

**JMC Electronics Co., Ltd.**

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

## INDEPENDENT AUDITORS' REPORT

JMC Electronics Co., Ltd.

### Opinion

We have audited the accompanying financial statements of JMC Electronics Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2023 is described as follows:

### Significant Contingencies

As stated in Note 32 of the financial statements, Chipbond Technology Corp. filed a criminal incidental civil lawsuit against the Corporation for the breach of trade secrets and requested compensation for damages amounting to NT\$1,000,000 thousand and a civil lawsuit for the infringement of trade secrets, seeking indemnification of NT\$1,765,137. Additional claims for damages were subsequently filed starting in August 2021. The lawyer entrusted by the Corporation assessed that the litigation case had no significant adverse impact on the Corporation. Therefore, the management of the Corporation assessed that the lawsuit would not have a significant impact on the Corporation's business and financial position. As of March 14, 2024, the aforementioned case has not been adjudged by the court, except for the civil lawsuit, which was dismissed in December 2023. The litigation case is a significant matter during the financial reporting period and involves the use of management's material estimates and expert reports.

Our audit of the significant contingencies focused on the reasonableness of management's estimates and the opinion of experts, and we performed the following main audit procedures:

1. We sent the confirmation letter to the expert and obtained a declaration of independence from the expert.
2. We obtained the expert's report and reviewed the opinions in the litigation case.
3. We inquired management and experts on the judging basis and the possible outcome of the litigation case and evaluated its rationality.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the 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 Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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 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 Corporation to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Hsiang Liu and Chao-Chun Wang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2024

#### Notice to Readers

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

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

# JMC ELECTRONICS CO., LTD.

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 601,803	14	\$ 866,518	18
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	5,567	-	8,438	-
Accounts receivable, net (Notes 4 and 9)	255,784	6	261,935	6
Accounts receivable - related parties (Notes 4, 9 and 30)	25,515	1	20,683	1
Other receivables (Note 30)	14,358	-	2,001	-
Inventories (Notes 4 and 10)	229,240	6	192,200	4
Other financial assets - current (Note 31)	1,785	-	1,785	-
Other current assets (Note 11)	39,818	1	43,242	1
Total current assets	1,173,870	28	1,396,802	30
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	883,407	21	777,932	17
Investments accounted for using equity method (Notes 4 and 12)	285,241	7	256,832	5
Property, plant and equipment (Notes 4 and 13)	1,776,171	42	2,115,089	45
Right-of-use assets (Notes 4 and 14)	62,571	1	81,428	2
Deferred tax assets (Notes 4 and 25)	17,269	-	13,008	-
Prepayments for equipment	12,135	-	22,757	-
Refundable deposits (Note 30)	3,267	-	3,342	-
Net defined benefit assets - non-current (Notes 4 and 21)	2,126	-	2,965	-
Other non-current assets (Note 15)	36,501	1	47,363	1
Total non-current assets	3,078,688	72	3,320,716	70
<b>TOTAL</b>	<b>\$ 4,252,558</b>	<b>100</b>	<b>\$ 4,717,518</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 100,000	2
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 17)	6,800	-	-	-
Contract liabilities - current (Note 23)	18,092	-	13,153	-
Accounts payable (Notes 18 and 30)	138,750	3	140,080	3
Other payables (Notes 19 and 30)	189,970	5	234,138	5
Current tax liabilities (Notes 4 and 25)	-	-	29,475	1
Lease liabilities - current (Notes 4, 14 and 30)	19,074	-	18,977	-
Corporate bonds due or subject to exercise of right of sale within one year (Notes 4 and 17)	489,034	12	-	-
Current portion of long-term borrowings (Note 16)	278,307	7	320,472	7
Other current liabilities (Notes 4 and 20)	9,049	-	14,217	-
Total current liabilities	1,149,076	27	870,512	18
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 17)	-	-	11,500	-
Bonds payable (Notes 4 and 17)	-	-	485,108	10
Long-term borrowings (Note 16)	523,263	12	847,053	18
Deferred tax liabilities (Notes 4 and 25)	437	-	680	-
Lease liabilities - non-current (Notes 4, 14 and 30)	47,391	1	66,465	2
Guarantee deposits (Note 30)	665	-	774	-
Other non-current liabilities	1,666	-	5,429	-
Total non-current liabilities	573,422	13	1,417,009	30
Total liabilities	1,722,498	40	2,287,521	48
<b>EQUITY (Note 22)</b>				
Ordinary shares	830,000	20	830,000	18
Capital surplus	640,167	15	640,167	14
Retained earnings				
Legal reserve	159,003	4	151,569	3
Unappropriated earnings	585,568	14	618,994	13
Total retained earnings	744,571	18	770,563	16
Other equity	315,322	7	189,267	4
Total equity	2,530,060	60	2,429,997	52
<b>TOTAL</b>	<b>\$ 4,252,558</b>	<b>100</b>	<b>\$ 4,717,518</b>	<b>100</b>

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

# JMC ELECTRONICS CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23, 30 and 35)	\$ 1,765,433	100	\$ 2,112,837	100
OPERATING COSTS (Notes 10, 13, 24 and 30)	<u>1,726,407</u>	<u>98</u>	<u>1,891,927</u>	<u>90</u>
GROSS PROFIT	<u>39,026</u>	<u>2</u>	<u>220,910</u>	<u>10</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	20,157	1	44,134	2
General and administrative expenses	64,104	4	108,754	5
Research and development expenses	<u>56,425</u>	<u>3</u>	<u>62,870</u>	<u>3</u>
Total operating expenses	<u>140,686</u>	<u>8</u>	<u>215,758</u>	<u>10</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>(101,660)</u>	<u>(6)</u>	<u>5,152</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 24 and 30)				
Interest income	12,298	1	2,654	-
Other income	87,691	5	49,463	2
Other gains and losses	16,141	1	51,667	3
Finance costs	(23,275)	(1)	(20,366)	(1)
Share of profit of associates	<u>10,590</u>	<u>-</u>	<u>6,851</u>	<u>-</u>
Total non-operating income and expenses	<u>103,445</u>	<u>6</u>	<u>90,269</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,785	-	95,421	4
INCOME TAX EXPENSE/(BENEFIT) (Notes 4 and 25)	<u>(5,692)</u>	<u>(1)</u>	<u>22,063</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>7,477</u>	<u>1</u>	<u>73,358</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(1,086)	-	3,118	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	112,986	6	(253,510)	(12)
Share of the other comprehensive income/(loss) of associates	17,819	1	(31,532)	(1)

(Continued)

# JMC ELECTRONICS CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 217	-	\$ (624)	-
Other comprehensive income for the year, net of income tax	129,936	7	(282,548)	(13)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	\$ 137,413	8	\$ (209,190)	(10)
EARNINGS PER SHARE (Note 26)				
Basic	\$ 0.09		\$ 0.88	
Diluted	\$ 0.07		\$ 0.88	

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

(Concluded)

**JMC ELECTRONICS CO., LTD.**
**STATEMENTS OF CHANGES IN EQUITY**  
**(In Thousands of New Taiwan Dollars)**

				Retained Earnings		Other Equity	
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 830,000	\$ 638,654	\$ 111,379	\$ 750,845	\$ 862,224	\$ 472,796	\$ 2,803,674
Appropriation of earnings (Note 22)							
Legal reserve	-	-	40,190	(40,190)	-	-	-
Cash dividends	-	-	-	(166,000)	(166,000)	-	(166,000)
	-	-	40,190	(206,190)	(166,000)	-	(166,000)
Changes in capital surplus from investments in associates accounted for using the equity method (Note 12)	-	1,513	-	-	-	-	1,513
Net profit for the year ended December 31, 2022	-	-	-	73,358	73,358	-	73,358
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	2,494	2,494	(285,042)	(282,548)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	75,852	75,852	(285,042)	(209,190)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	(1,513)	(1,513)	1,513	-
BALANCE AT DECEMBER 31, 2022	830,000	640,167	151,569	618,994	770,563	189,267	2,429,997
Appropriation of earnings (Note 22)							
Legal reserve	-	-	7,434	(7,434)	-	-	-
Cash dividends	-	-	-	(37,350)	(37,350)	-	(37,350)
	-	-	7,434	(44,784)	(37,350)	-	(37,350)
Net profit for the year ended December 31, 2023	-	-	-	7,477	7,477	-	7,477
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	(869)	(869)	130,805	129,936
Total comprehensive income for the year ended December 31, 2023	-	-	-	6,608	6,608	130,805	137,413
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 22)	-	-	-	4,750	4,750	(4,750)	-
BALANCE AT DECEMBER 31, 2023	\$ 830,000	\$ 640,167	\$ 159,003	\$ 585,568	\$ 744,571	\$ 315,322	\$ 2,530,060

