidated financial statements for related parties has already been disclosed in the aforementioned consolidated financial statements for parent-subsidiary mergers, so there is no need to prepare separate consolidated financial statements for related parties.

Hereby Declare

Company Name: FSP Technology Inc. and

Subsidiaries

Chairman: Cheng, Ya-Jen

Date: March 14, 2024

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have reviewed the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries, which comprise the Consolidated Balance Sheets as of December 31, 2023, and December 31, 2022 (restated), and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2023, and January 1 to December 31, 2022 (restated).

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations from International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

Our accountant conducted the audit work in accordance with the Certified Public Accountants' Rules for the Attestation of Financial Statements and Audit Standards. 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 FSP Technology Inc. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV (XV) for the accounting policy of revenue recognition and Note VI (XX) for the related disclosure of revenue.

Description of key audit matter:

Sales revenue of the Company is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Company. Additionally, there is a risk that revenue may not be recorded in the correct period close to the balance sheet date due to variations in the timing of revenue recognition based on different transaction conditions with customers. Therefore, the judgment of revenue recognition near the balance sheet date and the timing of transfer of control over goods are crucial for expressing financial statements accurately. Therefore, our accountant has categorized revenue recognition as a significant audit matter for this year's financial statement audit.

Audit procedure to address the matter:

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

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

Some subsidiary financial statements included in the FSP Technology Inc.'s consolidated financial report were not audited by our accountant but were audited by other auditors. Therefore, our accountant's opinion on the aforementioned consolidated financial report is based on the audit reports of other auditors for the amounts listed in the financial statements of those subsidiary companies. Those subsidiary companies accounted for 9.22%, 9.12% and 8.12％ of the total assets of the consolidated financial statements as of December 31, 2023 and restated as of December 31, 2022 and January 1st, respectively. For the net operating revenue, they represented 11.36% and 12.79% of the total net operating revenue of the consolidated financial statements for the periods from January 1st to December 31st of 2023 and restated from January 1st to December 31st of 2022, respectively.

FSP Technology Inc. has prepared its parent-company-only financial statements for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion with the section of Other Matters in the audit report.

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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters and adopting the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The governance of the Company, including the Audit Committee, is responsible for overseeing the 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. Having a reasonable assurance is having a high level of confidence, but performing audit work in accordance with auditing standards cannot guarantee the detection of all material misstatements in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

When our accountant conducts an audit in accordance with auditing standards, they employ professional judgment and professional skepticism. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Company 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 the key audit matters in the audit of the Company's Consolidated Financial Statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chang, Chun-I and Chao, Min-Ju.

KPMG Taiwan

Taipei, Taiwan (Republic of China)

March 14, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows by 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 consolidated financial statements shall prevail.

FSP Technology Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT$ thousand

Code	Assets	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
11xx	**Current Assets:**						
1100	Cash and cash equivalents (Note VI (I))	$ 4,225,848	21	3,695,970	18	2,794,253	13
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	698,828	3	560,449	3	516,074	3
1136	Financial assets at amortized cost	-	-	-	-	10,800	-
1150	Notes receivable, net (Notes VI (IV) and (XX))	126,773	1	81,568	-	62,112	-
1170	Accounts receivable, net (Notes VI (IV) and (XX))	2,331,178	11	3,140,610	16	3,864,730	18
1180	Accounts receivable - related parties, net (Notes VI (IV), (XX) and VII)	541,208	3	721,838	4	801,748	4
1200	Other receivables (Notes VI (III), (V) and VII)	430,235	2	91,330	-	73,406	-
1220	Current income tax assets	8,351	-	5,865	-	5,779	-
130x	Inventories (Note VI (VI))	2,540,765	12	3,058,639	15	3,590,546	17
1410	Prepayments	63,325	-	44,578	-	77,899	-
1470	Other current assets	23,537	1	30,858	-	34,848	-
	Total current assets	10,990,048	54	11,431,705	56	11,832,195	55
15xx	**Non-current Assets:**						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes VI (III) and (XVIII))	7,016,906	34	6,376,814	32	6,763,138	32
1550	Investment under equity method (Note VI (VII))	34,561	-	34,200	-	26,947	-
1600	Property, plant and equipment (Notes VI (IX), (XII), and (XIII), VIII and IX)	1,481,716	7	1,487,995	7	1,544,427	8
1755	Right-of-use assets (Notes VI (X), (XIV) and VII)	434,682	3	527,497	3	635,433	3
1780	Intangible assets (Note VI (XI))	223,440	1	224,905	1	223,496	1
1840	Deferred income tax assets (Note VI (XVII))	171,954	1	192,732	1	230,824	1
1900	Other non-current assets (Notes VI (IX), XVI, VIII and IX)	69,515	-	52,573	-	69,666	-
	Total non-current assets	9,432,774	46	8,896,716	44	9,493,931	45
1xxx	**Total assets**	$ 20,422,822	100	20,328,421	100	21,326,126	100

Code	Liabilities and Equity	2023.12.31 Amount	%	December 31, 2022 (restated) Amount	%	January 1, 2022 (restated) Amount	%
21xx	**Current Liabilities:**						
2100	Short-term borrowings (Notes VI (IX), (XII) and VIII)	$ 1,536	-	7,692	-	16,315	-
2150	Notes payable	11,450	-	13,057	-	14,445	-
2170	Accounts payable	2,993,921	15	3,854,819	18	4,986,689	23
2180	Accounts payable - related parties (Note VII)	87,065	-	151,773	1	90,024	-
2200	Other payables (Notes VI (XVI), (XXI) and VII)	1,535,992	8	1,247,717	6	1,151,339	6
2230	Current income tax liabilities	133,695	1	156,741	1	167,169	1
2250	Provisions - current (Note VI (XV))	130,311	1	131,155	1	146,223	1
2280	Lease liabilities - current (Notes VI (XIV) and VII)	190,025	1	175,602	1	166,758	1
2300	Other current liabilities (Notes VI (XIII) and (XX))	200,961	1	168,256	1	92,137	-
2320	Long-term liabilities - current portion (Notes VI (IX), (XIII) and VIII)	75,616	-	74,930	-	73,014	-
	Total current liabilities	5,360,572	27	5,981,742	29	6,904,113	32
25xx	**Non-current Liabilities:**						
2540	Long-term borrowings (Notes VI (IX) and (XIII), and VIII)	48,788	-	124,404	1	199,334	1
2570	Deferred income tax liabilities (Note VI (XVII))	86,100	-	121,940	-	146,792	1
2580	Lease liabilities - non-current (Notes VI (XIV) and VII)	255,209	2	364,713	2	474,996	2
2640	Net defined benefit liabilities - non-current (Note VI (XVI))	-	-	8,511	-	44,234	-
2645	Guarantee deposits received	500	-	532	-	500	-
2670	Other non-current liabilities (Note VI (XIII))	2,429	-	2,994	-	3,970	-
	Total non-current liabilities	393,026	2	623,094	3	869,826	4
2xxx	**Total liabilities**	5,753,598	29	6,604,836	32	7,773,939	36
31xx	**Equity Attributable to Owners of the Parent (Note VI (III), (VII) & (XVIII)):**						
3100	Capital Stock	1,872,620	9	1,872,620	9	1,872,620	9
3200	Capital Surplus	861,207	4	1,011,016	5	1,011,016	5
3300	Retained earnings:						
3310	Legal reserve	1,301,707	6	1,175,322	6	1,033,544	5
3350	Unappropriated earnings	4,126,229	20	3,719,335	18	3,213,826	15
	Total retained earnings	5,427,936	26	4,894,657	24	4,247,370	20
34xx	Other Equity:						
3410	Exchange differences on translation of financial statements of foreign operations	(126,335)	(1)	(77,349)	-	(117,703)	(1)
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,232,008	31	5,628,307	28	6,200,289	29
	Total other equity	6,105,673	30	5,550,958	28	6,082,586	28
	Total equity attributable to shareholders of the parent	14,267,436	69	13,329,251	66	13,213,592	62
36xx	**Non-controlling Interests (Note VI (XVIII))**	401,788	2	394,334	2	338,595	2
3xxx	**Total equity**	14,669,224	71	13,723,585	68	13,552,187	64
2-3xxx	**Total liabilities and equity**	$ 20,422,822	100	20,328,421	100	21,326,126	100

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **General Manager: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

Code	Item	2023 Fiscal year Amount	%	2022 Fiscal year (Revised Edition) Amount	%
4000	**Operating revenue (Notes VI (XX) and VII)**	$ 13,179,581	100	13,895,870	100
5000	**Operating costs (Notes VI (VI), (IX), (X), (XI), (XIV), (XV), and (XVI), VII and XII)**	10,773,503	82	11,587,346	83
5920	Add: Realized (Unrealized) Profit on Sales	(2,051)	-	259	-
5900	**Gross profit**	2,404,027	18	2,308,783	17
6000	**Operating expenses (Notes VI (IV), (V), (IX), (X), (XI), (XIV), (XVI), (XXI), VII and XII):**				
6100	Selling and marketing expenses	710,183	5	622,750	5
6200	General and administrative expenses	648,076	5	668,340	5
6300	Research and development expenses	559,978	4	481,663	3
6450	Expected credit impairment losses (gains)	16,977	-	(6,290)	-
	Total operating expenses	1,935,214	14	1,766,463	13
6900	**Net operating income**	468,813	4	542,320	4
7000	**Non-operating income and expenses (Notes VI (II), (III), (VII), (VIII), (IX), (X), (XIII), (XIV), (XXII), and VII):**				
7100	Interest income	74,461	1	27,155	-
7010	Other income	251,049	2	205,748	2
7020	Other gains and losses	9,879	-	189,960	1
7050	Finance costs	(24,146)	-	(17,028)	-
7060	Share of profits (losses) of associates and joint ventures under equity method	2,453	-	3,612	-
	Total non-operating income and expenses	313,696	3	409,447	3
7900	**Income before income tax from continuing operations**	782,509	7	951,767	7
7950	**Less: Income tax expense (Note VI (XVII))**	142,825	1	160,731	1
8200	**Net Income**	639,684	6	791,036	6
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss (Note VI (XVI))**				
8311	Gains (losses) on re-measurements of defined benefit plans	(788)	-	27,519	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,100,229	8	(50,513)	-
8349	Less: Income tax related to items that will not be reclassified subsequently	(157)	-	5,504	-
	Total items that will not be reclassified to profit or loss	1,099,598	8	(28,498)	-
8360	**Items that may be reclassified subsequently to profit or loss (Note VI (VII) and (XVIII))**				
8361	Exchange differences on translation of financial statements of foreign operations	(49,896)	-	42,033	-
8370	Share of other comprehensive income (losses) of associates and joint ventures under equity method	(41)	-	3,382	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(49,937)	-	45,415	-
8300	**Other Comprehensive Income**	1,049,661	8	16,917	-
8500	**Total Comprehensive Income**	$ 1,689,345	14	807,953	6
	Net income (losses) attributable to:				
8610	Shareholders of the parent	$ 599,238	6	722,439	7
8620	Non-controlling Interests	40,446	-	68,597	(1)
		$ 639,684	6	791,036	6
	Total comprehensive income (losses) attributable to:				
8710	Shareholders of the parent	$ 1,649,780	14	733,623	5
8720	Non-controlling Interests	39,565	-	74,330	1
		$ 1,689,345	14	807,953	6
	Earnings per share (Unit: NT$) (Note VI (XIX))				
9750	Basic earnings per share	$	3.20		3.86
9850	Diluted earnings per share	$	3.17		3.82

