Stock Code: 6916

Winstar Display Co., Ltd. and Subsidiaries

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

Address: 2F., No. 43, Keya Road, Daya District, Taichung City

Tel: (04)25689987

Declaration of consolidation of financial statements of affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023(From January 1, 2023 to December 31, 2023) are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

Company Name: Winstar Display Co., Ltd.

President: Yu-Pin Liao

March 12, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Winstar Display Co., Ltd.:

Opinion

We have completed our audit of Winstar Display Co., Ltd. and its subsidiaries (collectively referred to as Winstar Group) Consolidated Balance Sheet for December 31, 2023 and 2022; and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1 – December 31, 2023 and 2022.

In our opinion, the consolidated financial statements referred to above have been prepared, in all material respects, in conformity 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 Interpretation(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and fairly present the consolidated financial position of Winstar Group as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We have performed entrusted audit work in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. Our personnel subject to standards of independence have maintained detached independence from Winstar Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and have performed other responsibilities under that Norm. We believe that sufficient and appropriate audit evidence has been obtained to serve as a basis for expressing an audit opinion.

Key Audit Matter

Key audit matters refer to the most important matters for the audit of Winstar Group's 2023 consolidated financial statements based on our professional judgment. The matter was addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matter.

The key audit matter for the Group’s 2023 consolidated financial statements is stated as follows:

Authenticity of revenue recognition from specific customers

Winstar Group's operating revenue mainly comes from the production and sales of LCD modules and OLED display modules. The operating revenue in 2023 decreased from the previous year due to changes in market demand. As transaction amount of a specific customer is material to operating revenue as a whole, authenticity of revenue recognition for specific customers is listed as a key audit matter. Please refer to Note 4 to the financial statements for the relevant accounting policies for revenue recognition.

In response to this key audit matter, we perform the following audit procedures:

1. Understand and evaluate the effectiveness of the design and execution of internal control related to audit risks in the sales and collection cycle.
2. We select a sample of the operating revenue of specific customers, and review the relevant documents and payment vouchers for the operating revenue recognized to confirm the authenticity of the operating revenue recognized.

Other Matters

Winstar Display Co., Ltd. has prepared parent company only financial statements for 2023 and 2022, and the audit reports with unmodified opinions that we have issued are on file for reference.

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

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

When compiling the consolidated financial statements, management's responsibilities also include disclosing the evaluation of Winstar Group's ability to continue as a going concern and related matters, and the adoption of a going concern basis of accounting unless management intends to liquidate Winstar Group or to cease operations or there is no practical alternative to liquidation or closure.

The units charged with governance of Winstar Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and skepticism throughout the audit. We also:

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

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Winstar Group.
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 ability of Winstar Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may result in Winstar Group no longer having the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Winstar Group's 2023 consolidated financial statements 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 Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Winstar Display Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2023 and 2022

Unit: NT$ thousand

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 4 and 6)	$ 854,430	37	$ 591,149	25
1136	Financial assets at amortized cost - current (Note 4, 7 and 29)	79,382	4	106,349	4
1150	Notes receivable (Note 4, 9, 21 and 27)	2,300	-	14,644	1
1170	Trade receivables (Note 4, 9, 21 and 28)	206,323	9	250,325	11
1200	Other receivables	2,057	-	1,066	-
1220	Current tax assets (Note 4 and 23)	106	-	10	-
130X	Inventories (Note 4 and 10)	326,831	14	581,938	25
1470	Other current assets (Note 16)	45,037	2	59,274	2
11XX	Total current assets	1,516,466	66	1,604,755	68
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	11,457	-	10,196	-
1535	Financial assets at amortized cost - non-current (Note 4, 7 and 29)	23,392	1	15,803	1
1550	Investments accounted for using the equity method (Note 4 and 12)	12,661	1	12,376	-
1600	Property, Plant and Equipment (Note 4, 13 and 29)	296,190	13	327,723	14
1755	Right-of-use assets (Note 4, 14, 28 and 29)	149,929	7	135,445	6
1760	Investment property (Note 4, 15 and 29)	83,259	4	83,538	4
1780	Intangible assets	1,112	-	976	-
1840	Deferred tax assets (Note 4 and 23)	79,157	3	67,576	3
1990	Other non-current assets (Note 16)	125,061	5	99,390	4
15XX	Total non-current assets	782,218	34	753,023	32
1XXX	Total assets	$ 2,298,684	100	$ 2,357,778	100