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



# JMC ELECTRONICS CO., LTD.

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,785	\$ 95,421
Adjustments for:		
Depreciation expense	445,261	383,615
Amortization expense	30,206	30,780
Net (gain)/loss on financial assets at fair value through profit or loss	(4,700)	12,050
Finance costs	23,275	20,366
Interest income	(12,298)	(2,654)
Dividend income	(71,412)	(39,309)
Share of profit of associates	(10,590)	(6,851)
Loss on disposal of property, plant and equipment	-	29
Impairment loss recognized on non-financial assets	5,104	34,919
Others	(3)	-
Changes in operating assets and liabilities		
Accounts receivable	6,151	125,015
Accounts receivable - related parties	(4,832)	22,811
Other receivables	(9)	-
Inventories	(42,144)	23,635
Other current assets	3,424	36,593
Contract liabilities	4,939	(40,606)
Accounts payable	(1,330)	(27,151)
Other payables	(29,157)	(16,611)
Other current liabilities	(4,415)	8,987
Net defined benefit liabilities	(247)	(182)
Cash generated from operations	339,008	660,857
Interest received	12,298	2,654
Dividends received	59,064	39,309
Interest paid	(19,440)	(16,141)
Income taxes paid	(28,070)	(68,218)
Net cash generated from operating activities	<u>362,860</u>	<u>618,461</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3,433)	(90,480)
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,815	-
Acquisition of investments accounted for using the equity method	-	(280,000)
Acquisition of property, plant and equipment	(92,041)	(136,775)
Decrease in refundable deposits	75	-
Increase in other non-current assets	(19,344)	(44,783)
Net cash used in investing activities	<u>(100,928)</u>	<u>(552,038)</u>

(Continued)

# JMC ELECTRONICS CO., LTD.

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 201,000	\$ 420,000
Repayment of short-term borrowings	(301,000)	(320,000)
Proceeds from short-term bills payable	50,000	50,000
Repayment of short-term bills payable	(50,000)	(50,000)
Proceeds from long-term borrowings	-	275,000
Repayment of long-term borrowings	(370,472)	(56,250)
Proceeds from/(refund of) guarantee deposits received	(109)	524
Repayment of the principal portion of lease liabilities	(18,716)	(18,589)
Dividends paid	<u>(37,350)</u>	<u>(166,000)</u>
Net cash generated from/(used in) financing activities	<u>(526,647)</u>	<u>134,685</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(264,715)	201,108
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>866,518</u>	<u>665,410</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 601,803</u>	<u>\$ 866,518</u>

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

(Concluded)

# JMC ELECTRONICS CO., LTD.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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#### 1. GENERAL INFORMATION

JMC Electronics Co., Ltd. (the “Corporation”) was incorporated in 1973, and is primarily engaged in the business of manufacturing, processing, and trading of Chip on Film (Tape-COF).

As of December 31, 2023, Chang Wah Electromaterials Inc., the main shareholder of the Corporation, owned 42.8% of the Corporation’s issued ordinary shares. In January 2017, the Corporation listed its shares on the Taiwan Stock Exchange.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors and authorized for issue on March 14, 2024.

#### 3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- a. Statement of compliance

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

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

e. Sale of accounts receivable

If all the following conditions are met, accounts receivable are deemed disposed of:

- 1) Accounts receivable have been isolated from the Corporation and presumed to be out of control of the Corporation.
- 2) Accounts receivable have been assigned and the assignee has the right to pledge or exchange accounts receivable, and there is no limitation to the assignee's exercise of its right to pledge or exchange accounts receivable.
- 3) The Corporation does not, by one of the following two ways, maintain effective control of the accounts receivable:
  - a) Before the due date, the Corporation has the right and obligation to redeem or repurchase the receivables.
  - b) Ability to unilaterally enable the holder to return specific assets.

When the receivables are sold, the difference between the proceeds from the selling price and the book value is recognized in non-operating income and expenses for the period.

f. Inventories

Inventories consist of raw materials, work-in-process, finished goods and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of the equity of associates.

When the Corporation subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Corporation's share of the equity of associates. If the Corporation ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the investment and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Corporation transacts with its associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its

intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are classified into the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate value accounted for on a prospective basis.

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

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

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investment in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit-impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and bonds with repurchase agreements with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to



a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

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

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments at FVTOCI.

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

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

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the

conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - issuance premium.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

k. Revenue recognition

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

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers and performance obligations are satisfied. Unearned sales revenue is recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at the fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for any effect of a significant financing component.

l. Leases

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease

payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received. Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants are intended to compensate.

The benefit of a government-subsidized bank project loan received at a below-market rate of interest is treated as deferred government grant revenue, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

For details of the material accounting judgments and key sources of estimation uncertainty, refer to Note 32 (c).

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 18	\$ 19
Demand deposits	540,375	685,789
Cash equivalents		
Repurchase agreements collateralized by bonds	-	30,710
Time deposits with original maturities date within 3 months	<u>61,410</u>	<u>150,000</u>
	<u>\$ 601,803</u>	<u>\$ 866,518</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Financial liabilities at fair value through profit or loss (FVTPL) - current		
Held for trading		
Convertible bonds - put and redeem options	<u>\$ 6,800</u>	<u>\$ -</u>
Financial liabilities at fair value through profit or loss (FVTPL) - non-current		
Held for trading		
Convertible bonds - put and redeem options	<u>\$ -</u>	<u>\$ 11,500</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current		
Domestic investments		
Listed shares	<u>\$ 5,567</u>	<u>\$ 8,438</u>
Non-current		
Domestic investments		
Listed shares	<u>\$ 883,407</u>	<u>\$ 777,932</u>

These investments in domestic investments are not held for trading; instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

## 9. ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
Accounts receivable		
Measured at amortized cost	\$ 66,760	\$ 72,468
FVTOCI	<u>189,024</u>	<u>189,467</u>
	<u>\$ 255,784</u>	<u>\$ 261,935</u>
Accounts receivable - related parties		
Measured at amortized cost	<u>\$ 25,515</u>	<u>\$ 20,683</u>

### a. Accounts receivable

For the credit risk arising from the significant concentration of the accounts receivable balance on major customers for the years ended December 31, 2023 and 2022, refer to Note 29.

The average credit period for sales of goods is up to 90 days; for the credit policies on the related accounts receivable, refer to Note 29.

#### 1) Accounts receivable at amortized cost

The loss allowance for the Corporation's accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable were estimated by using a provision matrix by reference to past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and industry outlook.

The Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments; hence, there is no further distinction between different customer segments.

The Corporation writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after completing the follow-up procedures. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

#### 2) Accounts receivable at FVTOCI

For accounts receivable owned by major customers, the Corporation will decide whether to sell these accounts receivable to banks without recourse based on its level of working capital and the trend of currency exchange rate. These accounts receivable are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets. In addition, the assessment method of allowance for loss is the same method for accounts receivable at amortized cost.

The Corporation's loss allowance of accounts receivable based on the allowance matrix is shown in the following table:

December 31, 2023

	<b>Not Past Due</b>
Expected credit loss rate	-
Gross carrying amount	\$ 281,299
Loss allowance (Lifetime ECL)	<u>-</u>
	<u>\$ 281,299</u>

December 31, 2022

	<b>Not Past Due</b>
Expected credit loss rate	-
Gross carrying amount	\$ 282,618
Loss allowance (Lifetime ECL)	<u>-</u>
	<u>\$ 282,618</u>

- b. Factored accounts receivable for the years ended December 31, 2023 and 2022 were as follows:

Counterparty	Receivables Sold	Amount Collected	Advances Received - Used	Annual Interest Rates on Advances Received (%)	Credit
For the year ended December 31, 2023					
CTBC Bank	\$ -	\$ -	\$ -	-	USD 8,000 thousand
Taishin International Bank	-	-	-	-	\$ 250,000
Chang Hwa Commercial Bank, Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	-	USD 5,000 thousand
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
For the year ended December 31, 2022					
CTBC Bank	\$ 62,608	\$ 62,608	\$ -	-	USD 8,000 thousand
Taishin International Bank	5,143	5,143	-	-	\$ 250,000
Chang Hwa Commercial Bank, Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	-	USD 5,000 thousand
	<u>\$ 67,751</u>	<u>\$ 67,751</u>	<u>\$ -</u>		

The above credit line is revolving and can be utilized within the validity period.

The Corporation provided commercial papers for the factored accounts receivable to the banks mentioned above as the collateral for commercial disputes. The amount from the factored receivables is collected after deducting the related fees, and the Corporation does not bear the risk of uncollectibility of the accounts receivable.

For the year ended December 31, 2022, the factored accounts receivable were fully received in cash.

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials	\$ 59,306	\$ 65,784
Supplies	67,169	62,606
Finished goods	25,877	14,114
Work in progress	<u>76,888</u>	<u>49,696</u>
	<u>\$ 229,240</u>	<u>\$ 192,200</u>



The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 was NT\$1,726,407 thousand and NT\$1,871,140 thousand, respectively, which included the following items:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Inventory write-downs	\$ 5,104	\$ 14,132
Loss due to idle capacity	265,904	397,479
Revenue from sale of scraps	(588)	(637)

## 11. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Prepaid expenses	\$ 20,290	\$ 8,481
Input tax	12,234	10,859
Tax overpaid retained for offsetting future tax payable	5,902	23,515
Others	<u>1,392</u>	<u>387</u>
	<u>\$ 39,818</u>	<u>\$ 43,242</u>

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Material associates		
Shing Zheng Investment Co., Ltd. (Shing Zheng Co.)	<u>\$ 285,241</u>	<u>\$ 256,832</u>

Name of Associate	Nature of Activities	Principal Place of Business	<b>Proportion of Ownership and Voting Rights(%)</b>	
			<b>December 31</b>	
			<b>2023</b>	<b>2022</b>
Shing Zheng Co.	General investment	Taiwan	28	28

In accordance with the Corporation's future strategic development plan in January 2022, the Corporation paid NT\$280,000 thousand (percentage of ownership is 35%) in cash to mutually established Shing Zheng Investment Co., Ltd. with Chang Wah Electromaterials Inc., Chang Wah Technology Co., Ltd., and Tian Zheng International Precision Machinery Co., Ltd. The share percentage decreased to 28% because the Corporation did not participate in additional new shares of Shing Zheng Investment Co., Ltd., which resulted in the Corporation's share of net equity in associate to increase, and the corresponding amount was credited to capital surplus. The amount of the gains or losses previously recognized in other comprehensive income in relation to that associate was reclassified to retained earnings according to the decreased share percentage of NT\$1,513 thousand.