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen General Manager: Cheng, Ya-Jen Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Equity Attributable to Owners of the Parent										
			Retained earnings			Other equity items					
	Capital stock - common shares	Capital Surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total equity attributable to shareholders of the parent	Non-controlling Interests	Total Equity
Balance as of January 1, 2023	$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	13,208,961	338,515	13,547,476
Retroactive adjustments to new standards	-	-	-	4,631	4,631	-	-	-	4,631	80	4,711
Balance after restatement as of January 1, 2023	1,872,620	1,011,016	1,033,544	3,213,826	4,247,370	(117,703)	6,200,289	6,082,586	13,213,592	338,595	13,552,187
Appropriation and distribution of earnings:											
Appropriation of legal surplus reserve	-	-	141,778	(141,778)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(617,964)	(617,964)	-	-	-	(617,964)	-	(617,964)
Net Income	-	-	-	722,439	722,439	-	-	-	722,439	68,597	791,036
Other Comprehensive Income	-	-	-	21,343	21,343	40,354	(50,513)	(10,159)	11,184	5,733	16,917
Total Comprehensive Income	-	-	-	743,782	743,782	40,354	(50,513)	(10,159)	733,623	74,330	807,953
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(18,591)	(18,591)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	521,469	521,469	-	(521,469)	(521,469)	-	-	-
Balance after restatement as of December 31, 2023	1,872,620	1,011,016	1,175,322	3,719,335	4,894,657	(77,349)	5,628,307	5,550,958	13,329,251	394,334	13,723,585
Appropriation and distribution of earnings:											
Appropriation of legal surplus reserve	-	-	126,385	(126,385)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	(561,786)	-	(561,786)
Changes in other capital surplus:											
Cash dividends appropriated from capital surplus	-	(149,809)	-	-	-	-	-	-	(149,809)	-	(149,809)
Net Income	-	-	-	599,238	599,238	-	-	-	599,238	40,446	639,684
Other Comprehensive Income	-	-	-	(701)	(701)	(48,986)	1,100,229	1,051,243	1,050,542	(881)	1,049,661
Total Comprehensive Income	-	-	-	598,537	598,537	(48,986)	1,100,229	1,051,243	1,649,780	39,565	1,689,345
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(32,111)	(32,111)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	496,528	496,528	-	(496,528)	(496,528)	-	-	-
Balance as of December 31, 2023	**$ 1,872,620**	**861,207**	**1,301,707**	**4,126,229**	**5,427,936**	**(126,335)**	**6,232,008**	**6,105,673**	**14,267,436**	**401,788**	**14,669,224**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **General Manager: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Cash flows from operating activities:		
Income before income tax	$ 782,509	951,767
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	379,163	366,270
Amortization expenses	6,349	8,080
Expected credit impairment losses (gains)	16,977	(6,290)
Interest expense	24,146	17,028
Interest income	(74,461)	(27,155)
Dividend income	(192,437)	(127,003)
Share of profits (losses) of associates and joint ventures under equity	(2,453)	(3,612)
Loss on disposal of property, plant, and equipment	607	536
Disposal of Intangible Asset Loss	11	-
Disposal of investment losses	549	-
Unrealized sales gains (losses)	2,051	(259)
Gains on lease modifications	(12)	(20)
Rent concessions reclassified to revenue	-	(3,861)
Total adjustments for profit or loss	160,490	223,714
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(138,379)	(44,375)
Notes receivable	(45,205)	(19,456)
Accounts receivable	820,961	730,410
Accounts receivable - related parties	180,630	79,910
Other receivables	(356,952)	(17,637)
Inventories	517,874	531,907
Prepayments	(18,747)	32,768
Other current assets	7,321	3,990
Other Non-Current Assets	(10,581)	(1,717)
Total changes in operating assets	956,922	1,295,800
Changes in operating liabilities:		
Notes payable	(1,607)	(1,388)
Accounts payable	(860,898)	(1,131,870)
Accounts payable - related parties	(64,708)	61,749
Other payables	283,908	89,178
Provisions for liabilities	(844)	(15,068)
Other current liabilities	32,140	75,143
Net defined benefit liabilities	(9,556)	(10,665)
Total changes in operating liabilities	(621,565)	(932,921)
Total changes in operating assets and liabilities	335,357	362,879
Total adjustments	495,847	586,593
Cash flows generated by operating activities	1,278,356	1,538,360
Interest received	72,385	26,868
Interest paid	(24,227)	(16,979)
Income tax paid	(183,401)	(162,738)
Net cash flows generated from operating activities	1,143,113	1,385,511
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,745)	(187,324)
Disposal of financial assets at fair value through other comprehensive income	502,498	523,135
Disposal of financial assets at amortized cost	-	10,959
Acquisition of property, plant, and equipment	(195,910)	(116,401)
Disposal of property, plant and equipment	5,784	668
Acquisition of intangible assets	(4,906)	(8,937)
Increase in refundable deposits	(5,800)	(1,830)
Increase in prepayments for equipment	(2,006)	(91)
Dividends received	192,437	127,003
Reduction in restricted deposits	-	18,679
Net cash flows from investing activities	441,352	365,861
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,560	-
Decrease in short-term loans	(7,697)	(8,623)
Repayments of long-term loans	(74,930)	(73,014)
Increase in deposited margin	-	26
Repayment of the principal of lease liabilities	(186,867)	(166,203)
Cash dividends paid	(711,595)	(617,964)
Cash dividends paid to non-controlling interests	(32,111)	(18,591)
Net cash flows used in financing activities	(1,011,640)	(884,369)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(42,947)	34,714
Increase in cash and cash equivalents for the period	529,878	901,717
Cash and cash equivalents at the beginning of the year	3,695,970	2,794,253
Cash and cash equivalents at the end of the year	$ 4,225,848	3,695,970

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **General Manager: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
Fiscal years of 2023 and 2022
(Amounts in NT$ thousands, unless specified otherwise)

I. Company History

FSP Technology Inc. (the "Company") was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company and its subsidiaries (the "Group") are primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adoption of new or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

the Company has initially adopted the following new amendments to IFRS since January 1, 2023, the impact of which is described as follows:

1. Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendment restricts the scope of the recognition exemption. When the original recognition of a transaction results in an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. This accounting adjustment resulted in an increase in deferred income tax assets, deferred income tax liabilities, retained earnings, and non-controlling interests by NT$148,584,000, NT$143,873,000, NT$4,631,000, and NT$80,000, respectively, as of January 1, 2022. As of December 31, 2022, the deferred income tax assets, deferred income tax liabilities, retained earnings, foreign exchange translation adjustments related to financial statements of foreign operations attributable to equity holders of the parent company, and non-controlling interests increased by NT$123,651,000, NT$117,438,000, NT$6,039,000, NT$78,000, and NT$96,000, respectively. This adjustment did not have a significant impact on basic earnings per share, diluted earnings per share, and cash flows for 2022.

If the Group follows the previous accounting policy for 2023, it would result in a decrease of NT$85,856,000 in deferred income tax assets, NT$79,740,000 in deferred income tax liabilities, NT$6,039,000 in retained earnings, a decrease of NT$28,000 in foreign exchange translation adjustments related to financial statements of foreign operations attributable to equity holders of the parent company, and an increase of NT$105,000 in non-controlling interests as of December 31, 2023. Additionally, for 2023, there would be a decrease of NT$106,000 in the foreign exchange translation adjustments related to financial statements of foreign operations, which would not have a significant impact on basic earnings per share, diluted earnings per share, and cash flows.

2. Others

The following new amendments are also effective as of January 1, 2023, but have no material impact on the Consolidated Financial Statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

The Group has adopted the following new amendments, which do not have a significant impact on the Consolidated Financial Statements, since May 23, 2023.

- Amendment to IFRS 12 "International Rental Tax Reform Pillar Two Model Rules"

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Company

The Group assesses that the adoption of the following new amendments effective from January 1, 2024 will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 1 "Classification of liabilities as current or non-current"
- Amendment to IAS 1, "Non-current Liabilities with Contractual Provisions"
- Amendment to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendment to IFRS 16 "Lease Liabilities in Sales and Leaseback"

(III) IFRSs issued by the International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

the Company expects that the following new and amended standards, which have not been endorsed by the FSC, will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"
- Amendment to International Accounting Standard No. 21: 'Lack of Convertibility'

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Consolidated Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements.

(I) Compliance declaration

The Company's accompanying Consolidated Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and interpretations from International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (collectively as "IFRSs").

(II) Preparation basis

1. Measurement basis

   The Consolidated Financial Statements have been prepared on a historical cost basis except for the following items:

   (1) Financial assets measured at fair value through profit or loss;

   (2) Financial assets measured at fair value through other comprehensive income;

   (3) Defined benefit liability (assets), which are measured based on pension fund assets plus unrecognized service costs in the previous period and unrecognized actuarial losses, less unrecognized actuarial gains, the present value of defined benefit obligations and effect of the asset ceiling as mentioned in Note IV (XVII).

2. Functional and presentation currency

   The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Consolidated Financial Statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Basis of consolidation

1. Principles of preparation of the Consolidated Financial Statements

   The entities in the Consolidated Financial Statements include the Company and its subsidiaries.

   The financial statements of the subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Profit or loss attributable to the non-controlling interests of the subsidiaries is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. If the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, as well as any carrying amount of non-controlling interests at the date of loss of control. In addition, the Group recognizes the fair value of the retained investment in the former subsidiary at the date of loss of control, and also recognizes the resulting difference in profit or loss as income or loss attributable to the Company. All inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation.

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

2. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31	Description
The Company	FSP International Inc. (BVI)	Investment Transfer	100.00%	100.00%	
〃	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	
The Company	Amacrox Technology Co., Ltd. (BVI)	Investment Transfer	100.00%	100.00%	
〃	3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	
〃	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	
〃	FSP Turkey Dis Tic.Ltd.Sti.	Business development and product technical service	91.41%	91.41%	
The Company	FSP Technology Vietnam Co., Ltd. (hereinafter referred to as FSP VN)	Manufacturing of power supplies and related electronic products	100.00%	- %	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31	Description
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. (Huili)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
〃	FSP Technology Inc. (BVI)	Investment Transfer	100.00%	100.00%	
〃	Proteck Electronics (Samoa) Corp.	Investment Transfer	100.00%	100.00%	
〃	Power Electronics Co., Ltd. (BVI)	Investment Transfer	100.00%	100.00%	
〃	Famous Holding Ltd.	Investment Transfer	100.00%	100.00%	
〃	FSP International (HK) Ltd.	Investment Transfer	100.00%	100.00%	
FSP Technology Inc. (BVI)	FSP-C R&D Center (FSP Jiangsu)	Research & development and design of various energy saving technology	100.00%	100.00%	
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. (Protek Dongguan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. (Zhonghan)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. (WUXI SPI)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
〃	WUXI Zhonghan Technology Co., Ltd. (WUXI Zhonghan)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (Hao Han)	Trading and manufacturing of electronic components	100.00%	100.00%	
WUXI Zhonghan	Shenzhen Zhonghan Technology Co., Ltd. ("Zhonghan Tech.")	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2023.12.31	Percentage of Ownership 2022.12.31	Description
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Proteck Power North America, Inc.	Trading of power supplies and related electronic products	- %	100.00%	Note 2
3Y Power	3Y Power Technology Inc. (3Y Power USA)	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Luckyield Co., Ltd.	Investment Transfer	100.00%	100.00%	
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. (WUXI 3Y)	Design, manufacturing and trading of power supplies	100.00%	100.00%	Note 3

Note 1: The Company established FSP VN for NT$30,500, 000 (US$1,000,000) on June 19, 2023 and it became a subsidiary of the Company since then.

Note 2: On January 5, 2023, the board of directors approved the liquidation plan of Proteck Power North America, Inc. The liquidation was successfully completed on August 29, 2023.

Note 3: The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the shareholding percentage as of December 31, 2023 and 2022 was 65.87%.

3. Subsidiaries which are not included in the Consolidated Financial Statements: None.

(IV) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period (the reporting date), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

When disposing of foreign operating entities that result in loss of control, joint control, or significant influence, the accumulated translation differences related to those entities are reclassified in their entirety to profit or loss. When partially disposing of subsidiary companies that include foreign operations, the related accumulated exchange differences are proportionately reallocated to non-controlling interests. When disposing of investments that include affiliated enterprises or joint ventures with foreign operating organizations, the accumulated exchange differences related to these investments should be reclassified proportionally in the income statement.

(V) Classification criteria for current and non-current assets and liabilities

Assets are classified as current assets when one of the following criteria is met, and all other assets are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed within the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Assets that are expected to be realized within twelve months after the balance sheet date.
4. Cash or cash equivalents, excluding restricted cash or cash equivalents that are reserved for exchange, debt repayment or under other restrictions for more than twelve months after the balance sheet date.

Liabilities are classified as current liabilities when one of the following criteria is met, and all other liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be settled within the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Liabilities that are expected to be settled upon maturity within twelve months after the balance sheet date.
4. The Group is unable to extend the repayment date unconditionally for at least twelve months after the balance sheet date.

(VI) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the Consolidated Statements of Cash Flows.

(VII) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

the Company applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

The financial assets were initially classified as follows: financial assets measured at amortized cost, equity instruments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. When the Company changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost if all of the following conditions are met and the financial assets are not designated as measured at fair value through profit or loss:

- Financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, using initial recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

At initial recognition of investments in equity instruments that are not held for trading, the Group may make an irrevocable election to present subsequent changes in fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss (unless the dividend clearly represents the recovery of part) of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the date that the Company is eligible to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. At initial recognition, the Company may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

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

(4) Impairment of financial assets

The Group recognizes loss allowance for expected credit loss on financial assets at amortized cost, (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables) and refundable deposits.