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 17 and 29)	$ 336,786	15	$ 417,174	18
2130	Contract liabilities - current (Note 4, 21 and 28)	75,601	3	75,529	3
2150	Notes payable	11,422	1	25,144	1
2170	Trade payables (Note 27)	240,696	11	393,412	17
2200	Other payables (Note 18)	166,246	7	203,799	8
2230	Current tax liabilities (Note 4 and 23)	17,811	1	39,750	2
2280	Lease liabilities - current (Note 4, 14 and 28)	32,538	1	25,660	1
2320	Current portion of long-term borrowings (Note 17 and 29)	33,202	1	63,767	3
2399	Other current liabilities	5,449	-	2,539	-
21XX	Total current liabilities	919,751	40	1,246,774	53
	Non-current liabilities				
2540	Long-term borrowings (Note 17 and 29)	45,280	2	24,693	1
2570	Deferred tax liabilities (Note 4 and 23)	62,350	3	33,367	1
2580	Lease liabilities - non-current (Note 4, 14 and 28)	94,226	4	83,862	3
2640	Net defined benefit liabilities - non-current (Note 4 and 19)	11,255	-	14,038	1
25XX	Total non-current liabilities	213,111	9	155,960	6
2XXX	Total liabilities	1,132,862	49	1,402,734	59
	Equity attributable to owners of the parent company				
3110	Ordinary shares	675,000	30	525,000	22
3200	Capital surplus	186,294	8	66,078	3
	Retained earnings				
3310	Legal reserve	66,981	3	37,695	2
3320	Special reserve	4,444	-	3,526	-
3350	Unappropriated earnings	246,414	11	325,086	14
3400	Other equity	(16,229)	(1)	(4,444)	-
31XX	Total equity attributable to owners of the parent company	1,162,904	51	952,941	41
36XX	Non-controlling interests	2,918	-	2,103	-
3XXX	Total equity	1,165,822	51	955,044	41
	Total liabilities and equity	$ 2,298,684	100	$ 2,357,778	100

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

Winstar Display Co., Ltd. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2023 and 2022

Unit: In thousands of New Taiwan Dollars,

except that Earnings Per Share are stated in NT$

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue (Note 4, 21 and 28)	$ 2,229,230	100	$ 2,999,262	100
5000	Operating costs (Note 10 and 22)	1,652,635	74	2,182,338	73
5950	Gross profit	576,595	26	816,924	27
	Operating expenses (Note 22)				
6100	Selling and marketing expenses	128,458	6	113,454	4
6200	General and Administrative expenses	205,542	9	225,317	7
6300	Research and Development expenses	118,794	5	124,141	4
6450	Expected credit loss (gain) (Note 4 and 9)	(2,805)	-	2,346	-
6000	Total operating expenses	449,989	20	465,258	15
6900	Profit from operations	126,606	6	351,666	12
	Non-operating income and expenses				
7010	Other income	12,284	1	12,711	-
7020	Other gains and losses	(4,324)	-	(621)	-
7050	Financial costs (Note 4, 22 and 28)	(13,007)	(1)	(19,042)	(1)
7060	Share of profit and loss of associates (Note 4 and 12)	72	-	1,845	-
7100	Interest income	9,182	-	1,885	-
7230	Net gain (loss) on foreign currency exchange (Note 22)	10,995	1	46,222	2
7000	Total non-operating and expenses	15,202	1	43,000	1

(to be continued)

(continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Profit before income tax	$ 141,808	7	$ 394,666	13
7950	Income tax expense (Note 4 and 23)	60,777	3	104,810	3
8200	Net profit for the year	81,031	4	289,856	10
	Other comprehensive income(loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 19)	2,466	-	3,870	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	1,261	-	(8,346)	-
8349	Income tax relating to items that will not be reclassified (Note 23)	(493)	-	(774)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	(16,311)	(1)	13,977	-
8399	Income tax related to items that may be reclassified (Note 23)	3,261	-	(2,785)	-
8300	Other comprehensive income for the year, net of income tax	(9,816)	(1)	5,942	-
8500	Total comprehensive income for the year	$ 71,215	3	$ 295,798	10
8600	Net profit attributable to:				
8610	Owners of the company	$ 80,809	4	$ 289,757	10
8620	Non-controlling interests	222	-	99	-
		$ 81,031	4	$ 289,856	10
	Total comprehensive income attributable to:				
8710	Owners of the company	$ 70,997	3	$ 295,649	10
8720	Non-controlling interests	218	-	149	-
8700		$ 71,215	3	$ 295,798	10