The summarized financial information below represents amounts shown in associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation for equity accounting purposes.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 260,915	\$ 367,803
Non-current assets	759,375	550,121
Current liabilities	<u>(1,573)</u>	<u>(668)</u>
Equity	<u>\$ 1,018,717</u>	<u>\$ 917,256</u>
Proportion of the Company's ownership (%)	28	28
Equity attributable to the Company and carrying amount	<u>\$ 285,241</u>	<u>\$ 256,832</u>
	<b>For the Year Ended December 31 2023</b>	<b>For the Year Ended December 31 2022</b>
Operating revenue	<u>\$ 38,494</u>	<u>\$ 24,108</u>
Net profit for the year	\$ 37,823	\$ 24,467
Other comprehensive income (loss)	<u>63,638</u>	<u>(107,211)</u>
Total comprehensive income	<u>\$ 101,461</u>	<u>\$ (82,744)</u>

The investments accounted for using the equity method, the Corporation's share of the profit or loss and other comprehensive income or loss from the associates were based on the associates' audited financial statements for the same years.

### 13. PROPERTY, PLANT AND EQUIPMENT

#### For the Year Ended December 31, 2023

	<b>Buildings</b>	<b>Machinery</b>	<b>Tooling Equipment</b>	<b>Office Equipment</b>	<b>Other Equipment</b>	<b>Construction in progress and Equipment to be inspected</b>	<b>Total</b>
<b>Cost</b>							
Balance at January 1, 2023	\$ 875,479	\$ 4,467,881	\$ 178,573	\$ 296,941	\$ 141,482	\$ 50,950	\$ 6,011,306
Additions	7,574	68,296	-	11,383	8,960	(8,469)	87,744
Disposals	-	(148)	(1,402)	(8,756)	-	-	(10,306)
Balance at December 31, 2023	<u>883,053</u>	<u>4,536,029</u>	<u>177,171</u>	<u>299,568</u>	<u>150,442</u>	<u>42,481</u>	<u>6,088,744</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2023	405,468	2,617,122	164,559	244,161	32,978	-	3,464,288
Depreciation	43,334	348,426	-	15,366	19,536	-	426,662
Disposals	-	(148)	(1,402)	(8,731)	-	-	(10,281)
Balance at December 31, 2023	<u>448,802</u>	<u>2,965,400</u>	<u>163,157</u>	<u>250,796</u>	<u>52,514</u>	<u>-</u>	<u>3,880,669</u>
<b>Accumulated impairment</b>							
Balance at January 1, 2023	67,790	337,791	14,014	12,334	-	-	431,929
Disposals	-	-	-	(25)	-	-	(25)
Balance at December 31, 2023	<u>67,790</u>	<u>337,791</u>	<u>14,014</u>	<u>12,309</u>	<u>-</u>	<u>-</u>	<u>431,904</u>
Carrying amount at December 31, 2023	<u>\$ 366,461</u>	<u>\$ 1,232,838</u>	<u>\$ -</u>	<u>\$ 36,463</u>	<u>\$ 97,928</u>	<u>\$ 42,481</u>	<u>\$ 1,776,171</u>

## For the Year Ended December 31, 2022

	Buildings	Machinery	Tooling Equipment	Office Equipment	Other Equipment	Construction in progress and Equipment to be inspected	Total
<b>Cost</b>							
Balance at January 1, 2022	\$ 809,428	\$ 3,823,776	\$ 178,573	\$ 289,896	\$ 38,114	\$ 864,525	\$ 6,004,312
Additions	66,051	767,992	-	9,997	103,368	(813,575)	133,833
Disposals	-	(123,887)	-	(2,952)	-	-	(126,839)
Balance at December 31, 2022	<u>875,479</u>	<u>4,467,881</u>	<u>178,573</u>	<u>296,941</u>	<u>141,482</u>	<u>50,950</u>	<u>6,011,306</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2022	367,581	2,428,768	164,559	231,408	27,133	-	3,219,449
Depreciation	37,887	305,248	-	15,705	5,845	-	364,685
Disposals	-	(116,894)	-	(2,952)	-	-	(119,846)
Balance at December 31, 2022	<u>405,468</u>	<u>2,617,122</u>	<u>164,559</u>	<u>244,161</u>	<u>32,978</u>	<u>-</u>	<u>3,464,288</u>
<b>Accumulated impairment</b>							
Balance at January 1, 2022	67,790	323,968	14,014	12,334	-	-	418,106
Impairment loss	-	20,787	-	-	-	-	20,787
Disposals	-	(6,964)	-	-	-	-	(6,964)
Balance at December 31, 2022	<u>67,790</u>	<u>337,791</u>	<u>14,014</u>	<u>12,334</u>	<u>-</u>	<u>-</u>	<u>431,929</u>
Carrying amount at December 31, 2022	<u>\$ 402,221</u>	<u>\$ 1,512,968</u>	<u>\$ -</u>	<u>\$ 40,446</u>	<u>\$ 108,504</u>	<u>\$ 50,950</u>	<u>\$ 2,115,089</u>

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

### Buildings

Main buildings	2-30 years
Building auxiliary equipment	4-11 years

### Machinery

Cutting and slitting machines	7 years
Etching machines	7 years
Mask aligner	6-7 years
Packaging and cleaning equipment	6-7 years
Coating machine	6 years
Inspecting machine	6-7 years
Measuring instruments	3-7 years
Others	3-7 years

### Tooling equipment

2 years

### Office equipment

Computer equipment	3-6 years
Others	5-7 years

### Other equipment

Environmental engineering	6-7 years
Others	4 years

The Corporation's part machinery is evaluated by the management to have no future recoverable amount. An impairment loss of NT\$20,787 thousand was recognized under operating costs for the year ended December 31, 2022.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Carrying amount		
Land	\$ 7,093	\$ 8,511
Buildings	<u>55,478</u>	<u>72,917</u>
	<u>\$ 62,571</u>	<u>\$ 81,428</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,418	\$ 1,418
Buildings	<u>17,181</u>	<u>17,512</u>
	<u>\$ 18,599</u>	<u>\$ 18,930</u>

Except for the above depreciation of right-of-use assets, there was no acquisition, sublease or impairment of right-of-use assets in 2023 and 2022.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Carrying amount		
Current	<u>\$ 19,074</u>	<u>\$ 18,977</u>
Non-current	<u>\$ 47,391</u>	<u>\$ 66,465</u>

Range of discount rates (%) for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	2.4947	2.4947
Buildings	2.4947	1.2-2.4947

### c. Material lease activities and terms

The Corporation leased land and buildings from the government, related parties and non-related parties for use as workshops, offices and warehouses, with lease periods of 3 to 10 years. For information on related party transactions, refer to Note 30. The Corporation does not have a purchase option to acquire the leased land and buildings at the expiration of the lease period. In addition, the lease agreement prohibited the Corporation from transferring the lease to other parties. The government has the option to adjust the lease payments based on changes in the announced land value.

### d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 431</u>	<u>\$ 323</u>
Total cash outflow for leases	<u>\$ (21,058)</u>	<u>\$ (21,287)</u>

## 15. OTHER NON-CURRENT ASSETS

The production consumables are amortized over their useful lives of 2 to 3 years as follows:

	Costs	Accumulated Amortization	Carrying Amount
Balance at January 1, 2023	\$ 104,904	\$ (57,541)	\$ 47,363
Additions	19,344	-	19,344
Amortization	-	(30,206)	(30,206)
Disposals	<u>(24,326)</u>	<u>24,326</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 99,922</u>	<u>\$ (63,421)</u>	<u>\$ 36,501</u>
Balance at January 1, 2022	\$ 96,085	\$ (62,725)	\$ 33,360
Additions	44,783	-	44,783
Amortization	-	(30,780)	(30,780)
Disposals	<u>(35,964)</u>	<u>35,964</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 104,904</u>	<u>\$ (57,541)</u>	<u>\$ 47,363</u>

## 16. BORROWINGS

### a. Short-term borrowings

	December 31, 2023	December 31, 2022
Bank credit loans	\$ <u>-</u>	\$ <u>100,000</u>
Interest rate (%)	-	1.7

### b. Long-term borrowings

	December 31	
	2023	2022
Bank credit loans	\$ 801,570	\$ 1,167,525
Less: Current portion	<u>278,307</u>	<u>320,472</u>
	<u>\$ 523,263</u>	<u>\$ 847,053</u>
Interest rate (%)	1.2	1.075-1.607
Maturity date	2024.12-2027.03	2024.06-2027.03

Under the loan agreements, the Corporation should meet certain and quarterly percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity. If the Corporation is not in compliance with the aforementioned restrictions on the financial ratios and amounts, the bank could request the Corporation to improve within a time limit. If the restrictions on the financial ratios and amounts are met within the improvement period, it would not be considered a default of contract. The Corporation was not in compliance with the loan restrictions based on the audited annual financial statements for the years ended December 31, 2023 and 2022, and the Corporation has developed an improvement plan.