The Group measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, credit assessment, as well as forward-looking information, the Group measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

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

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets is written off when the Group has no reasonable expectation of recovering the entire or part of the financial assets. The Group individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Group transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Group neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Group enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset is retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the amount of consideration received, less the direct issuing cost.

(2) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition is also recognized in profit or loss.

(3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are amended and the cash flows of the amended liability are substantially different, in which case a new financial liability based on the amended terms is recognized at fair value.

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

(4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VIII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

(IX) Investments in associates

An associate is an entity in which the Group has significant influence, but not control over their financial and operating policies. The Group is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Group's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

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

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

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(X) Property, Plant, and Equipment

1. Recognition and measurement

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

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

Any gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Housing and Construction	1~50 years
Buildings and Building Improvements	3~15 years
Machinery	1~24 years
Transportation Equipment	4~19 years
Other Equipment	1~26 years
Leasehold Improvements	3~11 years

The Group reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

(XI) Leases - Lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Group's incremental borrowing rate is applied. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

1. Fixed payments, including in-substance fixed payments;
2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
3. Amounts expected to be payable under residual value guarantees; and
4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;
2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;
3. There is a change in the assessment on the purchase option of the underlying asset;
4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;
5. There is any modification in lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and any difference between this amount and the remeasured lease liability is recognized in the income statement.

The Group presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Consolidated Balance Sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases of buildings and construction, machinery and equipment, and transportation equipment leases and for leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group applies the practical expedient to the rent concessions that meet all of the following criteria without assessing if they are lease modification.

1. Rent concession is a direct consequence of the COVID-19 pandemic;
2. As a result of the change in lease payments, revised consideration for the lease is almost the same as, or less than, the consideration for the lease prior to the change;
3. Any reduction in lease payments affects only payments originally due on or before June 30, 2023; and
4. There is no change in substance to the other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments arising from rent concessions is recognized in profit or loss for the reporting period.

(XII) Intangible assets

1. Recognition and measurement

Goodwill of the Company occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Group elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

The Group's other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenditures

   Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

   Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

   The estimated useful lives for the current and comparative periods are as follows:

Software cost	1~5 years
Patent	91 months

   The Group reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

The Group assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(XIV) Provisions for liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XV) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Company has objective evidence that all criteria for acceptance have been satisfied.

(XVI) Government grant

When the Group can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Group recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Group's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

(XVII) Employee benefits

1. Defined contribution plans

   Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

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

The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Group, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses is recognized in profit or loss. When the settlement occurs, the Group shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are expensed during the period in which employees render services. If the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

(XVIII) Income Tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

The Group has determined that interest or penalties associated with income tax, including uncertain tax treatments, do not fall under the definition of income tax. As a result, they are subject to accounting treatment in accordance with International Accounting Standard 37.

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

Deferred income tax is recognized based on the temporary differences between the carrying amounts of assets and liabilities as of the reporting date and their tax bases. Deferred income taxes are not recognized for the following temporary differences:

1. Assets or liabilities that are not initially recognized as part of a business combination and do not impact accounting profit, taxable income (loss), or generate equal temporary differences for taxable and deductible purposes at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

1. The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either;
   (1) The same taxable entity; or
   (2) Different taxable entities which intend to settle current income tax assets and income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant

amounts of deferred income tax assets are expected to be recovered or significant amounts of deferred income tax liabilities are expected to be settled.

(XIX) Earnings per Share

The basic and diluted EPS attributable to stockholders of the Group are disclosed in the Consolidated Financial Statements. Basic EPS of the Group is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares include estimates of employee compensation.

(XX) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's key operation decision maker, who determine the allocation of resources to the segment and assesses its performance.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the management prepares this consolidated financial report, it must make judgments, estimates, and assumptions, which will impact the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

The consolidated financial report pertains to the invested company, FSP Group USA Corp. Whether substantive control involves significant judgment and has a material impact on the amounts recognized in these consolidated financial statements, the relevant information is as follows:

The merged company holds 45% of the voting shares of FSP Group USA Corp., while the remaining 55% is held by three other shareholders. In previous years, all three of these shareholders would attend the shareholders' meeting. However, the merged company does not have more than half of the voting rights at the shareholders' meeting, and the other shareholders may exercise their consent rights jointly due to their similar positions. Additionally, the merged company does not hold any director positions. Therefore, it is determined that the merged company has no control over FSP Group USA Corp. Only significant influence.

In the Consolidated Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Consolidated Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	$ 9,808	9,302
Cash equivalents		
Money market funds	-	24,567
Attached Repurchase Bonds	105,842	-
Deposits in saving accounts and checking accounts	1,544,510	2,104,779
Time deposits	2,565,688	1,557,322
	$ 4,225,848	3,695,970

Please refer to Note VI (XXIII) for the disclosure of interest rate risk of the Group's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Beneficiary certificates	$ 277,366	206,617
Private equity funds	68,545	18,000
Foreign unlisted stocks	71,632	71,632
Structured deposits	281,285	264,200
Total	$ 698,828	560,449

The merged company held structured deposits on December 31, 2023 and 2022 expected yields ranging from 1.30% to 2.70% and 1.75% to 3.30%, respectively. These deposits will mature between February and March 2024 and between January and February of 2023.

The dividend income recognized by the Group for the financial assets measured at fair value through profit or loss, as listed above, amounted to NT$619,000 for 2023 and NT$592,000 for 2022.

Please refer to Note VI (XXII) for the amount recognized in profit or loss remeasured at fair value.

Please refer to Note VI (XXIII) for the information on market risk.

(III) Financial assets at fair value through other comprehensive income

		2023.12.31	2022.12.31
Equity instruments at fair value through other comprehensive income			
Domestic listed stock - Voltronic Power Technology Corp.	$	5,774,366	5,665,240
Domestic listed stock - JESS-LINK Products Co., Ltd.		841,000	400,000
Domestic listed stock - WT Microelectronics Co., Ltd.		45,650	47,750
Domestic listed stock - Taiwan Cement Corp.		1,917	1,851
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.		5,930	4,485
Domestic over-the-counter (OTC) stock - Coretronic Corporation		61,347	56,900
Domestic over-the-counter (OTC) stock - Champ-Ray Industrial Co., Ltd.		17,884	-
Foreign listed stocks		9,253	11,302
Foreign unlisted stocks		26,493	26,494
Domestic unlisted stocks		233,066	162,792
Total	$	7,016,906	6,376,814

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

   The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

   The dividend income recognized by the Group for 2023 and 2022 from equity instruments designated as at fair value through other comprehensive income amounted to NT$191,818,000 and NT$126,411,000, respectively.

   In fiscal year 2023, we sold shares of Voltronic Power Technology Corp, Guoyu Global Company Limited., and Coretronic Corporation. These shares were measured at fair value through other comprehensive income, in line with our Group's capital utilization plan. The total fair value of the disposals was NT$510,881,000, resulting in disposal gains of NT$496,528,000. As of December 31, 2023, the outstanding disposal price is NT$8,442,000, which is recorded as other receivables. In 2022, the Group sold its designated equity investment in Voltronic Power Technology Corp, which was measured at fair value through other comprehensive income, to align with the capital utilization plan of the consolidated company. The fair value at the time of disposal was NT$523,135,000, resulting in a disposal gain of NT$521,496,000. As of December 31, 2022, the outstanding proceeds from disposal amounted to NT$59,000 , which was recognized under other receivables.

2. Please refer to Note VI (XXIII) for the information on market risk.

(IV) Notes receivable and accounts receivable

		2023.12.31	2022.12.31
Notes receivable	$	126,773	81,568
Accounts receivable		2,345,626	3,165,251
Accounts receivable - related parties		541,208	721,838
Less: Allowance for impairment loss		(14,448)	(24,641)
	$	2,999,159	3,944,016

The Group's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Group applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macroeconomy and related industry information, is taken into consideration as well.

Analysis of expected credit loss on notes receivable and accounts receivable of the Group's operating entity in Taiwan was as follows:

	2023.12.31			
		Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$	2,047,808	0.24	4,533
Past due within 30 days		48,729	6.30	3,068
Past due 31-60 days		1,452	19.88	289
Past due 91-120 days		1,303	45.45	592
Past due over 121 days		1,645	100.00	1,645
	$	2,100,937		10,127

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$2,381,000. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$476,000 for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 2,926,231	0~0.46	11,182
Past due within 30 days	72,291	7.58	5,478
Past due 31-60 days	3,285	23.93	786
Past due 61-90 days	2,846	46.14	1,313
	$ 3,004,653		18,759

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$27,493000. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$5,499,000 for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

The analysis of the expected credit loss on notes receivable and accounts receivable for the Company's operating entities in Mainland China is provided below:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 720,132	0.05	362
Past due within 30 days	14,133	0.05	7
Past due 31-60 days	10,105	0.05	5
Past due 61-90 days	2,077	0.05	1
Past due 121-180 days	604	0.05	-
Past due over 181-360 days	656	-	-
Past due over a year	376	-	1
	$ 748,083		376

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 742,100	0.05	378
Past due within 30 days	3,424	0.05	2
Past due 31-60 days	6,489	0.50	3
Past due 61-90 days	101	0.05	-
	$ 752,114		383

The analysis of the expected credit loss on notes receivable and accounts receivable for other operating entities of the Company is provided below:

	2023.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 107,133	-	-
Past due within 30 days	22,222	-	-
Past due 31-60 days	13,523	-	-
Past due 61-90 days	8,559	-	-
Past due 91-120 days	10,371	0.30	3,071
Past due over a year	398	100.00	398
	$ 162,206		3,469

	2022.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 133,205	-	-
Past due within 30 days	32,839	-	-
Past due 31-60 days	14,256	-	-
Past due 61-90 days	4,097	-	-
	$ 184,397		-

Changes in the allowance for notes receivable and accounts receivable were as follows:

		2023 Fiscal year	2022 Fiscal year
Beginning balance	$	24,641	39,771
Reversal of impairment losses resulting in gains		(11,529)	(6,290)
Write-off		-	(9,175)
Foreign exchange gain/loss		(56)	335
Write-off amounts turnover in the previous year		1,392	-
Ending balance	$	14,448	24,641

(V) Other receivables

		2023.12.31	2022.12.31
Other receivables	$	458,840	91,840
Less: Allowance for impairment loss		(28,605)	(510)
	$	430,235	91,330

Changes in loss allowance for other receivables:

		2023 Fiscal year	2022 Fiscal year
Beginning balance	$	510	460
Impairment losses recognized		28,506	-
Foreign exchange gain/loss		(411)	50
Ending balance	$	28,605	510

(VI) Inventories

		2023.12.31	2022.12.31
Finished goods	$	1,503,290	1,750,634
Work in process		434,453	634,291
Raw materials		603,022	673,714
	$	2,540,765	3,058,639

Breakdown of cost of goods sold:

		2023 Fiscal year	2022 Fiscal year
Inventories sold	$	10,328,490	11,351,252
Loss on inventory write-down		21,731	64,976
Loss on inventory		17	4
Unallocated manufacturing expense		376,612	120,242
Loss on inventory obsolescence		46,796	51,335
Income from sales of scraps		(143)	(463)
	$	10,773,503	11,587,346

As of December 31, 2023 and 2022, the Group did not pledge any inventories as collateral.

(VII) Investments Accounted for Using the Equity Method

A summary of the Group's investments accounted for using the equity method at the reporting date is provided below:

	2023.12.31	2022.12.31
Associate	$ 34,561	34,200

1. Associate

   Aggregated financial information on associates that were accounted for using the equity method and were not individually material to the Company is summarized below. This financial information was included in the amount of the Consolidated Financial Statements.

	2023.12.31	2022.12.31
The carrying amount of investments in associates that were not individually material to the Company at the end of the period	$ 34,561	34,200

	2023 Fiscal year	2022 Fiscal year
Attributable to the Company:		
Income from Continuing Operations	$ 2,453	3,612
Other comprehensive income	(41)	3,382
Total comprehensive income	$ 2,412	6,994

2. Collateral

   As of December 31, 2023 and 2022, the Group did not pledge any investments accounted for under the equity method as collateral.

(VIII) Disposal of Subsidiary

On January 5, 2023, the Group resolved at the Board of Directors' meeting to liquidate its subsidiary Power North America. The liquidation was completed on August 29, 2023 with a recognized disposal loss of NT$549,000, accounted for under other gains and losses.