(to be continued)

(continued)

Code		2023		2022	
		Amount	%	Amount	%
	Earnings per share (Note 24)				
9750	Basic	$ 1.33		$ 5.02	
9850	Diluted	$ 1.33		$ 4.99	

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

Winstar Display Co., Ltd. and Subsidiaries

Consolidated statements of changes in equity

For the years ended December 31, 2023 and 2022

Unit: NT$ thousand

		Equity attributable to owners of the parent company (Note 20)									
				Retained earnings			Other equity				
Code		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	**Total**	**Non-controlling interests**	**Total equity**
A1	Balance on January 1, 2022	$ 500,000	$ 35,471	$ 31,541	$ 3,526	$ 70,387	($ 9,946)	$ 2,706	$ 633,685	$ 1,383	$ 635,068
	Appropriation of 2021 earnings:										
B1	Legal reserve	-	-	6,154	-	(6,154)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	(32,000)	-	-	(32,000)	-	(32,000)
D1	Net income for the year ended December 31, 2022	-	-	-	-	289,757	-	-	289,757	99	289,856
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	3,096	11,142	(8,346)	5,892	50	5,942
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	292,853	11,142	(8,346)	295,649	149	295,798
E1	Capital increase in cash	25,000	30,000	-	-	-	-	-	55,000	-	55,000
N1	Share-based Payment	-	607	-	-	-	-	-	607	571	1,178
Z1	Balance on December 31, 2022	525,000	66,078	37,695	3,526	325,086	1,196	(5,640)	952,941	2,103	955,044
	Appropriation of 2022 earnings:										
B1	Legal reserve	-	-	29,286	-	(29,286)	-	-	-	-	-
B3	Special reserve	-	-	-	918	(918)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	(56,250)	-	-	(56,250)	-	(56,250)
B9	Stock dividends to shareholders of the Company	75,000	-	-	-	(75,000)	-	-	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	80,809	-	-	80,809	222	81,031
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,973	(13,046)	1,261	(9,812)	(4)	(9,816)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	82,782	(13,046)	1,261	70,997	218	71,215
E1	Capital increase in cash	75,000	117,327	-	-	-	-	-	192,327	-	192,327
N1	Share-based Payment	-	2,889	-	-	-	-	-	2,889	597	3,486
Z1	Balance on December 31, 2023	$ 675,000	$ 186,294	$ 66,981	$ 4,444	$ 246,414	($ 11,850)	($ 4,379)	$ 1,162,904	$ 2,918	$ 1,165,822

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

Winstar Display Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before tax for the year	$ 141,808	$ 394,666
A20000	Adjustment for:		
A20100	Depreciation expenses	104,393	114,735
A20200	Amortization expenses	1,064	1,261
A20300	Expected credit loss recognized (reversed) on trade receivables	(2,805)	2,346
A20900	Finance costs	13,007	19,042
A21200	Interest income	(9,182)	(1,885)
A21300	Dividend income	(55)	(45)
A21900	Compensation cost related to share-based payment	3,486	1,178
A22400	Share of profits of associates accounted for using equity method	(72)	(1,845)
A22500	Loss on disposal of property, plant and equipment	16	355
A23800	Inventory valuation losses	35,925	25,881
A24100	Unrealized net loss (gain) in foreign currency exchange	837	(3,859)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	12,217	(4,916)
A31150	Trade receivables	28,883	55,099
A31180	Other receivables	(1,151)	(102)
A31200	Inventory	207,509	(53,012)
A31240	Other current assets	13,724	15,664
A32130	Notes payable	(13,262)	16,135
A32150	Trade payables	(135,230)	(75,872)
A32180	Other payables	(37,453)	36,104
A32230	Other current liabilities	3,118	2,586
A32240	Net defined benefit liabilities	(317)	(426)
A33000	Cash generated from operations	366,460	543,090
A33100	Interest received	9,182	1,885
A33200	Dividend received	55	1,151
A33300	Interest paid	(11,362)	(17,283)
A33500	Income tax paid	(62,943)	(25,069)
AAAA	Net cash generated from operating activities	301,392	503,774

(to be continued)

(continued)