In September 2019, the Corporation obtained the Ministry of Economic Affairs' approval letter for the qualification of enterprises in Taiwan based on the project "Action Plan for Accelerated Investment by Domestic Corporation." According to the regulations, the Corporation should complete the investment within 3 years from the day after the approval letter is issued. The obtained approval from the Ministry of Economic Affairs extended the investment completion date to December 2024.

The Corporation signed a credit agreement with the bank in response to the project of "Action Plan for Accelerated Investment by Domestic Corporation." The interest rate for the first 5 years of the loan is the postal savings two-year time deposit rate minus 0.395%. If the project regulations are violated or the National Development Fund is frozen by legislative budget review, the interest rate will be changed to the postal savings two-year time savings interest rate plus 0.105%.

## 17. BONDS PAYABLE

	December 31	
	2023	2022
Secured domestic convertible bonds	\$ 489,034	\$ 485,108
Less: Current portion	<u>489,034</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 485,108</u>

On October 25, 2021, the Corporation issued its first domestic secured convertible bonds in the amount of NT\$500,000 thousand with a zero-coupon rate and a duration of 5 years. Taishin International Bank is the guarantor of the secured convertible bonds.

Each holder of the bonds has the right to convert the bonds into ordinary shares of the Corporation at the conversion price of NT\$63.5 per share. In the event of any circumstances stipulated in the measures for issuance and conversion of bonds, the convertible price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2023, the conversion price was NT\$59.6 per share. Conversion may occur at any time between January 26, 2022 and October 25, 2026. If the bonds are not converted, they will be redeemed on October 25, 2026 in cash.

From January 26, 2022 to September 15, 2026, if the closing price of the Corporation's common stock in the centralized trading market exceeds the current conversion price by 30% or more for 30 consecutive business days, or when the outstanding balance of the bonds is less than 10% of the total amount upon the original issuance, the Corporation may redeem them in cash at the par value of the bond within five business days after the base date of recalling the bonds.

The base date for selling back the bonds in advance is October 25, 2024. The bondholders may exercise the right of selling back the bonds at par value 40 days prior to the repurchase date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The liability component contains derivative financial instruments and non-derivative financial instruments. The related amounts were as follows:

Proceeds from issuance (less transaction costs of NT\$5,236 thousand)	\$ 527,935
Equity component (less transaction costs allocated to the equity component of NT\$479 thousand)	<u>(48,342)</u>
Liability component at the date of issuance (less transaction costs allocated to the liability component of NT\$4,757 thousand)	479,593
Interest charged at an effective interest rate of 0.80661%	8,792
Losses on change in value of financial instruments	<u>7,449</u>
Net liability component at December 31, 2023 (including financial liabilities measured at FVTPL - current of NT\$6,800 thousand and bonds payable of NT\$489,034)	<u>\$ 495,834</u>

thousand)

## 18. ACCOUNTS PAYABLE

	December 31	
	2023	2022
Accounts payable	\$ 137,822	\$ 139,044
Accounts payable - related parties	<u>928</u>	<u>1,036</u>
	<u>\$ 138,750</u>	<u>\$ 140,080</u>

The Corporation has established financial risk management policies to ensure that all payments are made on the agreed due date.

## 19. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	\$ 115,842	\$ 142,740
Payables for consumables	26,420	19,202
Payables for equipment	5,021	19,940
Others	<u>42,687</u>	<u>52,256</u>
	<u>\$ 189,970</u>	<u>\$ 234,138</u>

## 20. OTHER CURRENT LIABILITIES

	December 31	
	2023	2022
Refund liabilities	\$ 6,076	\$ 10,476
Others	<u>2,973</u>	<u>3,741</u>
	<u>\$ 9,049</u>	<u>\$ 14,217</u>

The estimation of sales returns and discounts (refund liabilities) was based on historical experience, management's judgments and other known reasons, and recognized as a reduction of operating revenues.

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

Some of the Corporation's employees are entitled to a defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average

monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value of plan assets	\$ 10,405	\$ 10,491
Present value of defined benefit obligation	<u>(8,279)</u>	<u>(7,526)</u>
Net defined benefit assets	<u>\$ 2,126</u>	<u>\$ 2,965</u>

Movements of net defined benefit assets (liabilities) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets (Liabilities)</b>
Balance at January 1, 2022	<u>\$ (9,807)</u>	<u>\$ 9,472</u>	<u>\$ (335)</u>
Service cost			
Current service cost	(46)	-	(46)
Interest income (expense)	<u>(49)</u>	<u>48</u>	<u>(1)</u>
Recognized in profit or loss	<u>(95)</u>	<u>48</u>	<u>(47)</u>
Remeasurement			
Return on plan assets	-	742	742
Actuarial gain - changes in financial assumptions	1,027	-	1,027
Actuarial gain - experience adjustments	<u>1,349</u>	<u>-</u>	<u>1,349</u>
Recognized in other comprehensive income	<u>2,376</u>	<u>742</u>	<u>3,118</u>
Contributions from the employer	<u>-</u>	<u>229</u>	<u>229</u>
Balance at December 31, 2022	<u>\$ (7,526)</u>	<u>\$ 10,491</u>	<u>\$ 2,965</u>
Balance at January 1, 2023	<u>\$ (7,526)</u>	<u>\$ 10,491</u>	<u>\$ 2,965</u>
Service cost			
Current service cost	(34)	-	(34)
Interest income (expense)	<u>(113)</u>	<u>186</u>	<u>73</u>
Recognized in profit or loss	<u>(147)</u>	<u>186</u>	<u>39</u>
Remeasurement			
Return on plan assets	-	16	16

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets (Liabilities)</b>
Actuarial loss - changes in financial assumptions	\$ (237)	\$ -	\$ (237)
Actuarial loss - experience adjustments	<u>(865)</u>	<u>-</u>	<u>(865)</u>
Recognized in other comprehensive income	<u>(1,102)</u>	<u>16</u>	<u>(1,086)</u>
Contributions from the employer	<u>-</u>	<u>208</u>	<u>208</u>
Benefits paid	<u>496</u>	<u>(496)</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ (8,279)</u>	<u>\$ 10,405</u>	<u>\$ 2,126</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	\$ (38)	\$ 45
Operating expenses	<u>(1)</u>	<u>2</u>
	<u>\$ (39)</u>	<u>\$ 47</u>

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

1) Investment risk

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

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate (%)	1.25	1.5
Expected rate of salary increase (%)	2.25	2.25
Mortality rate	Based on the 6th Taiwan Standard Ordinary Experience Mortality Table	Based on the 6th Taiwan Standard Ordinary Experience Mortality Table
Turnover rate (%)	0-11	0-11
Voluntary retirement rate (%)	3-100	3-100

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.25% increase	<u>\$ (237)</u>	<u>\$ (231)</u>
0.25% decrease	<u>\$ 247</u>	<u>\$ 241</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 240</u>	<u>\$ 235</u>
0.25% decrease	<u>\$ (232)</u>	<u>\$ (226)</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 217</u>	<u>\$ 229</u>
Average duration of the defined benefit obligation	12 years	12.8 years

## 22 EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>111,000</u>	<u>111,000</u>
Shares authorized	<u>\$ 1,110,000</u>	<u>\$ 1,110,000</u>
Number of shares issued and fully paid (in thousands)	<u>83,000</u>	<u>83,000</u>
Shares issued	<u>\$ 830,000</u>	<u>\$ 830,000</u>

b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance of mergers	\$ 233,087	\$ 233,087
Premium from the issuance of capital shares	357,000	357,000
Exercise of employee share options	225	225
May only be used to offset a deficit		
Changes in net equity of associates accounted for using the equity method	1,513	1,513
May not be used for any purpose		
Equity component of convertible bonds payable	<u>48,342</u>	<u>48,342</u>
	<u>\$ 640,167</u>	<u>\$ 640,167</u>

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

c. Retained earnings and dividend policy

Pursuant to the Corporation's Articles of Incorporation, the current year's earnings, if any, shall be first used to pay taxes and offset deficit in prior years. The remaining earnings would be appropriated in the following order:

- 1) Setting aside 10% of the remaining earnings, as legal reserve, until the accumulated legal reserve equals the Corporation's paid-in capital.
- 2) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 3) Any remaining earnings together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, and resolved in the shareholders' meeting.

In line with the overall environment and the growth characteristics of the industry, as well as the Corporation's long-term financial planning in order to achieve sustainable operations and stable business development, the Corporation's dividend policy is based on the residual dividend policy, which is based on the Corporation's future capital budget plan in the measurement of the annual capital requirements, and the remaining earnings are distributed in the form of cash and stock dividends after reserving the necessary capital for financing. The distribution steps are as follows:

- 1) Determine the best capital budget.
- 2) Determine the amount of financing needed to meet the previous capital budget.
- 3) Determine the amount of capital to be financed by retained earnings.

- 4) The remaining earnings may be distributed to the shareholders in the form of dividends, after reserving an appropriate amount for operating needs, and the distribution should be no less than 10% of the Corporation's distributable earnings for the year, provided that the portion of cash dividends is no less than 10% of the total dividends to be paid.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which had been approved in the shareholders' meetings in May 2023 and June 2022, were as follows:

	<b>Appropriations of earnings</b>		<b>Dividends per share (NT\$)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 7,434	\$ 40,190		
Cash dividends	37,350	166,000	\$ 0.45	\$ 2

The appropriation of earnings for 2023 proposed by the Corporation's board of directors in March 2024 was as follows:

	<b>Appropriations of earnings</b>	<b>Dividends per share (NT\$)</b>
Legal reserve	\$ 1,136	
Cash dividends	10,222	\$ 0.12

The Corporation's board of directors proposed to distribute cash dividends of NT\$14,678 thousand from the capital surplus derived from the premium of capital share issuance at NT\$0.18 per share.