1. Below is the comprehensive breakdown of the net asset book value of Power North America on the disposal date:

	2023.6.30
Cash	$ 15,281

2. The following are the details of the loss amount incurred by the Group when disposing of its subsidiary:

	2023.6.30
The foreign exchange translation differences from the reclassification of other equity to profit or loss for the financial statements of foreign operations.	$ 549

(IX) Property, Plant, and Equipment

The details of changes in cost, depreciation, and impairment losses of property, plant, and equipment for the Group for 2023 and 2022 are as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2023	$ 310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Addition	-	12,039	-	126,673	4,197	32,234	15,867	9,348	200,358
Disposal	-	(540)	-	(39,443)	(642)	(12,307)	(213)	-	(53,145)
Reclassification (Note 1)	-	-	-	1,681	-	93	-	(73)	1,701
Effect of exchange rate changes	-	(4,970)	(438)	(17,273)	(298)	(2,375)	(1,817)	-	(27,171)
Balance as of December 31, 2023	$ 310,476	1,224,490	27,949	1,307,563	22,060	517,402	89,879	9,348	3,509,167
Balance as of January 1, 2022	$ 310,476	1,155,739	27,589	1,177,087	19,031	474,302	74,207	27,875	3,266,306
Addition	-	33,827	439	53,377	560	34,457	819	73	123,552
Disposal	-	(2,076)	-	(12,947)	(1,127)	(11,071)	-	-	(27,221)
Reclassification (Note 1)	-	26,536	-	5,239	-	613	-	(27,875)	4,513
Effect of exchange rate changes	-	3,935	359	13,169	339	1,456	1,016	-	20,274
Balance as of December 31, 2022	$ 310,476	1,217,961	28,387	1,235,925	18,803	499,757	76,042	73	3,387,424
Depreciation and impairment loss:									
Balance as of January 1, 2023	$ -	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Recognition in current period	-	50,321	2,155	93,965	1,742	36,690	9,555	-	194,428
Disposal	-	(272)	-	(33,427)	(642)	(12,200)	(213)	-	(46,754)
Effect of exchange rate changes	-	(4,364)	(164)	(12,461)	(199)	(1,627)	(837)	-	(19,652)
Balance as of December 31, 2023	$ -	564,899	11,598	960,777	14,277	428,499	47,401	-	2,027,451
Balance as of January 1, 2022	$ -	469,062	7,387	824,346	13,085	378,664	29,335	-	1,721,879
Recognition in current period	-	48,404	2,139	92,041	1,163	36,884	9,171	-	189,802
Disposal	-	(1,325)	-	(12,675)	(1,126)	(10,891)	-	-	(26,017)
Effect of exchange rate changes	-	3,073	81	8,988	254	979	390	-	13,765
Balance as of December 31, 2022	$ -	519,214	9,607	912,700	13,376	405,636	38,896	-	1,899,429
Carrying amounts:									
Balance as of December 31, 2023	$ 310,476	659,591	16,351	346,786	7,783	88,903	42,478	9,348	1,481,716
Balance as of December 31, 2022	$ 310,476	698,747	18,780	323,225	5,427	94,121	37,146	73	1,487,995

Note 1: During fiscal years 2023 and 2022, prepayments for equipment were transferred in the amounts of 1,701,000 and 4,513,000, respectively.

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of December 31, 2023 and 2022.

(X) Right-of-use assets

The changes in the costs and depreciation of land, buildings and construction and transportation equipment leased by the Group were as follows:

		Land	Housing and Construction	Transportation Equipment	Total
Costs of right-of-use assets:					
Balance as of January 1, 2023	$	27,784	1,119,990	3,497	1,151,271
Addition		-	97,236	2,511	99,747
Reduction (contract expired and early termination of contract)		-	(2,276)	(390)	(2,666)
Effect of exchange rate changes		(301)	(20,274)	-	(20,575)
Balance as of December 31, 2023	$	27,483	1,194,676	5,618	1,227,777
Balance as of January 1, 2022	$	27,546	1,046,660	3,451	1,077,657
Addition		-	55,401	2,377	57,778
Reduction (contract expired and contract modification)		-	(88)	(2,364)	(2,452)
Effect of exchange rate changes		238	18,017	33	18,288
Balance as of December 31, 2022	$	27,784	1,119,990	3,497	1,151,271
Depreciation of right-of-use assets:					
Balance as of January 1, 2023	$	4,106	618,627	1,041	623,774
Depreciation in current period		1,023	181,955	1,757	184,735
Reduction (contract expired and early termination of contract)		-	(1,899)	(390)	(2,289)
Effect of exchange rate changes		(42)	(13,080)	(3)	(13,125)
Balance as of December 31, 2023	$	5,087	785,603	2,405	793,095
Balance as of January 1, 2022	$	3,062	437,245	1,917	442,224
Depreciation in current period		1,025	174,486	957	176,468
Reduction (contract expired and contract modification)		-	-	(1,844)	(1,844)
Effect of exchange rate changes		19	6,896	11	6,926
Balance as of December 31, 2022	$	4,106	618,627	1,041	623,774
Carrying amounts:					
Balance as of December 31, 2023	$	22,396	409,073	3,213	434,682
Balance as of December 31, 2022	$	23,678	501,363	2,456	527,497

(XI) Intangible assets

The Group's costs, amortization and impairment loss of intangible assets for the years ended December 31, 2023 and 2022 were as follows:

		Goodwill	Software cost	Patent	Total
Costs:					
Balance as of January 1, 2023	$	218,672	18,846	16,507	254,025
Addition in current period		-	4,665	241	4,906
Reduction in current period		-	(8,135)	(18)	(8,153)
Effect of exchange rate changes		-	-	(15)	(15)
Balance as of December 31, 2023	$	218,672	15,376	16,715	250,763
Balance as of January 1, 2022	$	218,672	15,603	15,863	250,138
Addition in current period		-	8,937	-	8,937
Reduction in current period		-	(5,696)	-	(5,696)
Reclassification (Note)		-	-	646	646
Effect of exchange rate changes		-	2	(2)	-
Balance as of December 31, 2022	$	218,672	18,846	16,507	254,025
Amortization and impairment loss:					
Balance as of January 1, 2023	$	-	13,099	16,021	29,120
Amortization for the period		-	6,273	76	6,349
Reduction in current period		-	(8,135)	(7)	(8,142)
Effect of exchange rate changes		-	-	(4)	(4)
Balance as of December 31, 2023	$	-	11,237	16,086	27,323
Balance as of January 1, 2022	$	-	10,779	15,863	26,642
Amortization for the period		-	8,014	66	8,080
Reduction in current period		-	(5,696)	-	(5,696)
Reclassification (Note)		-	-	93	93
Effect of exchange rate changes		-	2	(1)	1
Balance as of December 31, 2022	$	-	13,099	16,021	29,120
Carrying amounts:					
Balance as of December 31, 2023	$	218,672	4,139	629	223,440
Balance as of December 31, 2022	$	218,672	5,747	486	224,905

Note: This amount has been transferred from prepaid expenses.

1. Amortization expenses

The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2023 and 2022:

	2023 Fiscal year	2022 Fiscal year
Operating costs	$ 362	606
Operating expenses	5,987	7,474

2. Impairment test for goodwill

(1) For the purpose of impairment test, goodwill is allocated to the Group's operating units, which are the smallest levels used by the Group to monitor goodwill for internal management purposes and shall not be larger than the operating departments of the Group. Allocation of the carrying amount of goodwill as of December 31, 2023 and 2022 was as follows:

	2023.12.31	2022.12.31
FSP Technology Inc. and Processing Subsidiaries	$ 114,411	114,411
3Y Power	104,261	104,261
	$ 218,672	**218,672**

(2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:

A. The cash flow projections were based on historical figures, actual operating results and 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

B. The Group estimates the pre-tax discount rate based on the weighted average cost of capital (WACC), the discount rates as of December 31, 2023 and 2022 were 9.88% and 8.75% respectively.

(3) According to the asset impairment test conducted in 2023 and 2022, no impairment losses were recognized as the recoverable amount of cash-generating unit was higher than the carrying amount.

(XII) Short-term loans

The details of the Group's short-term borrowings are provided below:

	2023.12.31	2022.12.31
Credit loans	$ 1,536	7,692
Unused facility	**$ 818,000**	**907,500**
Interest rate range	**7.42**	**4.95**

Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

(XIII) Long-term loans

The details of the Group"s long-term borrowings are provided below:

		2023.12.31	2022.12.31
Secured bank borrowings	$	124,404	199,334
Less: current portion of long-term debt		75,616	74,930
Total	$	48,788	124,404
Unused facility	$	-	-
Interest rate range		1.40	1.58

1. Collateral for bank borrowings

   Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

   In August 2020, the Company obtained a NT$371,000,000 low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The drawdown period was until December 31, 2021, and multiple drawdowns were allowed. As of the expiry date, the amount of actual utilization of the Group was NT$296,650,000 as of December 31, 2021. Based on the market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT$6,585,000, which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities. Deferred income for the 2023 and 2022 fiscal years was reclassified as other income in the amounts of NT$976,000 and NT$1,362,000, respectively.

(XIV) Lease liabilities

The carrying amount of lease liabilities were as follows:

		2023.12.31	2022.12.31
Current	$	190,025	175,602
Non-current		255,209	364,713
Total	$	445,234	540,315

For maturity analysis, please refer to Note VI (XXIII) Financial Instruments.

The amounts recognized in profit or loss were as follows:

		2023 Fiscal year	2022 Fiscal year
Interest expense on lease liabilities	$	9,750	10,319

	2023 Fiscal year	2022 Fiscal year
Variable lease payments not included in the measurement of lease liabilities	$ 1,319	1,822
Expenses of short-term leases	$ 13,095	11,871
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$ 202	140
Rent concession arising from the COVID-19 pandemic (recognized in other income)	$ 4	3,861

Amount recognized in the Statements of Cash Flows was as follows:

	2023 Fiscal year	2022 Fiscal year
Total cash outflow in operating activities	$ 24,366	24,152
Total cash outflow in financing activities	186,867	166,203
Total cash flows on lease	$ 211,233	190,355

1. Lease of land, buildings and construction

   The Group leases land, buildings, and construction as factories, office premises, staff quarters, and warehouses with lease terms ranging from 1 to 10 years. Some of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

   The lease payments for some of the warehouses are based on the actual floor area used each month.

   For these lease contracts, the variable lease payments paid by the Group in 2023 were as follows:

	Variable payment	The estimated impact on rent for every 1% increase in actual usable area
Lease contracts with variable payment calculated based on the actual floor area used per month	$ 1,319	13

2. Other leases

   The Group leases machinery, and transportation equipment with the lease terms ranging from one year to eight years.

   The lease terms of some of the Group's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Group elected to apply for exemption and did not recognize related right-of-use assets and lease liabilities.

(XV) Provisions for liabilities

	2023 Fiscal year	2022 Fiscal year
Opening balance as of January 1	$ 131,155	146,223
Addition of provision during the year	63,163	65,515
Amount utilized during the year	(64,007)	(80,583)
Closing balance as of December 31	**$ 130,311**	**131,155**

The provision of the Group is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

(XVI) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 130,884	157,942
Fair value of plan assets	(143,666)	(159,594)
Net defined benefit liabilities	**$ (12,782)**	**(1,652)**
Recorded under other non-current assets	**$ 12,782**	**10,163**
Recorded under net defined benefit liabilities	**$ -**	**8,511**

The Group makes contribution of defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Group is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

On December 31, 2023, the balance of the merged company's Taiwan Bank Employee Retirement Reserve Account amounted to NT$141,980 For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in present value of the defined benefit obligations

Changes in present value of the defined benefit obligations in 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Defined benefit obligations at January 1	$ 157,942	214,365
Service costs and interest in the year	3,443	4,954
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial loss arising from experience adjustments	1,813	(4,194)
— Actuarial loss arising from changes in demographic assumption	1	(2)
— Actuarial loss (gain) arising from changes in financial assumption	477	(10,036)
Benefits paid by the plan	(1,022)	(240)
Effect of plan curtailment	(31,770)	(46,905)
Defined benefit obligations at December 31	$ 130,884	157,942

(3) Changes in fair value of plan assets

Changes in fair value for the Group's defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Fair value of plan assets on January 1	$ 159,594	176,113
Interest income	1,942	1,202
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)	1,503	13,287
Amount contributed to the plan	11,059	11,351
Benefits already paid by the plan	(1,022)	(240)
Scheduled repayment amount	(29,410)	(42,119)
Fair value of plan assets on December 31	$ 143,666	159,594

(4) Expenses recognized in profit or loss

Details of the Group's expenses (gains) recognized in profit or loss for the years ended December 31, 2023 and 2022:

		2023 Fiscal year	2022 Fiscal year
Service costs for the current period	$	1,542	3,498
Net interest expense of net defined benefit liabilities		(41)	254
Benefits of Clearing		(2,360)	(4,786)
	$	(859)	(1,034)
Operating costs	$	(4)	-
Selling and marketing expenses		(7)	(2)
General and administrative expenses		(824)	(1,009)
Research and development expenses		(24)	(23)
	$	(859)	(1,034)

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.25%
Future salary increases	2.00%	2.00%

The Company intends to allocate NT$2,717,000 to the defined benefit plan within one year following the reporting date of fiscal year 2023.

The weighted-average duration of the defined benefit plan is 7 years.

(6) Sensitivity analysis

The impact of a change in assumptions on the present value of the defined benefit obligation as of December 31, 2023 and 2022 is summarized below:

	Impact on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate (change by 0.25%)	(2,477)	2,567
Future salary adjustment rate (change by 0.25%)	2,506	(2,429)
December 31, 2022		
Discount rate (change by 0.25%)	(3,323)	3,446
Future salary adjustment rate (change by 0.25%)	3,371	(3,267)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

2. Defined contribution plans

Per Group's defined contribution plan, the Group contributes monthly an amount equal to 6% of each employee's monthly wages to the employee’s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

The retirement expenses under the defined contribution retirement plan for the Group were NT$36,262,000 for 2023 and NT$33,171,000 for 2022, and they have been allocated to the Labor Insurance Bureau.

The remaining retirement expenses for the consolidated subsidiaries for 2023 and 2022, as per local regulations, were NT$84,388,000 and NT$89,502,000, respectively.

3. Other short-term employee benefits

For the years ended December 31, 2023 and 2022, the Company contributed NT$36,643,000 and NT$12,911,000 respectively to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of December 31, 2023 and 2022, the Group had accrued unused leave bonuses of NT$48,304,000 and NT$47,078,000, respectively, which were recorded under other payables.

(XVII) Income Tax

1. Details of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

		2023 Fiscal year	2022 Fiscal year (Revised Edition)
Income tax expense for the period			
Income tax expense incurred	$	165,222	193,869
Adjustment for prior year		(7,353)	(41,645)

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
	157,869	152,224
Deferred income tax benefit		
Origination and reversal of temporary differences	(15,044)	8,507
Income tax expense	$ 142,825	160,731

Details of the Group's income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023 Fiscal year	2022 Fiscal year
Items that will not be reclassified to profit or loss:		
Gains (losses) on re-measurements of defined benefit plans	$ (157)	5,504

Reconciliation between the expected income tax expense calculated based on the Group's statutory tax rate and the actual income tax expense reported in the Consolidated Statements of Comprehensive Income was as follows:

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Income before Tax	$ 782,509	951,767
Income tax using the Company's statutory tax rate	$ 156,502	190,354
Effect of different tax rates in foreign jurisdictions	14,333	12,915
Non-deductible expenses	8,691	8,691
Cash dividend income	(38,474)	(25,401)
Gains on securities transactions	99,305	104,294
Gains on exemption from securities transaction tax	(101,763)	(104,968)
Adjustments in respect of prior years	(7,353)	(41,645)
Tax on undistributed earnings 5%	11,584	16,491
Total	$ 142,825	160,731

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Group's unrecognized deferred income tax assets:

	2023.12.31	2022.12.31
Tax loss	$ 70,605	100,656

In accordance with the U.S. federal tax laws, losses approved by the tax authority may be deducted from the net income of the current year before income tax is assessed. Losses incurred in 2018 and subsequent years can be deducted indefinitely against the taxable income of future years, provided that the amount of offsetting in any profitable year is limited to 80% of the taxable income of that year. Losses incurred prior to the 2018 can be carried forward for a maximum of twenty years, with no restriction on the amount that can be deducted in a single tax year. The above deferred income tax asset was not recognized as the Company believed that it is not probable that future taxable income will be available against which the Company can utilize the temporary differences.

As of December 31, 2023, the merged company has not recognized tax losses as deferred income tax assets. The deduction periods are as follows:

Loss year	Unused tax loss	Year of expiry
Fiscal year 2014	$ 1,608	Fiscal year 2034
Fiscal year 2013	3,499	Fiscal year 2035
Fiscal year 2017	3,823	Fiscal year 2037
Fiscal year 2018	9,763	No expiry date
Fiscal year 2019	37,575	No expiry date
Fiscal year 2020	14,337	No expiry date
Total	$ 70,605	

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2023 and 2022 were as follows:

	Pension provision	Unrealized valuation gains	Others	Total
Deferred income tax liabilities:				
January 1, 2023	$ (1,583)	(2,919)	-	(4,502)
Retroactive adjustments to new standards	-	-	(117,438)	(117,438)
January 1, 2023 (Restated)	(1,583)	(2,919)	(117,438)	(121,940)
Debit income statement	(2,068)	-	35,805	33,737
Debit other comprehensive income	210	-	-	210
Exchange differences on translation of financial statements of foreign operations	-	-	1,893	1,893
December 31, 2023	$ (3,441)	(2,919)	(79,740)	(86,100)
January 1, 2022	$ -	(2,919)	-	(2,919)
Retroactive adjustments to new standards	-	-	(143,873)	(143,873)
January 1, 2022 (Restated)	-	(2,919)	(143,873)	(146,792)
Debit other comprehensive	(1,583)	-	-	(1,583)

	Pension provision	Unrealized valuation gains	Others	Total
income				
Revised Impact Number	-	-	26,435	26,435
December 31, 2022 (Restated)	$ (1,583)	(2,919)	(117,438)	(121,940)

	Allowance for inventory valuation loss	Pension provision	Unrealized foreign exchange gain or loss	Others	Total
Deferred income tax assets:					
January 1, 2023	$ 35,246	1,114	10,267	22,454	69,081
Retroactive adjustments to new standards	-	-	-	123,651	123,651
January 1, 2023 (Restated)	35,246	1,114	10,267	146,105	192,732
(Debit)/Credit income statement	7,479	-	6,208	(32,380)	(18,693)
Debit other comprehensive income	-	(53)	-	-	(53)
Exchange differences on translation of financial statements of foreign operations	(43)	-	-	(1,989)	(2,032)
December 31, 2023	$ 42,682	1,061	16,475	111,736	171,954
January 1, 2022	$ 23,815	7,168	29,640	21,617	82,240
Retroactive adjustments to new standards	-	-	-	148,584	148,584
January 1, 2022 (Restated)	23,815	7,168	29,640	170,201	230,824
(Debit)/Credit income statement	11,172	(2,133)	(19,373)	412	(9,922)
Debit other comprehensive income	-	(3,921)	-	-	(3,921)
Revised Impact Number	-	-	-	(24,933)	(24,933)
Exchange differences on translation of financial statements of foreign operations	259	-	-	425	684
December 31, 2022 (Restated)	$ 35,246	1,114	10,267	146,105	192,732

3. Income tax assessment

The tax returns for the years up to 2021 filed by the Company have been approved by the tax authority.

(XVIII) Capital and other equity

1. Common stock issuance

As of December 31, 2023 and 2022, the Company's authorized common stock was NT$3,600,000,000 with the par value of NT$10 per share. 187,262,000 shares were issued.

2. Capital Surplus

The Company's capital surplus was as follows:

	2023.12.31	2022.12.31
Paid-in capital in excess of par value	$ 856,427	1,006,236
Adjustments arising from changes in percentage of ownership in subsidiaries	4,780	4,780
	$ 861,207	1,011,016

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

Moreover, during the board meeting held on March 10, 2023, the company resolved to distribute the cash surplus of NT$149,809 at a rate of NT$0.8 per share.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders’ meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy set forth in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. In light of our company's stable growth phase and the industry consolidation trend, we are committed to continuously expanding our scale to ensure sustainable operation and stable growth. According to our dividend policy, if there are no accumulated losses in the previous period, the company will distribute dividends to shareholders amounting to at least 50% of the annual net profit after tax. Dividends can be in the form of either stock or cash, with cash dividends constituting no less than 30% of the total shareholder dividends.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders’ meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

Pursuant to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders' equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

(3) Earning distribution

On March 10, 2023 and March 18, 2022, the Board of Directors resolved on the amount of cash dividends of the distribution of earnings for the years ended 2022 and 2021, respectively, and the amount of dividends distributed to shareholders was as follows:

	2022 Fiscal year	**2021 Fiscal year**
Cash dividend distributed to the shareholders of common stock	$ 561,786	617,964

On March 14, 2024, the shareholders' meeting resolved on the distribution of earnings for the year ended 2023, and the amount of dividends distributed to shareholders was as follows:

	2023 Fiscal year
Cash dividend distributed to the shareholders of common stock	$ 599,238

For information on the distribution of our company's earnings, please contact the Public Information Observation Station.

4. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	**Unrealized gains (losses) on financial assets at fair value through other comprehensive income**	**Total**
Balance as ofJanuary1, 2023	$ (77,427)	5,628,307	5,550,880
Retroactive adjustments to new standards	78	-	78
Balance after restatement as of January 1, 2023	(77,349)	5,628,307	5,550,958
Exchange differences on translation of financial statements of foreign operations	(49,494)	-	(49,494)

		Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Disposal of Subsidiary		549	-	549
Share of other comprehensive income of associates and joint-ventures under the equity method		(41)	-	(41)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		-	1,100,229	1,100,229
Disposal of equity instruments at fair value through other comprehensive income		-	(496,528)	(496,528)
Balance as of December 31, 2023	$	(126,335)	6,232,008	6,105,673
Balance after restatement as of January 1, 2022	$	(117,703)	6,200,289	6,082,586
Exchange differences on translation of financial statements of foreign operations (restated)		36,972	-	36,972
Share of other comprehensive income of associates and joint-ventures under the equity method		3,382	-	3,382
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		-	(50,513)	(50,513)
Disposal of equity instruments at fair value through other comprehensive income		-	(521,469)	(521,469)
Balance after restatement as of December 31, 2022	$	(77,349)	5,628,307	5,550,958

5. Non-controlling interests (net after tax)

		2023 Fiscal year	2022 Fiscal year (Revised Edition)
Beginning balance	$	394,318	338,515
Retroactive adjustments to new standards		16	80
Opening balance after restatement		394,334	338,595
Net income for the year attributable to non-controlling interests		40,446	68,597

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Gains (losses) on re-measurements of defined benefit plans	70	672
Exchange differences on translation of financial statements of foreign operations	(951)	5,061
Distribution of cash dividends to non-controlling interests	(32,111)	(18,591)
	$ 401,788	394,334

(XIX) Earnings per Share

	2023 Fiscal year	2022 Fiscal year (Revised Edition)
Basic earnings per share:		
Net income attributable to the ordinary shareholders of the Company	$ 599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262
Basic earnings per share (Unit: Thousands of shares)	$ 3.20	3.86
Diluted earnings per share:		
Net income attributable to the ordinary shareholders of the Company	$ 599,238	722,439
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	187,262	187,262
Employee Compensation (Unit: in Thousand Shares)	1,564	2,044
Weight-average number of ordinary shares outstanding (Unit: Thousands of shares)	188,826	189,306
Basic earnings per share (Unit: NT$ Thousands)	$ 3.17	3.82

(XX) Revenue from contracts with customers

1. Breakdown of revenue

	2023 Fiscal year					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	$ 1,670,028	734,986	-	-	-	2,405,014
China	1,446,487	165,458	1,469,800	538,653	16,464	3,636,862
U.S.A.	1,012,567	5,390	-	-	649,672	1,667,629

	2023 Fiscal year					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Germany	2,237,489	65,806	-	-	-	2,303,295
Other countries	2,983,681	13,442	-	-	169,658	3,166,781
	$ 9,350,252	985,082	1,469,800	538,653	835,794	13,179,581
Major product/service line:						
Sales of power supply	$ 9,350,252	985,082	1,469,800	538,653	835,794	13,179,581

	2022 Fiscal year					
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Total
Primary geographical markets:						
Taiwan	$ 2,053,175	608,140	-	-	-	2,661,315
China	2,126,376	123,010	1,890,524	558,453	17,077	4,715,440
U.S.A.	1,255,854	27,118	-	-	752,184	2,035,156
Germany	1,833,858	115,160	-	-	-	1,949,018
Other countries	2,427,329	16,946	-	-	90,666	2,534,941
	$ 9,696,592	890,374	1,890,524	558,453	859,927	13,895,870
Major product/service line:						
Sales of power supply	$ 9,696,592	890,374	1,890,524	558,453	859,927	13,895,870

2. Contract balance

	2023.12.31	2022.12.31	2022.1.1
Notes and accounts receivable (including related parties)	$ 3,013,607	3,968,657	4,768,361
Less: Allowance for impairment loss	(14,448)	(24,641)	(39,771)
Total	$ 2,999,159	3,944,016	4,728,590
Contract liabilities (recognized in other current liabilities)	$ 61,491	93,296	52,856

The change in contract liabilities primarily occurs due to the discrepancy between the timing of fulfilling performance obligations and the timing of customer payments.