The appropriation of earnings and the distribution of cash dividends from capital surpluses for 2023 will be resolved by the shareholders in their meeting to be held in May 2024.

d. Other equity items

Unrealized gains and losses on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 189,267	\$ 472,796
Recognized during the year		
Unrealized gains and losses - equity instruments	112,986	(253,510)
Shares from associates accounted for using the equity method	17,819	(31,532)
Other comprehensive (loss) income recognized in the year	130,805	(285,042)
Shares of other comprehensive income accounted for using the equity method due to decrease of percentage of ownership interest	-	1,513
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(4,750)	-
Balance, end of the year	\$ 315,322	\$ 189,267

## 23. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Sales of goods	\$ 1,765,433	\$ 2,112,571
Rendering of services	<u>-</u>	<u>266</u>
	<u>\$ 1,765,433</u>	<u>\$ 2,112,837</u>

a. Details of contracts with customers, refer to Note 4.

b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (including related parties; refer to Note 9)	<u>\$ 281,299</u>	<u>\$ 282,618</u>	<u>\$ 430,444</u>
Contract liabilities - current			
Sale of goods	<u>\$ 18,092</u>	<u>\$ 13,153</u>	<u>\$ 53,759</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment; there were no other significant changes in 2023 and 2022.

c. Disaggregation of revenue

The main source of revenue of the Corporation is revenue from the sale of goods. The chief operating decision maker regards the Corporation as a single reporting segment. For the revenue from contracts with customers, please refer to the statement of comprehensive income.

## 24. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividend income - investments in equity instrument at FVTOCI	\$ 71,412	\$ 39,309
Rent income	7,573	4,517
Others	<u>8,706</u>	<u>5,637</u>
	<u>\$ 87,691</u>	<u>\$ 49,463</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net foreign exchange gains	\$ 11,466	\$ 63,781
Losses on financial assets at FVTPL	4,700	(12,050)
Others	<u>(25)</u>	<u>(64)</u>
	<u>\$ 16,141</u>	<u>\$ 51,667</u>

Disaggregation of net foreign exchange gains (losses) were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 44,489	\$ 109,380
Foreign exchange losses	<u>(33,023)</u>	<u>(45,599)</u>
Net gains and losses	<u>\$ 11,466</u>	<u>\$ 63,781</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 17,426	\$ 14,033
Amortization of discount on corporate bonds payable	3,928	3,896
Interest on lease liabilities	1,911	2,375
Others	<u>10</u>	<u>62</u>
	<u>\$ 23,275</u>	<u>\$ 20,366</u>

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Depreciation expense		
Property, plant and equipment	\$ 426,662	\$ 364,685
Right-of-use assets	<u>18,599</u>	<u>18,930</u>
	<u>\$ 445,261</u>	<u>\$ 383,615</u>
Analysis of depreciation expense by function		
Operating costs	\$ 439,184	\$ 377,954
Operating expenses	<u>6,077</u>	<u>5,661</u>
	<u>\$ 445,261</u>	<u>\$ 383,615</u>
Amortization expense		
Other non-current assets	<u>\$ 30,206</u>	<u>\$ 30,780</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Analysis of amortization expense by function		
Operating costs	\$ 27,644	\$ 27,745
Operating expenses	<u>2,562</u>	<u>3,035</u>
	<u>\$ 30,206</u>	<u>\$ 30,780</u>
		(Concluded)

e. Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits		
Salaries	\$ 269,093	\$ 340,010
Labor and health insurance	34,359	38,285
Others	<u>1,941</u>	<u>2,564</u>
	<u>305,393</u>	<u>380,859</u>
Post-employment benefits		
Defined contribution plans	10,427	11,395
Defined benefit plans (Note 21)	<u>(39)</u>	<u>47</u>
	<u>10,388</u>	<u>11,442</u>
	<u>\$ 315,781</u>	<u>\$ 392,301</u>
Analysis of employee benefits by function		
Operating costs	\$ 241,560	\$ 299,826
Operating expenses	<u>74,221</u>	<u>92,475</u>
	<u>\$ 315,781</u>	<u>\$ 392,301</u>

f. Employees' compensation and remuneration to directors

Pursuant to the Corporation's Articles of Incorporation, 2% to 16% of the current year's profit shall be distributed as the employee's compensation. The compensation of the employees shall be distributed in shares or cash by the resolution of the board of directors and may include the Corporation's employees that meet requirements. In addition, not more than 1% shall be distributed as the remuneration of directors. The distribution of compensation and remuneration shall be reported in the shareholders' meeting. However, if the Corporation still has accumulated losses, the Corporation shall set aside a specific amount of retained earnings to cover the loss and then accrue the compensation and remuneration as mentioned above. The Corporation distributed the compensation of employees and remuneration of directors for 2023 and 2022 at the rates of 2% and 1%, respectively, of income exceeding a specified amount of pre-tax profit; the distributed amounts approved by the Corporation's board of directors in March 2024 and March 2023, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 37	\$ 1,967
Remuneration of directors	18	984

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

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

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

## 25. INCOME TAX

### a. Income tax recognized in profit or loss

The major components of income tax expense (benefit) were as follow:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ -	\$ 24,612
Income tax on unappropriated earnings	-	4,879
Adjustments for prior years	<u>(1,405)</u>	<u>808</u>
	(1,405)	30,299
Deferred tax		
In respect of the current year	<u>(4,287)</u>	<u>(8,236)</u>
	<u>\$ (5,692)</u>	<u>\$ 22,063</u>

The reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 1,785</u>	<u>\$ 95,421</u>
Income tax expense calculated at the statutory rate	\$ 357	\$ 19,084
Non deductible expenses in determining taxable income	14,189	2,366
Tax-exempt income	(17,341)	(9,232)
Income tax on unappropriated earnings	-	4,879
Unrecognized deductible temporary differences	(1,492)	4,158
Adjustments for prior years	<u>(1,405)</u>	<u>808</u>
	<u>\$ (5,692)</u>	<u>\$ 22,063</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Remeasurement of defined benefit plans	<u>\$ (217)</u>	<u>\$ 624</u>



c. Current tax liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	\$ <u>-</u>	\$ <u>29,475</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2023

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized write-down of inventories	\$ 6,674	\$ 1,020	\$ -	\$ 7,694
Unrealized exchange losses	1,556	1,421	-	2,977
Refund liabilities	2,095	(880)	-	1,215
Idle capacity	2,611	879	-	3,490
Loss deduction	-	1,893	-	1,893
Others	<u>72</u>	<u>(72)</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,008</u>	<u>\$ 4,261</u>	<u>\$ -</u>	<u>\$ 17,269</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit plan	\$ 593	\$ 61	\$ (217)	\$ 437
Unrealized exchange gains	<u>87</u>	<u>(87)</u>	<u>-</u>	<u>-</u>
	<u>\$ 680</u>	<u>\$ (26)</u>	<u>\$ (217)</u>	<u>\$ 437</u>

For the Year Ended December 31, 2022

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized write-down of inventories	\$ 3,848	\$ 2,826	\$ -	\$ 6,674
Defined benefit plan	418	(418)	-	-
Unrealized exchange losses	620	936	-	1,556
Refund liabilities	3	2,092	-	2,095
Idle capacity	421	2,190	-	2,611
Others	<u>511</u>	<u>(439)</u>	<u>-</u>	<u>72</u>
	<u>\$ 5,821</u>	<u>\$ 7,187</u>	<u>\$ -</u>	<u>\$ 13,008</u>

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit plan	\$ 351	\$ (382)	\$ 624	\$ 593
Unrealized exchange gains	<u>754</u>	<u>(667)</u>	<u>-</u>	<u>87</u>
	<u>\$ 1,105</u>	<u>\$ (1,049)</u>	<u>\$ 624</u>	<u>\$ 680</u> (Concluded)

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	2023	2022
Deductible temporary differences		
Unrealized impairment loss	<u>\$ 13,325</u>	<u>\$ 20,787</u>

- f. Information on unused loss deduction

As of December 31, 2023, the relevant information on loss deduction for taxes is as follows:

<b>Taxes not yet deducted</b>	<b>Final year of deduction</b>
<u>\$ 9,467</u>	122

- g. Income tax assessment

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Net profit for the year	\$ 7,477	\$ 73,358
Effect of potentially dilutive ordinary shares		
Convertible bonds	<u>(963)</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 6,514</u>	<u>\$ 73,358</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	83,000	83,000
Effect of potentially dilutive ordinary shares		
Compensation of employees	12	99
Convertible bonds	<u>8,389</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>91,401</u>	<u>83,099</u>

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. In 2022, due to the conversion rights of the convertible bonds were anti-dilution and excluded from the computation of diluted earnings per share.

## 27. NON-CASH TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Corporation entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Increase in property, plant and equipment	\$ 87,744	\$ 133,833
Decrease in prepayments for equipment	(10,622)	(3,461)
Decrease in payables for equipment	<u>14,919</u>	<u>6,403</u>
Cash paid	<u>\$ 92,041</u>	<u>\$ 136,775</u>

## 28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The key management personnel of the Corporation review the capital structure periodically, based on the condition of industry operations and future development of the Corporation, and consider the changes in the external environment. As part of the review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation adjusts the number of new shares issued and the amount of new debt issued or existing debt redeemed.