Please refer to Note VI (IV) for notes receivable, accounts receivable and related impairment.

(XXI) Remuneration of Employees and Directors

The Company's Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

The estimated amounts of employee remuneration for the 2023 and 2022 fiscal years of the Company are NT$66,000,000 and NT$66,000,000, respectively. The estimated amounts of director remuneration are NT$7,000,000 and NT$7,000,000, respectively. These estimates are based on the Company's pre-tax net profit for the respective periods, after deducting the amounts of employee and director remuneration, multiplied by the distribution percentages of employee and director remuneration as stipulated in the Company's articles of incorporation. They are reported as operating expenses for the 2023 and 2022 fiscal years. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the Consolidated Financial Statements for the years ended December 31, 2023 and 2022. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange.

(XXII) Non-operating income and expenses

1. Interest income

		2023 Fiscal year	**2022 Fiscal year**
Bank deposits	$	74,461	26,111
Interest income of financial assets at amortized cost		-	1,044
	$	74,461	27,155

2. Other income

		2023 Fiscal year	**2022 Fiscal year**
Dividend income	$	192,437	127,003
Other income			
Government grant		17,539	39,935
Rent concessions reclassified to revenue		4	3,861

		2023 Fiscal year	2022 Fiscal year
Tax refund		17,987	19,490
Gain on write-off of overdue payable		687	3,961
Others		22,395	11,498
	$	251,049	205,748

3. Other gains and losses

		2023 Fiscal year	2022 Fiscal year
Foreign currency exchange net gain (loss)	$	(361)	194,908
Gain on financial assets measured at fair value through profit or loss		12,288	3,333
Loss on disposal of property, plant and equipment		(607)	(536)
Disposal of Intangible Asset		(11)	-
Subsidiary losses		(549)	-
Gains on lease modifications		12	20
Others		(893)	(7,765)
	$	9,879	189,960

4. Finance costs

		2023 Fiscal year	2022 Fiscal year
Interest expense:			
Bank borrowings	$	14,396	6,709
Lease liabilities		9,750	10,319
	$	24,146	17,028

(XXIII) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of December 31, 2023 and 2022, top three customers accounted for 19% of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

Please refer to Note VI (IV) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI (V). Other financial assets measured at amortized cost include other receivables, ordinary corporate bonds, restricted bank deposits, and deposited margin. The above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.

2. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term loans	$ 1,536	1,599	1,593	6	-	-	-
Long-term loans	124,404	124,893	38,579	38,455	47,859	-	-
Notes payable	11,450	11,450	11,450	-	-	-	-
Accounts payable	2,993,921	2,993,921	2,993,921	-	-	-	-
Accounts payable - related parties	87,065	87,065	87,065	-	-	-	-
Other payables	1,535,992	1,535,992	1,535,992	-	-	-	-
Lease liabilities	445,234	465,388	102,561	94,467	98,348	126,090	43,922
Guarantee deposits received	500	500	-	-	-	-	500
	$ 5,200,102	5,220,808	4,771,161	132,928	146,207	126,090	44,422
December 31, 2022							
Non-derivative financial liabilities							
Short-term loans	$ 7,692	7,916	7,881	35	-	-	-
Long-term loans	199,334	203,647	38,825	38,704	77,034	49,084	-
Notes payable	13,057	13,057	13,057	-	-	-	-
Accounts payable	3,854,819	3,854,819	3,854,819	-	-	-	-
Accounts payable - related parties	151,773	151,773	151,773	-	-	-	-
Other payables	1,247,717	1,247,717	1,247,717	-	-	-	-
Lease liabilities	540,315	563,371	92,113	91,526	195,393	107,578	76,761
Guarantee deposits received	532	532	-	-	-	-	532
	$ 6,015,239	6,042,832	5,406,185	130,265	272,427	156,662	77,293

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

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Group's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

	2023.12.31			2022.12.31		
	Foreign currencies	Exchange Rate	NT$	Foreign currencies	Exchange Rate	NT$
Financial assets						
Monetary items						
RMB	$ 169,439	4.327	733,163	184,349	4.408	812,610
USD	137,572	30.705	4,224,148	152,920	30.710	4,690,173
HKD	1,976	3.929	7,764	5,247	3.938	20,663
EUR	36	33.980	1,223	26	32.720	851
Non-monetary items						
USD	2,534	28.268	71,632	2,534	28.268	71,632
RMB	6,322	4.191	26,494	6,322	4.191	26,494
HKD	2,355	3.929	9,253	2,868	3.941	11,302
Financial liabilities						
Monetary items						
RMB	122,215	4.327	528,824	94,167	4.408	415,088
USD	84,642	30.705	2,598,933	99,822	30.710	3,065,534
HKD	6,747	3.929	26,505	8,915	3.938	35,107

(2) Sensitivity analysis

The Group's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. If the New Taiwan Dollar depreciates or appreciates by 5% relative to the US Dollar, Renminbi, Hong Kong Dollar, and Euro, with all other factors remaining unchanged, the after-tax net profit for 2023 and 2022 will increase or decrease by NT$72,481,000 and NT$80,583,000, respectively. This analysis is based on the same assumptions for both periods.

(3) Foreign exchange gain (loss) on monetary items

Due to the wide variety of functional currencies within the merged company, the information on gains or losses from currency exchange is disclosed in an aggregated manner. For 2023 and 2022, the gains or losses from foreign currency exchange (including realized and unrealized) were (NT$361,000) and NT$194,908,000, respectively.

4. Market risk

If the prices of securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

Security price at the reporting date	2023 Fiscal year Other comprehensive income (pre-tax)	2023 Fiscal year Pre-tax income	2022 Fiscal year Other comprehensive income (pre-tax)	2022 Fiscal year Pre-tax income
Increase by 5%	$ 337,867	13,868	309,376	10,331
Decrease by 5%	$ (337,867)	(13,868)	(309,376)	(10,331)

Please refer to Note VI (IV) "Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions" for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

   the Company's demand deposits, time deposits and short-term liabilities are subject to floating interest rates. However, changes in market interest rates are not significant and thus changes in interest rates do not give rise to significant cash flow risk.

6. Fair value information

   (1) Category of financial instruments and their fair value

   Group's financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 277,366	277,366	-	-	277,366
Private equity funds	68,545	-	-	68,545	68,545
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	281,285	-	-	281,285	281,285
Subtotal	698,828	277,366	-	421,462	698,828
Financial assets at fair value through other comprehensive income					

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

	2023.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Domestic listed (OTC) stock	6,748,094	6,748,094	-	-	6,748,094
Foreign listed stock	9,253	9,253	-	-	9,253
Non-publicly quoted equity instruments measured at fair value	259,559	-	-	259,559	259,559
Subtotal	7,016,906	6,757,347	-	259,559	7,016,906
Financial assets at amortized cost					
Cash and cash equivalents	$ 4,225,848	-	-	-	-
Notes receivable and accounts receivable	2,999,159	-	-	-	-
Other receivables	430,235	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	46,920	-	-	-	-
Subtotal	7,702,262	-	-	-	-
Total	$ 15,417,996	7,034,713	-	681,021	7,715,734
Financial liabilities measured at amortized cost					
Bank borrowings	$ 125,940	-	-	-	-
Notes payable and accounts payable	3,092,436	-	-	-	-
Other payables	1,535,992	-	-	-	-
Lease liabilities	445,234	-	-	-	-
Guarantee deposits received	500	-	-	-	-
Total	$ 5,200,102	-	-	-	-

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 206,617	206,617	-	-	206,617
Private equity funds	18,000	-	-	18,000	18,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632

	2022.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Structured deposits	264,200	-	-	264,200	264,200
Subtotal	560,449	206,617	-	353,832	560,449
Financial assets at fair value through other comprehensive income					
Domestic listed (OTC) stock	6,176,226	6,176,226	-	-	6,176,226
Foreign listed stock	11,302	11,302	-	-	11,302
Non-publicly quoted equity instruments measured at fair value	189,286	-	-	189,286	189,286
Subtotal	6,376,814	6,187,528	-	189,286	6,376,814
Financial assets at amortized cost					
Cash and cash equivalents	$ 3,695,970	-	-	-	-
Notes receivable and accounts receivable	3,944,016	-	-	-	-
Other receivables	91,330	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	100	-	-	-	-
Refundable deposits (classified in other non-current assets)	41,120	-	-	-	-
Subtotal	7,772,536	-	-	-	-
Total	$ 14,709,799	6,394,145	-	543,118	6,937,263
Financial liabilities measured at amortized cost					
Bank borrowings	$ 207,026	-	-	-	-
Notes payable and accounts payable	4,019,649	-	-	-	-
Other payables	1,247,717	-	-	-	-
Lease liabilities	540,315	-	-	-	-
Guarantee deposits received	532	-	-	-	-
Total	$ 6,015,239	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Group, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the Consolidated Balance Sheets date.

The fair value of financial instruments held by the Group that are not publicly quoted equity instruments with no active market is estimated using the market method and net asset value method. The market method is measured by reference to the recent fundraising activities of the investee or based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies, adjusted for the effect of discount on the lack of marketability of the equity securities. Net assets value method is based on the assumption that the net worth of the investee is measured on a per share basis.

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Level 3 of fair value measurements mainly includes financial assets measured at fair value through profit or loss - investments in equity securities, investments in private equity funds and financial assets measured at fair value through other comprehensive income.

the Company's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Because the correlation between significant unobservable input value and fair value cannot be fully identified in practice, Group's structured deposits are not included in the disclosure of quantitative information of significant unobservable input values and the sensitivity analysis of fair value for reasonably possible alternative assumptions.

Table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	• Net asset value	• The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	• The price-to-earnings ratio multiplier as of December 31, 2022 is 14.56. • Net worth multiple (2.57~25.9 and 2.27~4.54 for the years ended December 31, 2023 and 2022) • Discount for lack of market liquidity (29.39% as of December 31, 2023 and 2022)	• The higher the multiple, the higher the fair value • The higher the discount for lack of market liquidity, the lower the fair value

(4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

			Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
	Input	**Upward or downward change**	**Favorable change**	**Unfavorable change**	**Favorable change**	**Unfavorable change**
December 31, 2023						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net assets value method	5%	3,258	(3,258)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	6,313	(6,313)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,155	(2,155)
December 31, 2022						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	3,313	(3,313)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	1,608	(1,608)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	2,895	(2,895)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	276	(276)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXIV) Financial risk management

1. Overview

the Company is exposed to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this Note, the Group has disclosed the information on exposure to the aforementioned risks, and the Group’s objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Company's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed on a regular basis to reflect the changes in market conditions and the Company's operations. The Group develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Company resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Company's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Group's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Group continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Group's accounts receivable risk. The Group regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

The Group has established the credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Group on an prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Company. Since the counterparties of transactions and obligations of the Group are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

(3) Guarantee

It is the policy of the Group to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, the Group did not provide any guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Group encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Group manages its liquidity by ensuring that the Group has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Group's reputation.

The Group ensures that it has sufficient cash to meet all contractual obligations. Additionally, as of December 31, 2023 and 2022, the Group had unused borrowing facilities totaling NT$818,000,000 and NT$907,500,000, respectively.

5. Market risk

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

(1) Foreign exchange risk

the Company is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the respective functional currencies of the Company's entities. The Group's functional currencies mainly include New Taiwan Dollar, US Dollar and Renminbi. The currencies used in these transactions are mainly New Taiwan Dollar, Hong Kong Dollar, US Dollar and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Company, so the Company currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Group's financial assets exposed to the risk of fair value change arising from interest rate changes are bank deposits; financial liabilities are bank borrowings, but the impact of changes in interest rates on the fair value of the related financial assets is not significant.