## 29. FINANCIAL INSTRUMENTS

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

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

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial liabilities at FVTPL				
Call option and put option of convertible bonds, net	\$ -	\$ -	\$ 6,800	\$ 6,800
Financial instruments at FVTOCI				
Equity instruments - domestic listed shares	\$ 888,974	\$ -	\$ -	\$ 888,974
Debt instrument - accounts receivable	-	-	189,024	189,024
	<u>\$ 888,974</u>	<u>\$ -</u>	<u>\$ 189,024</u>	<u>\$ 1,077,998</u>
<u>December 31, 2022</u>				
Financial liabilities at FVTPL				
Call option and put option of convertible bonds, net	\$ -	\$ -	\$ 11,500	\$ 11,500
Financial instruments at FVTOCI				
Equity instruments - domestic listed shares	\$ 786,370	\$ -	\$ -	\$ 786,370
Debt instrument - accounts receivable	-	-	189,467	189,467
	<u>\$ 786,370</u>	<u>\$ -</u>	<u>\$ 189,467</u>	<u>\$ 975,837</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022. There was also no transfer in or out between level 3.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Reconciliation of the fair value measurements of the financial instruments at FVTPL was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ (11,500)	\$ 550
Recognized in profit or loss (recorded as other gains and losses)	<u>4,700</u>	<u>(12,050)</u>
Balance, end of the year	<u>\$ (6,800)</u>	<u>\$ (11,500)</u>

3) Valuation techniques and inputs applied for fair value measurement

The Corporation uses the market price quotations as fair value inputs (level 1). The market price of the listed shares is the closing price of the shares on the Taiwan Stock Exchange.

The Corporation considers that the impact of discounting accounts receivable classified as at FVTOCI is immaterial; hence, the fair value is measured according to the book value (level 3).

The fair value of derivative assets - convertible bonds redemption rights and sell-back rights is measured using the binominal tree model (level 3) by using the significant but unobservable input - fluctuation of stock price. When the fluctuation of stock price increases, the fair value is deemed to increase.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Financial assets</b>		
Financial assets at FVTOCI - debt instruments	\$ 189,024	\$ 189,467
Financial assets at FVTOCI - equity instruments	888,974	786,370
Financial assets at amortized cost (Note 1)	713,488	966,797
<b>Financial liabilities</b>		
Financial liabilities at FVTPL - Held for trading	6,800	11,500
Financial liabilities at amortized cost (Note 2)	1,626,065	2,138,101

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables, refundable deposits and other financial assets - current.

Note 2: The balances included financial liabilities at amortized cost, which comprise long-term and short-term borrowings, accounts payable, other payables, refund liabilities (reported as other current liabilities), bonds payable, and guarantee deposits.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable, other payables, bonds payable, borrowings and lease liabilities. The Corporation's treasury function provides services to the business, coordinates access to domestic and international

financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### 1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

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

##### a) Foreign currency risk

The Corporation was exposed to foreign currency risk due to sales and purchases denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, foreign exchange forward contracts, foreign borrowings or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation's non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 33.

##### Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY. The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the USD and JPY. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items as follows:

	<b>Sensitivity Analysis</b>			
	<b>For the Year Ended December 31, 2023</b>		<b>For the Year Ended December 31, 2022</b>	
	<b>Magnitude of change (%)</b>	<b>Impact on Profit or Loss</b>	<b>Magnitude of change (%)</b>	<b>Impact on Profit or Loss</b>
Profit before income tax				
(Note)				
USD: NTD	1	\$ (5,132)	1	\$ (6,291)
JPY: NTD	1	255	1	792

Note: This was mainly attributable to the exposure on outstanding cash and cash equivalents, accounts receivable (including related parties), accounts payable, other payables, and refund liabilities (reported as other current liabilities) in USD and JPY which were not hedged at the balance sheet date.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in U.S. dollar will fluctuate according to the terms of contracts and business cycle.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Corporation's financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 63,195	\$ 182,495
Financial liabilities	555,499	670,550
Cash flow interest rate risk		
Financial assets	540,375	685,789
Financial liabilities	801,570	1,167,525

The sensitivity analysis below was determined based on the Corporation's exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$8,016 thousand and NT\$11,675 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic listed shares. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increased/decreased by NT\$8,890 thousand and NT\$7,864 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As of the balance sheet date, the Corporation's maximum exposure to credit risk is the carrying amount of the financial assets on the balance sheets.

Business units grant credit amounts according to their experience in various credit transactions, and monitor customer payment situations regularly. The Corporation does not expect significant credit risk because the counterparties are creditworthy financial institutions. In recent years, the actual occurrence of bad debts is very rare, and therefore no significant credit risk is expected.

Counterparties of accounts receivable are concentrated in a number of significant customers. They are mostly engaged in commercial activities and have similar economic characteristics and similar abilities to fulfill contracts affected by the economic or other conditions. The receivables with significant credit risk were as follows:

<b>Customer</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Novatek Microelectronics Corp.	\$ 96,671	\$ 49,353
Chipone (Hong Kong) Co., Limited	48,558	48,214
Raydium Semiconductor Corp.	46,196	40,667
Himax Technologies, Inc	<u>46,157</u>	<u>99,447</u>
	<u>\$ 237,582</u>	<u>\$ 237,681</u>

### 3) Liquidity risk

The management of the Corporation continuously monitor the movements of cash flows, net cash and cash equivalents position and the utilization of bank loan commitments to control the proportion of long-term and short-term bank loans and ensure compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation's unused credit facilities were NT\$2,579,163 thousand and NT\$2,541,364 thousand, respectively.

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>December 31, 2023</u>				
Long-term borrowings (including current portion)	\$ 286,198	\$ 535,174	\$ -	\$ 821,372
Accounts payable	138,750	-	-	138,750
Other payables	189,970	-	-	189,970
Bonds payables (including current portion)	500,000	-	-	500,000
Lease liabilities (including current and non-current portion)	20,515	48,915	-	69,430
Refund liabilities	6,076	-	-	6,076
Guarantee deposits	<u>-</u>	<u>665</u>	<u>-</u>	<u>665</u>
	<u>\$ 1,141,509</u>	<u>\$ 584,754</u>	<u>\$ -</u>	<u>\$ 1,726,263</u>

(Continued)



	Less than 1 Year	1-5 Years	Over 5 Years	Total
December 31, 2022				
Short-term borrowings	\$ 101,411	\$ -	\$ -	\$ 101,411
Long-term borrowings (including current portion)	332,208	870,467	-	1,202,675
Accounts payable	140,080	-	-	140,080
Other payables	234,138	-	-	234,138
Bonds payable	-	500,000	-	500,000
Lease liabilities (including current and non-current portion)	20,890	67,881	1,549	90,320
Refund liabilities	10,476	-	-	10,476
Guarantee deposits	-	774	-	774
	<u>\$ 839,203</u>	<u>\$ 1,439,122</u>	<u>\$ 1,549</u>	<u>\$ 2,279,874</u>
				(Concluded)

### 30. TRANSACTIONS WITH RELATED PARTIES

#### a. Related party names and relationships

Related Party Name	Relationship
Chang Wah Electromaterials Inc.	Key management personnel
Chang Wah Technology Co., Ltd.	Other related party
Wan-Hsia Lee	Key management personnel
Mei-Hsueh Huang	Key management personnel

#### b. Operating revenues

Related Party Category	For the Year Ended December 31	
	2023	2022
Key management personnel	<u>\$ 153,822</u>	<u>\$ 186,015</u>

Sales to related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

#### c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Key management personnel	<u>\$ 5,164</u>	<u>\$ 5,822</u>

Purchases from related parties were made at the prices and terms that were not significantly different from the transactions of non-related parties.

d. Remuneration of key management personnel

Remuneration of directors and other members of key management personnel was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 24,378	\$ 29,595
Post-employment benefits	<u>1,294</u>	<u>1,259</u>
	<u>\$ 25,672</u>	<u>\$ 30,854</u>

e. Lease arrangement - the Corporation is lessee

The Corporation leases a building from Chang Wah Electromaterials Inc. under the agreement expiring on March 31, 2027, and the rent is paid monthly. As of December 31, 2023 and 2022, the lease liabilities recognized by the Corporation due to the above lease agreement were NT\$58,957 thousand and NT\$76,158 thousand respectively, which were listed under lease liabilities (including current and non-current portion). In 2023 and 2022, the interest expense recognized were NT\$1,704 thousand and NT\$2,127 thousand respectively.

f. Lease arrangement - the Corporation is lessor

The Corporation leases part of their buildings to Chang Wah Technology Co., Ltd. under the agreement for 1 to 3 years. The rental payments were received on a monthly basis. The annual revenue amounted were NT\$7,573 thousand and NT\$4,517 thousand respectively, for the year ended December 31, 2023 and 2022.

g. Balance at period-end

<b>Account Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts receivable - related parties	Chang Wah Electromaterials Inc.	<u>\$ 25,515</u>	<u>\$ 20,683</u>
Other receivables	Chang Wah Electromaterials Inc.	\$ 7,802	\$ -
	Chang Wah Technology Co., Ltd.	4,546	-
	Wan-Hsia Li (Note)	1,000	1,000
	Mei-Hsueh Huang (Note)	<u>1,000</u>	<u>1,000</u>
		<u>\$ 14,348</u>	<u>\$ 2,000</u>
Refundable deposits	Chang Wah Electromaterials Inc.	<u>\$ 1,575</u>	<u>\$ 1,575</u>
Accounts payable	Key management personnel	<u>\$ 928</u>	<u>\$ 1,036</u>
Other payables	Key management personnel	<u>\$ 1,575</u>	<u>\$ 1,575</u>
Guarantee deposits	Chang Wah Technology Co., Ltd.	<u>\$ 615</u>	<u>\$ 724</u>

Note: Refers to the bail amount paid by the Corporation on behalf of the management for the criminal proceedings mentioned in Note 32.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the Cooperative Education program:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Pledged time deposits (classified as other financial assets - current)	<u>\$ 1,785</u>	<u>\$ 1,785</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The amount of the customs duties guarantee provided by the Corporation through bank credit guarantee is NT\$25,000 thousand, and NT\$5,037 thousand has been used.
- b. The Corporation signed the contract for the purchase of property, plant and equipment with a total amount NT\$76,208 thousand, of which NT\$26,345 thousand had not been paid.
- c. In March 2014, Chipbond Technology Corp. filed a criminal lawsuit against the Corporation for the breach of trade secrets. Subsequently, in September 2019, a criminal incidental civil lawsuit was filed for the requested compensation of damages amounting to NT\$1,000,000 thousand. Additional claims for damages have been made since August 2021, and the case is currently pending in court. In September 2016, Chipbond Technology Corp. also filed a civil lawsuit against the Corporation for infringement of business secrets. The main contents of the lawsuit include the prohibition on the use or disclosure of business secrets of Chipbond Technology Corp., the destruction of relevant files, the prohibition on the people involved in the case from serving the Corporation for a specific period of time and the destruction of products that infringed on business secrets. Chipbond Technology Corp. sought an indemnification of NT\$1,765,137 thousand and subsequently filed additional claims for damages. The court dismissed Chipbond Technology Corp.'s claims on December 29, 2023, but Chipbond Technology Corp. had filed an appeal. Based on the legal opinion issued by the Corporation's lawyers for the aforementioned litigation case, no significant adverse impact on the Corporation was concluded after the assessment of the lawyers. Therefore, the management of the Corporation believes that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case has not been adjudged by the court as of March 14, 2024.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<hr/> December 31, 2023 <hr/>				
Financial assets				
Monetary items				
USD	\$ 16,907	30.705	(USD:NTD)	\$ 519,114
JPY	161,018	0.2172	(JPY:NTD)	34,973
Financial liabilities				
Monetary items				
JPY	278,521	0.2172	(JPY:NTD)	60,495
USD	194	30.705	(USD:NTD)	5,950
<hr/> December 31, 2022 <hr/>				
Financial assets				
Monetary items				
USD	20,825	30.71	(USD:NTD)	639,539
JPY	14,301	0.2324	(JPY:NTD)	3,324
Financial liabilities				
Monetary items				
JPY	354,919	0.2324	(JPY:NTD)	82,483
USD	339	30.71	(USD:NTD)	10,411

Significant foreign currency exchange gains and losses were as follows:

Foreign Currency		Exchange Rate	Net foreign currency exchange gains (losses) (In Thousands of New Taiwan Dollars)
For the Year Ended December 31, 2023			
USD	30.705	(USD:NTD)	\$ 2,959
JPY	0.2172	(JPY:NTD)	<u>8,507</u>
			<u>\$ 11,466</u>
For the Year Ended December 31, 2022			
USD	30.71	(USD:NTD)	\$ 54,876
JPY	0.2324	(JPY:NTD)	<u>8,905</u>
			<u>\$ 63,781</u>

### 34. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others (None)

- 2) Endorsements/guarantees provided (None)
  - 3) Marketable securities held (Table 1)
  - 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
  - 9) Trading in derivative instruments (Note 7)
- b. Information on investees (Table 3)
  - c. Information on investments in mainland China (None)
  - d. Information of major shareholders (Table 4)

### 35. SEGMENT INFORMATION

The chief operating decision maker regards the Corporation as a single reporting segment. Thus, the information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance regarded the Corporation information as a whole. Please refer to the content of this financial report for relevant information on the operating segment.

- a. Revenue from major products and services

	<b>For the year ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Sales of goods		
Flexible IC substrate - Chip on Film	\$ 1,727,959	\$ 2,072,993
Tooling revenue	37,474	39,578
Revenue from rendering of services	<u>-</u>	<u>266</u>
	<u>\$ 1,765,433</u>	<u>\$ 2,112,837</u>

- b. Geographical information

The Corporation operates mainly in Taiwan.

The Corporation's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended</b>		<b>December 31</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 873,696	\$ 1,155,965	\$ 1,887,378	\$ 2,266,637
Asia	<u>891,737</u>	<u>956,872</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,765,433</u>	<u>\$ 2,112,837</u>	<u>\$ 1,887,378</u>	<u>\$ 2,266,637</u>

Non-current assets exclude investments accounted for using the equity method, refundable deposits, deferred tax assets, financial instruments and net defined benefit assets.

c. Information about major customers

Single customers contributing 10% or more to the Corporation's revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Chipone (Hong Kong) Co., Limited	\$ 581,167	32	\$ 487,797	23
Novatek Microelectronics Corp.	327,466	18	287,838	13
Himax Technologies, Inc	175,101	10	370,047	17
Xiamen Tongfu Microelectronics Co., Ltd.	<u>45,934</u>	<u>3</u>	<u>270,433</u>	<u>13</u>
	<u>\$ 1,129,668</u>	<u>63</u>	<u>\$ 1,416,115</u>	<u>66</u>

**TABLE 1****JMC Electronics Co., Ltd.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock - ordinary shares							
	Chang Wah Electromaterials Inc.	Key management personnel	Financial assets at fair value through other comprehensive income - non-current	14,436,000	\$ 503,816	2.09	\$ 503,816	
	Chang Wah Technology Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income - non-current	11,365,000	379,591	1.20	379,591	
	Chipbond Technology Corp.	-	Financial assets at fair value through other comprehensive income - current	77,000	5,567	0.01	5,567	
					<u>\$ 888,974</u>		<u>\$ 888,974</u>	

**JMC Electronics Co., Ltd.**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Corporation	Chang Wah Electromaterials Inc.	Key management personnel	Sales	\$ (153,822 )	(9 )	T/T 30 day	Not significantly different	-	\$ 25,515	9	



**TABLE 3****JMC Electronics CO., Ltd.****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	Shing Zheng Investment Co., Ltd.	Taiwan	Investment	\$ 280,000	\$ 280,000	28,000,000	28	\$ 285,241	\$ 37,823	\$ 10,590	

**TABLE 4**

**JMC Electronics Co., Ltd.**

## INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2023

[illegible]

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STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT	2
STATEMENT OF NET ACCOUNTS RECEIVABLE	3
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STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	Note 13
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**STATEMENT 1****JMC Electronics Co., Ltd.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Abstract</b>	<b>Amount</b>
Bank deposits		
NTD deposits		
Demand deposits		\$ 328,997
Foreign-currency deposits		
Demand deposits	USD 5,745,157.99 and JPY 161,017,992 (Note)	211,378
		<u>540,375</u>
Cash equivalent		
Foreign currency bonds of	USD 1,000,000 (Note),	30,705
repurchase agreements	maturity date at January 8,	
collateralized by bonds	2024, Interest rate is 5.68%	
	USD 1,000,000 (Note),	30,705
	maturity date at January 15,	
	2024, Interest rate is 5.52%	
		<u>61,410</u>
Cash on hands		<u>18</u>
		<u>\$ 601,803</u>

Note: USD:NTD=1:30.705

JPY:NTD=1:0.2172

**STATEMENT 2****JMC Electronics Co., Ltd.****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME - CURRENT****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Marketable Securities	Number of Shares	Original Cost	Fair Value		Remark
			Unit Price (NT\$)	Amount	
Domestic Listed Shares					
Chipbond Technology Corp.	77,000	\$ 4,860	\$ 72.3	<u>\$ 5,567</u>	
Adjustment for valuation of financial asset.		<u>707</u>			
		<u>\$ 5,567</u>			

**STATEMENT 3****JMC Electronics Co., Ltd.****STATEMENT OF NET ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Customer Name</b>	<b>Amount</b>	<b>Remark</b>
Related parties		
Chang Wah Electromaterials Inc.	<u>\$ 25,515</u>	Sales
Non-related parties		
Novatek Microelectronics Corp.	\$ 96,671	Sales
Chipone (Hong Kong) Co., Limited	48,558	Sales
Raydium Semiconductor Corp.	46,196	Sales
Himax Technologies Limited.	46,157	Sales
Others (Note)	<u>18,202</u>	Sales
	<u>\$ 255,784</u>	

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**STATEMENT 4****JMC Electronics Co., Ltd.****STATEMENT OF INVENTORIES  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>	
	<b>Carrying Amount</b>	<b>Fair Value (Note)</b>
Raw materials	\$ 59,306	\$ 72,765
Supplies	67,169	67,225
Finished goods	25,877	38,710
Work-in-process	<u>76,888</u>	<u>117,509</u>
	<u>\$ 229,240</u>	<u>\$ 296,209</u>

Note: Refer to Note 4 for the accounting policy used in determining net realizable value.