(3) Other market price risk

The Group's current financial assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income mainly consist of investment in domestic funds, private equity funds, listed stocks, unlisted stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Company is exposed to the risk of changes in the market price of equity securities. In order to manage market risk, the Company selects investment targets carefully and controls its position in order to mitigate the market risk.

(XXV) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Group's share capital, capital surplus, retained earnings, other equity and non-controlling interests. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2023 and 2022, debt-to-equity ratio was as follows:

	2023.12.31	2022.12.31
Total Liabilities	$ 5,753,598	6,604,836
Less: cash and cash equivalents	(4,225,848)	(3,695,970)
Net liability	$ 1,527,750	2,908,866
Equity	$ 14,669,224	13,723,585
Debt-to-equity ratio	10.41%	21.20%

As of December 31, 2023, there was no material change in the Group's capital management.

(XXVI) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2023 and 2022 was as follows:

	2023.1.1	Cash flows from:	Non-cash changes: Addition	Disposal	Changes in foreign exchange rate	Changes in lease payment	Others	2023.12.31
Long-term loans	$ 199,334	(74,930)	-	-	-	-	-	124,404
Short-term loans	7,692	(6,137)	-	-	(19)	-	-	1,536
Lease liabilities	540,315	(186,867)	99,747	-	(7,572)	(389)	-	445,234
Total liabilities from financing activities	$ 747,341	(267,934)	99,747	-	(7,591)	(389)	-	571,174

	2023.1.1	Cash flows from:	Non-cash changes: Addition	Disposal	Changes in foreign exchange rate	Changes in lease payment	Others	2022.12.31
Long-term loans	$ 272,348	(73,014)	-	-	-	-	-	199,334
Short-term loans	16,315	(8,623)	-	-	-	-	-	7,692
Lease liabilities	641,754	(166,203)	57,778	-	11,475	(4,489)	-	540,315
Total liabilities from financing activities	$ 930,417	(247,840)	57,778	-	11,475	(4,489)	-	747,341

VII. Related Party Transactions

(I) Related party name and relationship

Related parties that had transactions with the Company during the reporting periods were listed below:

Related Party	Relationship with the Company
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. (“Amacrox”)	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. (“Voltronic”)	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America Inc.	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange Inc.	Substantive related party
Cheng Ya-Jen	Chairman of the Company

(II) Significant related party transactions

1. Operating revenue

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

	2023 Fiscal year	2022 Fiscal year
Associate	$ 75,259	49,139
Other related party	1,793,300	2,344,464
	$ 1,868,559	2,393,603

The prices and credit terms of the Group's sales to the above related parties were not significantly different from those of its regular customers.

2. Purchases

The amounts of purchases from related parties were as follows:

	2023 Fiscal year	2022 Fiscal year
Other related party	$ 351,835	357,168

The Group purchased goods from the above-mentioned related parties, and did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

3. Receivables from related parties

The details of the receivables of the Group arising from sales transactions, business needs and disbursement fee were as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts receivable	Associate	$ 19,427	2,254
	Other related party	521,781	719,584
		541,208	721,838
Other receivables	Associate	347	36
	Other related party		
	FSP Power Solution GmbH	22,252	11,508
	Others	8,608	9,697
		31,207	21,241
		$ 572,415	743,079

For the details of the loss allowance for accounts receivable - related party for the years ended December 31, 2023 and 2022. Please refer to Note VI (VI) for the details of the loss allowance for other receivables for other related party, 3Y Power Exchange. Please consult Note IV (V) for information regarding the allowance for doubtful accounts on other accounts receivable.

4. Payables to related parties

The details of the payables arising from the purchase of goods and the purchase via related parties were as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Accounts payable	Other related party	$ 87,065	151,773

5. Purchase of services from related parties

The details of the technical service fee, labor fee and commission paid by the Group to the related parties were as follows:

	2023 Fiscal year	2022 Fiscal year
Associate		
FSP Group USA Corp.	$ 11,390	8,918
Other related party		
Amacrox	9,575	8,097
Others	6,937	7,070
	$ 27,902	24,085

The details of the Company's recognized payable amounts due to related parties as a result of the above transactions and payments/collections on behalf of related parties were as follows:

Accounting Subject	Related party category/name	2023.12.31	2022.12.31
Other payables	Associate	$ 1,279	934
	Other related party	5,332	10,944
		$ 6,611	11,878

6. Leases

The merged company rented office space from our company. As of the end of 2023 and 2022, the lease liabilities were NT$5,883,000 and NT$6,805,000, respectively. The interest expenses recognized for the 2023 and 2022 fiscal years were NT$113,000 and NT$129,000, respectively.

(III) Compensation for key management personnel

	2023 Fiscal year	2022 Fiscal year
Short-term employee benefits	$ 72,746	70,495
Post-employment benefits	665	666
	$ 73,411	71,161

VIII. Pledged Assets

The carrying amount of pledged assets for custom duty performance guarantee, litigation guarantee and borrowings was as follows:

Name of Assets	Pledged to secure	2023.12.31	2022.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$ 100	100

Name of Assets	Pledged to secure	2023.12.31	2022.12.31
Land	Long-term loan and short-term loan facilities	161,077	161,077
Housing and Construction	Long-term loan and short-term loan facilities	170,455	178,451
Total		$ 331,632	339,628

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of 2023 and 2022, the guarantee facilities extended by banks for customs and excise duties were NT$215,000,000, and utilized facilities were all NT$33,000,000.

(II) The Group purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the Group in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the Group, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet the requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal

Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court.

The litigation between the Group and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the Group has not yet received a notice of hearing from the US Court.

the Company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products were involved in such disputes, we have switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the Company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the Company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the Company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the Company's financial statements. The Group recognized the aforementioned expenses as expenses for the year in which they occurred based on fiscal conservatism.

(III) Customer of Zebra Technology Inc., the merged company. Zebra, hereinafter referred to as Zebra, sold printers to end customers. On July 10, 2021, a fire incident occurred, causing property damage for the end customers. The merged company sold some parts of the Zebra printers to the related party, FSP North America Inc. , and then by FSP North America Inc. On February 16, 2023, Great American Insurance Company, the insurance company of the end customer, filed a lawsuit against FSP North America Inc., the merged company, in the Galveston Division of the Southern District of Texas Federal Court. The lawsuit was filed after the sale of the company to Zebra. Zebra has initiated legal proceedings to claim damages and is seeking compensation in the amount of $4,933,000. The litigation process is currently underway.

The Group has taken out product liability insurance for all of its product lines. The case is currently being handled by an attorney. The amount of the aforementioned claim is still within the limits of the Group's product liability insurance. The Group's product liability insurance company will be responsible for the damages in the event of any subsequent damages.

(IV) The company has signed significant contracts for real estate, factory, and equipment procurement in 2023 and 2022. The contract prices were NT$16,534,000 and NT$0, respectively. Payments made for these contracts amounted to NT$8,045,000 and NT$0, respectively. These assets are recorded under unfinished projects and other non-current assets.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function / By nature	2023 Fiscal year			2022 Fiscal year		
	Operation Costs	Operation Expenses	Total	Operation Costs	Operation Expenses	Total
Cost of Employee benefits						
Salary expense	1,319,236	963,385	2,282,621	1,469,768	950,737	2,420,505
Insurance expense	7,604	75,258	82,862	8,279	69,676	77,955
Pension expense	78,635	41,156	119,791	84,439	37,200	121,639
Other employee benefit expense	45,658	43,863	89,521	45,439	37,943	83,382
Depreciation expenses	282,114	97,049	379,163	276,082	90,188	366,270
Amortization expenses	362	5,987	6,349	606	7,474	8,080

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

In accordance with the 2023 Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions is disclosed as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Number of Shares: [insert number of shares]

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Maximum shareholding percentage during the period	Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value		
The Company	Stock:								
	Mekong Resort Development Construction Co., Ltd.	—	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	8.25	
	Beneficiary certificates:								
	Fuh Hwa Money Market Fund			3,650,421	53,984	-	53,984	-	
	Fuh Hwa Guardian Fund	—	〃	3,504,199	70,176	-	70,176	-	
	Fuh Hwa Ruei Hua Fund	—	〃	1,961,169	22,966	-	22,966	-	
	Fuhua three to eight-year callable bonds A and bonds (NT$)		〃	5,000,000	50,737	-	50,737	-	
	Fuhua three to eight-year callable bonds A and bonds (USD)		〃	200,000	65,439	-	65,439	-	
	Yuanta FTSE4Good TIP Taiwan ESG ETF Securities Investment Trust Fund		〃	400,000	14,064	-	14,064	-	
	Private equity fund:								
	Heshunhsing Intelligent Mobile LP		〃	44,545,455	44,545	1.11	44,545	1.11	

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Term				Maximum shareholding percentage during the period	Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value		
	Mesh Cooperative Ventures Fund LP		〃	24,000,000	24,000	2.46	24,000	2.46	
					417,543		417,543	-	
The Company	Stock:								
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	3,637,822	5,774,366	3.85	5,774,366	4.18	
	JESS-LINK Products Co., Ltd.	—	〃	10,000,000	841,000	8.19	841,000	8.19	
	WT Microelectronics Co., Ltd.	—	〃	1,000,000	45,650	0.74	45,650	0.74	
	Taiwan Cement Corp.	—	〃	54,996	1,917	-	1,917	-	
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	〃	10,000	5,930	-	5,930	-	
	Coretronic Corporation		〃	858,000	61,347	0.22	61,347	0.26	
	TOT BIOPHARM International Co., Ltd.	—	〃	1,195,200	9,253	0.16	9,253	0.16	
	Eastern Union Interactive Corp.	—	〃	880,000	58,667	4.43	58,667	4.43	
	Taiwan Truewin Technology Co., Ltd.		〃	1,965,317	147,399	3.67	147,399	4.89	
	StockFeel		〃	340,000	17,000	0.97	17,000	0.97	
	Liwatt X Inc.		〃	1,000,000	10,000	14.29	10,000	14.29	
	Champ-ray Industrial Co., Ltd.	—	〃	200,000	17,884	0.75	17,884	0.75	
					6,990,413		6,990,413		
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	—	〃	-	-	12.04	-	12.04	
FSP Jiangsu	Powerland Technology Inc.	—	〃	-	26,493	3.39	26,493	3.54	
					7,016,906		7,016,906	-	

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$300,000,000 or 20% of the paid-in capital:

Number of Shares: [insert number of shares]

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				End of Term	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			3,666,822	5,665,240	-	-	290,000	496,840	1,368	495,472	3,376,822	5,774,366 (Note)

Note: Ending balance includes unrealized valuation gain (loss) of financial assets.

5. Acquisition of real estate at costs which exceed NT$300,000 thousand or 20% of the paid-in capital: None.
6. Disposal of real estate at prices which exceed NT$300,000 thousand or 20% of the paid-in capital: None.
7. Total purchases from and sales to related parties which exceed NT$100,000 thousand or 20% of the paid-in capital:

The company involved in purchasing (selling) goods	Name of Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(344,771)	(3.35)	Note 1			110,866	5.18	
The Company	FSP North America Inc.	Substantive related party of the Company	(Sales)	(371,529)	(3.60)	Note 1			91,415	4.27	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(574,694)	(5.58)	Note 1			189,476	8.86	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(324,151)	(3.15)	Note 1			62,050	2.90	
The Company	WUXI Zhonghan	100% indirectly owned subsidiary	(Sales)	(270,544)	(2.63)	Note 1			91,600	4.28	Note 6
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(126,526)	(1.23)	Note 1			49,171	2.30	Note 6
The Company	Huili	100% indirectly owned subsidiary	Purchases (Note 2)	731,339	11.28	Note 4		Note 4	59,496 (Note 3)	2.28	Note 6
The Company	Zhonghan	100% indirectly owned subsidiary	Purchases (Note 2)	302,896	4.67	Note 4		Note 4	25,148 (Note 3)	0.96	Note 6
The Company	WUXI SPI	100% indirectly owned subsidiary	Purchases (Note 2)	220,980	3.41	Note 4		Note 4	34,139 (Note 3)	1.31	Note 6
The Company	Voltronic	The Company is the Director of this company	Purchases	337,063	5.20	Note 5			87,065	3.34	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	365,859	5.65	Note 1			101,425	3.89	Note 6
The Company	Zhong Han	100% indirectly owned subsidiary	(Sales)	(357,359)	(3.47)	Note 1			-	-	Note 6
The Company	FSP TECHNOLOGY VIETNAM	100% indirectly owned subsidiary	(Sales)	(102,867)	(1.00)	Note 1			48,261	2.26	Note 6
3Y Power	3Y Power Technology Inc.	100% owned investment via direct shareholding	(Sales)	(352,189)	(15.75)	Note 1			15,531	2.86	Note 6
3Y Power	Huili	Affiliate	Purchases (Note 2)	311,616	-	Note 4		Note 4	- (Note 3)	-	Note 6
3Y Power	FSP GROUP USA Corp	Affiliate	(Sales)	(365,859)	-	Note 1			-	-	
3Y Power	Zhong Han	Affiliate	(Sales)	(461,862)	(20.65)	Note 1			-	-	Note 6

Note 1: The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2: Including purchases of products, purchases of raw materials and processing.

Note 3: Including accounts payable arising from purchases of products and raw materials and processing fee.

Note 4: The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.

Note 5: The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

Note 6: Eliminated under consolidation.

8. Receivables from related parties which exceed NT$100,000 thousand or 20% of the paid-in capital:

Company with accounts receivable	Name of Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note 1)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	110,866	2.45	-		59,735	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	189,476	3.07	-		76,745	-
3Y Power	The Company	65.87% owned reinvestment via indirect shareholding	101,425 (Note 2)	3.74	-		52,100	-

Note 1: As of March 14, 2024.

Note 2: Eliminated under consolidation.

9. Derivative instruments transactions: None.

10. Business relationship and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Ledger	Amount	Transaction Term	Percentage of total consolidated operating revenue or total assets (Note 3)
0	The Company	3Y Power	1	Cost of goods sold	365,859	No significant difference from other suppliers	2.78%
0	The Company	Huili	1	Cost of goods sold	731,339	No comparison is available	5.55%
0	The Company	Zhonghan	1	Cost of goods sold	302,896	No comparison is available	2.30%
0	The Company	WUXI SPI	1	Cost of goods sold	220,980	No comparison is available	1.68%
0	The Company	WUXI Zhonghan	1	Operating revenue	270,544	No significant difference from other customers	2.05%
0	The Company	Zhong Han	1	Operating revenue	357,359	No significant difference from other customers	2.71%
1	3Y Power	3Y Power Technology Inc.	3	Operating revenue	352,189	No significant difference from other customers	2.67%
1	3Y Power	Huili	3	Cost of goods sold	311,616	No comparison is available	2.36%
1	3Y Power	Zhong Han	3	Operating revenue	461,862	No significant difference from other customers	3.50%

Note 1: Fill in the number as per below:

1. 1.0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Types of relationships with traders are listed as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Information is disclosed only for the amounts that exceed 1% of total consolidated assets (balance sheet items) and 1% of total revenue (income statement items).

(II) Information on Invested Companies:

The information on the transfer investment projects in 2023 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End-of-period Holdings			Maximum shareholding during the period	Profit (Loss) of Investee for the Period (Note 1 & 2)	Investment gain (loss)recognized for the period (Note 1 & 2)	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount				
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment Transfer	1,241,751	1,241,751	32,202,500	100.00	2,028,018	1,241,751	(70,849)	(70,849)	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	299	1,752	(1)	(1)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment Transfer	40,925	40,925	1,109,355	100.00	70,442	40,925	1,806	1,806	Subsidiary
	3Y Power Technology (Taiwan) Inc.	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	785,987	304,406	126,346	83,245	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment Transfer	45	45	10,000	100.00	1,950	45	24	24	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	6,012	3,143	4,134	4,134	Subsidiary
	FSP Turkey Dis Tic.Ltd.Sti.	Turkey	Business development and product technical service	22,640	22,640	6,673,000	91.41	16,333	22,640	13,885	12,692	Subsidiary

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End-of-period Holdings			Maximum shareholding during the period	Profit (Loss) of Investee for the Period (Note 1 & 2)	Investment gain (loss)recognized for the period (Note 1 & 2)	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount				
	FSP Technology Vietnam Co.,Ltd.	Vietnam	Manufacturing of power supply	70,500	-	70,500,000	100.00	77,544	70,500	(7,525)	(7,525)	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment Transfer	62,883	62,883	2,100,000	100.00	102,892	62,883	(10,949)	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment Transfer	217,707	217,707	7,000,000	100.00	156,806	217,707	(46,020)	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment Transfer	807,483	807,483	27,000,000	100.00	1,348,275	807,483	(1,637)	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment Transfer	32,984	32,984	1,100,000	100.00	32,707	32,984	(1,369)	-	Sub-subsidiary
FSP International Inc. (BVI)	FSP International (HK) Ltd.	Hong Kong	Investment Transfer	141,042	141,042	4,770,000	100.00	46,159	141,042	(13,155)	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	3,012	18,181	(62)	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	34,561	14,903	5,452	2,453	Associate
	Proteck Power North America Inc.	U.S.A.	Investment Transfer	-	3,279	1,000	100.00	-	-	-	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	266,516	233,850	(9,079)	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment Transfer	4,500	4,500	45,000	100.00	2,835	4,500	(425)	-	Sub-subsidiary

Note 1: The company's recognition of investment gains and losses does not include Shan Yuan Technology Co., Ltd. and 3Y Power Technology Inc. and Luckyied Co., Ltd. The financial statements have been audited by other Taiwanese certified public accountants, and the remaining financial statements are based on the financial statements audited by the Taiwanese parent company's certified public accountants of the invested company, and are accounted for using the equity method.

Note 2: The profit and loss of the sub-subsidiary has been consolidated into the profit and loss of the subsidiary. The transactions between the Company and each subsidiary of the Company including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

(III) Information on investment in Mainland China:

1. Information on the name of investee company in Mainland China and their main businesses and products

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Maximum shareholding during the period	Profit (Loss) of Investee for the Period	Percentage of ownership of direct or indirect investment	Recognition of investment gains and losses for the current period (Notes 3 and 4)	The year-end carrying value of investments (Notes 3 and 4)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated							
Huili	Processing of power supply	144,522	(二)、1	176,873	-	-	176,873	176,873	(578)	100.00	(578)	246,204	197,299
Zhonghan	Processing of power supply	223,230	(二)、1	104,342	-	-	104,342	104,342	(46,022)	100.00	(46,022)	154,155	75,044
WUXI SPI	Processing of power supply	(Note 2) 719,537	(II)、1	508,326	-	-	508,326	693,140	(1,497)	100.00	(1,497)	85,730	-
WUXI Zhonghan	Manufacturing and trading of power supply	(Note 2) 414,470	(II)、1	380,595	-	-	380,595	380,595	(236)	100.00	(236)	1,264,010	-
Zhong Han	Manufacturing and trading of power supply	129,810	(II)、1	20,196	-	-	20,196	20,196	1,802	100.00	1,802	763,247	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II)、1	13,380	-	-	13,380	13,380	(10,949)	100.00	(10,949)	104,453	-
Protek Dongguan	Processing of power supply	39,237	(II)、1	38,038	-	-	38,038	38,038	1,367	100.00	1,367	32,444	-
Hao Han	Transformer processing	163,033	(II)、1	-	-	-	-	-	(13,155)	100.00	(13,155)	46,127	-
WUXI 3Y	Design, manufacturing and trading of power supplies	(Note 2) 4,106	(II)、2	-	-	-	-	-	(425)	65.87	(280)	2,835	-

Note 1: Method of investment can be divided into the following 3 categories:

(I) Direct investment in mainland China.

(II) Indirect investment in mainland China through a holding company established in other countries

1. Via FSP International Inc. The company is reinvesting in mainland China.

2. Through 3Y Power to invest in mainland China.

(III) Others.

Note 2: This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

Note 3: The investment profits and losses and the carrying amount of the investment at the end of the period recognized by the company are based on the financial statements of the investee company audited by the CPA of Taiwan's parent company, except for WUXI 3Y, whose financial statements are audited by other CAP in Taiwan.

Note 4: Eliminated under consolidation.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK$ 12,500,000 and US$ 35,640,000)	1,649,150 (Note 2) (HK$ 12,500,000 and US$ 52,110,000)	8,560,462 (Note1)

Note 1: 60% of net worth.

Note 2: The relevant amounts of investment in the Mainland China region mentioned above, except for the cumulative amount of investment from Taiwan to the Mainland China region at the end of this period, are based on the historical exchange rate. The recognition of investment gains and losses for this period is based on the weighted average exchange rate, with the exchange rate of USD to TWD at 1: 31.1548, the exchange rate of RMB to TWD at 1: 4.3954, and the exchange rate of HKD to TWD at 1: 3.9794. The paid-in capital, the approved amount by the Ministry of Economic Affairs Investment Commission, and the end-of -period investment book value are calculated based on the exchange rate on December 31, 2023, with the exchange rate of USD to TWD at 1: 30.7050, the exchange rate of RMB to TWD at 1: 4.3270, and the exchange rate of HKD to TWD at 1: 3.9290.

3. Significant transactions with the investee company in mainland China:

For the direct or indirect significant transactions between the Group and its investee companies in mainland China in 2023 (which were eliminated when preparing the consolidated report), please refer to the description of "Information on Significant Transactions"

(IV) Information on Major Shareholders:

Shareholding / Name of Major Shareholders	Number of Shares Held (Shares)	Percentage of Ownership
Chuan Han Investment Co., Ltd.	15,191,766	8.11%
Cheng Ya-Jen	11,792,834	6.29%
Yang Fu-An	11,167,477	5.96%

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares actually delivered by the Company without

physical registration may differ due to different basis of preparation of the calculations.

2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

(I) General information

The Group and its processing subsidiaries (including Huili, Zhonghan, WUXI SPI and Protek Dongguan), Zhonghan Tech., WUXI Zhonghan and 3Y Power, manufacture and sell their own products separately. The reportable segment of the Company is a product-specific business unit, and provides different products according to the functional requirements of customers. Since each product-specific business unit requires different technologies and marketing strategies, it has to be managed separately. the Company does not allocate income tax expenses to reportable segments. The reported amounts are consistent with the reports used by operation decision makers. The accounting policies of the operating segments are the same as the summary of significant accounting policies described in Note IV. Profit or loss of the operating segments of the Company is measured at net income before income taxes and are used as the basis for evaluating performance.

(II) Information on segment's profit or loss, assets, liabilities and reconciliation

the Company's operating segment information and reconciliation were as follows:

	2023 Fiscal year						
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Adjustment and elimination	Consolidation
Revenue:							
Revenue from external customers	$ 9,350,252	985,082	1,469,800	538,653	835,794	-	13,179,581
Intersegment revenue	2,600,218	1,251,220	15,920	12,728	83,015	(3,963,101)	-
Total revenue	$ 11,950,470	2,236,302	1,485,720	551,381	918,809	(3,963,101)	13,179,581
Segment profit (loss)	**$ 641,619**	**165,142**	**396**	**(2,038)**	**(18,742)**	**(3,868)**	**782,509**

	2022 Fiscal year						
	The Company and its processing subsidiaries	3Y Power	Zhong Han	WUXI Zhonghan	Others	Adjustment and elimination	Consolidation
Revenue:							
Revenue from external customers	$ 9,696,592	890,374	1,890,524	558,453	859,927	-	13,895,870
Intersegment revenue	2,793,786	1,317,550	6,908	11,373	64,418	(4,194,035)	-
Total revenues	$ 12,490,378	2,207,924	1,897,432	569,826	924,345	(4,194,035)	13,895,870
Segment profit (loss)	$ 688,823	201,101	20,542	(43)	42,311	(967)	951,767

Note: As the total assets of the segment are not provided to the operation decision makers, it is not intended to disclose the measured amounts of the assets.

(III) Export sales information

1. Product and service information

the Company is engaged in the single electronics business and does not operate in other industries. Its revenue from external customers is provided in the operating segment's financial information.

2. Geographic information

Revenue from external customers:

Region	2023 Fiscal year	2022 Fiscal year
Taiwan	$ 2,405,014	2,661,315
China	3,636,862	4,715,440
U.S.A.	1,667,629	2,035,156
Germany	2,303,295	1,949,018
Others (below 5%)	3,166,781	2,534,941
Total	$ 13,179,581	13,895,870

Non-current Assets:

Region	2023.12.31	2022.12.31
Taiwan	$ 1,385,775	1,369,671
Mainland China	642,994	841,119
Other countries	120,782	30,797
Total	$ 2,149,551	2,241,587

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, but exclude financial instruments, deferred tax assets and retirement benefits assets.

(IV) Major customer information

In 2023 and 2022, there were no customers whose sales revenue accounted for more than 10% of the revenue on the income statement.