**STATEMENT 5****JMC Electronics Co., Ltd.****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	<u>Beginning of the Year</u>		<u>Additions</u>		<u>Decrease</u>		<u>End of the Year</u>		<b>Guaranteed or Pledged as Collateral</b>
	<b>Number of Shares</b>	<b>Fair Value</b>	<b>Number of Shares</b>	<b>Amount (Note 1)</b>	<b>Number of Shares</b>	<b>Amount (Note 2)</b>	<b>Number of Shares</b>	<b>Fair Value</b>	
Domestic listed shares									
Chang Wah Electromaterials Inc.	14,354,000	\$ 434,926	82,000	\$ 68,890	-	\$ -	14,436,000	\$ 503,816	No
Chang Wah Technology Co., Ltd.	11,549,000	<u>343,006</u>	16,000	<u>45,524</u>	200,000	<u>8,939</u>	11,365,000	<u>379,591</u>	No
		<u>\$ 777,932</u>		<u>\$ 114,414</u>		<u>\$ 8,939</u>		<u>\$ 883,407</u>	

Note 1: This is due to the increase in investment of NT\$3,433 thousand and the unrealized gains of NT\$110,981 thousand.

Note 2: This is due to disposal of investment.



**STATEMENT 6****JMC Electronics Co., Ltd.**
**STATEMENT OF CHANGES IN EQUITY METHOD INVESTMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Balance, January 1, 2023		Additions (Note)		Decrease		Shares of Profits or Losses of Associates Accounted For Using the Equity Method	Balance, December 31, 2023				Guaranteed or Pledged as Collateral	Remark
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	% of Ownership	Amount	Price	Amount	
Investees													
Shing Zheng Investment Co., Ltd.	28,000,000	<u>\$ 256,832</u>	-	<u>\$ 17,819</u>	-	<u>\$</u>	<u>\$ 10,590</u>	28,000,000	28	<u>\$ 285,241</u>	\$ 10.19	<u>\$ 285,241</u>	No

Note: The increases for the year are due to the unrealized gains on financial assets at FVTOCI of the investee.

**STATEMENT 7****JMC Electronics Co., Ltd.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Balance, Beginning of the Year</b>	<b>Additions</b>	<b>Decrease</b>	<b>Balance, End of the Year</b>	<b>Remark</b>
Cost					
Land	\$ 14,219	\$ -	\$ -	\$ 14,219	
Buildings	<u>142,155</u>	<u>-</u>	<u>1,325</u>	<u>140,830</u>	
Total	<u>156,374</u>	<u>\$ -</u>	<u>\$ 1,325</u>	<u>155,049</u>	
Accumulated depreciation					
Land	5,708	\$ 1,418	\$ -	7,126	
Buildings	<u>69,238</u>	<u>17,181</u>	<u>1,067</u>	<u>85,352</u>	
Total	<u>74,946</u>	<u>\$ 18,599</u>	<u>\$ 1,067</u>	<u>92,478</u>	
	<u>\$ 81,428</u>			<u>\$ 62,571</u>	

**STATEMENT 8**

**JMC Electronics Co., Ltd.**

**STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Related parties	
Chang Wah Electromaterials Inc.	<u>\$ 928</u>
Non-related parties	
Sumitomo Metal Mining Co., Ltd.	37,338
Eliting Technology Corp.	16,088
Resonac HD Taiwan Co., Ltd.	9,580
Unitech Technology Yeh Corp.	8,822
DDP Specialty Products Taiwan Co., Ltd.	7,149
Others (Note)	<u>58,845</u>
	<u>137,822</u>
	<u>\$ 138,750</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

## JMC Electronics Co., Ltd.

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Creditor	Contract Period and Repayment Method	Interest Rate (%)	Balance, End of the Year			Pledged as Collateral	Remark
			Current	Over 1 Year	Total		
Bank loans							
Chang Hwa Commercial Bank	48 monthly installments due in January 2023	1.2	\$ 42,750	\$ 84,919	\$ 127,669	No	-
Chang Hwa Commercial Bank	33 monthly installments due in April 2024	1.2	14,727	38,851	53,578	No	-
Chang Hwa Commercial Bank	33 monthly installments due in April 2024	1.2	20,455	53,927	74,382	No	-
Hua Nan Commercial Bank	24 monthly installments due in January 2023	1.2	34,412	-	34,412	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	18,000	40,190	58,190	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	36,000	80,291	116,291	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	10,250	22,837	33,087	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	12,500	27,837	40,337	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	3,750	8,351	12,101	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	213	473	686	No	-
Taishin Bank	48 monthly installments due in April 2023	1.2	10,250	22,796	33,046	No	-
CTBC Bank	48 monthly installments due in December 2022	1.2	47,500	90,465	137,965	No	-
CTBC Bank	48 monthly installments due in December 2022	1.2	9,250	17,609	26,859	No	-
CTBC Bank	48 monthly installments due in December 2022	1.2	18,250	34,717	52,967	No	-
			<u>\$ 278,307</u>	<u>\$ 523,263</u>	<u>\$ 801,570</u>		

**STATEMENT 10****JMC Electronics Co., Ltd.****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Abstract</b>	<b>Lease Term</b>	<b>Discount Rate (%)</b>	<b>Balance, End of the Year</b>	<b>Remark</b>
Land	Note 1	2018.12.18-2028.12.17	2.4947	\$ 7,508	Note 2
Buildings	Note 1	2017.4.1-2027.3.31	2.4947	<u>58,957</u>	Note 2
				<u>\$ 66,465</u>	

Note 1: Refer to Note 14 for leasing activities and terms.

Note 2: The portion of lease liabilities due within one year has been classified as current liabilities.

**STATEMENT 11**

**JMC Electronics Co., Ltd.**

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Quantity</b>	<b>Amount</b>
Operating revenue		
Sales of goods		
Flexible IC substrate - Chip on Film	423,204,774 PCS	\$ 1,727,959
Tooling revenue		
Revenue from rendering of services		<u>37,474</u>
		<u>\$ 1,765,433</u>

**STATEMENT 12****JMC Electronics Co., Ltd.****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Direct raw materials consumed	
Raw materials, beginning of the year	\$ 65,784
Raw materials purchased	360,954
Raw materials, end of the year	(59,306)
Others	<u>(6,205)</u>
Raw materials consumed	361,227
Direct labor	168,684
Manufacturing expense	1,233,291
Loss due to idle capacity	<u>(265,904)</u>
Manufacturing cost	1,497,298
Work in progress, beginning of the year	49,696
Work in progress, end of the year	<u>(76,888)</u>
	1,470,106
Finished goods, beginning of the year	14,114
Finished goods, end of the year	<u>(25,877)</u>
Costs of goods sold	1,458,343
Loss due to idle capacity	265,904
Income from sale of scraps	(588)
Write-down of supplies	<u>2,748</u>
Operating costs	<u>\$ 1,726,407</u>

Note: The amounts of beginning inventory and ending inventory are expressed net of write-down of inventories.

**STATEMENT 13****JMC Electronics Co., Ltd.****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Payroll expense	\$ 5,145	\$ 23,029	\$ 33,376	\$ 61,550
Professional fees	-	13,826	-	13,826
Used materials	-	-	12,044	12,044
Freight	10,798	-	-	10,798
Insurance expense	818	2,455	4,410	7,683
Management service fee	-	3,847	-	3,847
Depreciation expense	-	5,562	515	6,077
Others	<u>3,396</u>	<u>15,385</u>	<u>6,080</u>	<u>24,861</u>
	<u>\$ 20,157</u>	<u>\$ 64,104</u>	<u>\$ 56,425</u>	<u>\$ 140,686</u>



## JMC Electronics Co., Ltd.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Payroll expense						
Salaries	\$ 207,543	\$ 58,966	\$ 266,509	\$ 261,125	\$ 78,064	\$ 339,189
Labor and health insurance	26,878	7,481	34,359	30,423	7,862	38,285
Pension	7,137	3,251	10,388	8,021	3,421	11,442
Remuneration of directors	-	2,584	2,584	-	821	821
Others	<u>2</u>	<u>1,939</u>	<u>1,941</u>	<u>257</u>	<u>2,307</u>	<u>2,564</u>
	<u>\$ 241,560</u>	<u>\$ 74,221</u>	<u>\$ 315,781</u>	<u>\$ 299,826</u>	<u>\$ 92,475</u>	<u>\$ 392,301</u>
Depreciation	\$ 439,184	\$ 6,077	\$ 445,261	\$ 377,954	\$ 5,661	\$ 383,615
Amortization	27,644	2,562	30,206	27,745	3,035	30,780

1. As of December 31, 2023 and 2022, the Corporation had 596 and 696 employees (excluding temporary employees), respectively, which all included 7 non-employee directors.
2. Average employee benefit for the years ended December 31, 2023 and 2022 was NT\$532 thousand and NT\$568 thousand, respectively.
3. Average salary for the years ended December 31, 2023 and 2022 was NT\$452 thousand and NT\$492 thousand, respectively.
4. Change of average salary was -8%.
5. The Corporation does not have any supervisors.
6. The Corporation's remuneration and compensation policy (including directors, managers, and employees) is described as follows:

Pursuant to the Company's Articles of Incorporation, the remuneration paid to the directors shall be submitted to the board of directors for resolution. The compensation of managers and employees is determined based on their personal performance and contribution to the Corporation, with reference to the industry standards. When deciding the remuneration based on its operating performance, the Corporation has fully considered its operating objectives, financial status, professional capabilities and responsibilities, and comprehensively analyzed future operating risks. Furthermore, the Corporation shall review the remuneration and compensation policy at any time under the actual operating situation and related laws to seek for a balance of the Corporation's sustainability and risk control.