Code		2023	2022
	Cash flows from investing activities		
B00040	Payments for financial assets at amortized cost	($ 22,585)	($ 32,881)
B00050	Proceeds from disposal of financial assets at amortized cost	41,454	-
B02700	Payments for property, plant and equipment	(30,667)	(23,627)
B02800	Proceeds from disposal of property, plant and equipment	106	631
B03700	Increase in refundable deposits	(744)	(3,767)
B03800	Decrease in refundable deposits	3,992	1,159
B04500	Payments for intangible assets	(1,200)	(670)
B07100	Increase in prepayments for equipment	(37,850)	(22,225)
BBBB	Net cash used in investing activities	(47,494)	(81,380)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	459,667	567,784
C00200	Repayments of short-term borrowings	(537,993)	(640,495)
C01600	Proceeds from long-term loans	63,000	55,000
C01700	Repayments of long-term borrowings	(72,978)	(93,046)
C04020	Repayments of the principal portion of lease liabilities	(31,113)	(34,617)
C04500	Dividends paid to owners of the company	(56,250)	(32,000)
C04600	Capital increase in cash	192,327	55,000
CCCC	Net cash generated from (used in) financing activities	16,660	(122,374)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(7,277)	6,544
EEEE	Net increase in cash and cash equivalents	263,281	306,564
E00100	Cash and cash equivalents at the beginning of the year	591,149	284,585
E00200	Cash and cash equivalents at the end of the year	$ 854,430	$ 591,149

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

Winstar Display Co., Ltd. and Subsidiaries

Notes to consolidated financial statements

For the years ended December 31, 2023 and 2022

(expressed in NTD thousand and foreign currency, unless stated otherwise)

1. History

Winstar Display Co., Ltd. (“the Company”) was established in June 1998. The main business items are the manufacturing, processing, and trading of various displays and modules.

The Company has been listed on the Taiwan Stock Exchange since December 5, 2023.

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

2. Date and procedures for approval of financial statements

The consolidated financial statements were approved by the Company’s board of directors on March 12, 2024.

3. Application of new, amended and revised standards and interpretations

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively, the “Group”).

(2) IFRSs endorsed by the FSC for application starting from 2024

New, amended and revised standards and interpretations	Effective date of issuance per the International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	Monday, January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Monday, January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	Monday, January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	Monday, January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

Note 3: The initial application of the amendments is exempted from certain disclosure requirements.

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

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	Wednesday, January 1, 2025 (Note 2)

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

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

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

4. Summary of significant accounting policies information

(1) Statement of compliance

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

(2) Basis of preparation

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

The fair value measurements, 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, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

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.

(3) 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 date; 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 date.

Current liabilities include:

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

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

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the "subsidiaries"). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. When compiling the consolidated financial statements, all transactions, account balances, and gains and losses between subsidiaries have been eliminated in full. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11, Table 7 and Table 8 for detailed information on subsidiaries, percentage of ownership and main business.

(5) Foreign currencies

When each individual entity compiles financial statements, transactions in currencies other than the entity's functional currency (i.e., in foreign currency) shall be converted into the functional currency recorded at the exchange rate on the day of the transaction.

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

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and any resulting exchange difference is listed as profit or loss for that year except when the change in fair value is recognized in other comprehensive income, in which case the resulting exchange difference is listed in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

When preparing consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars at the exchange rate on each balance sheet date (including subsidiaries and associates operating in countries or using currencies that differ from those of the Company). Income and expense items are translated at the current year average exchange rate, and the resulting exchange differences are listed in other comprehensive income, and are respectively attributed to owners of the Company owners and to non-controlling interest.

If the Group disposes of all interests related to a foreign operation, all of the accumulated exchange differences attributable to the owners of the Company related to the foreign operation will be reclassified to profit or loss.

(6) Inventories

Inventories include raw materials, work-in-progress, semi-finished products, and finished goods, which are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventory cost is determined using the weighted-average method.

(7) Investments in Associates

An associate is an enterprise that the Group has significant influence over but is not a subsidiary.

The Group adopts the equity method for investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost, and the book value after acquisition will increase or decrease with the Group's share of the associate's profit or loss, other comprehensive income, and earnings distributions. In addition, changes in the equity of an associate are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of an associate to which the Group is entitled on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized. The excess of the share of the net fair value of the identifiable assets and liabilities of the associate over the acquisition cost is listed as current period profit or loss.

When assessing impairment, the Group treats the entire carrying amount of the investment as a single asset and tests for impairment by comparing its recoverable amount and carrying amount. Any impairment loss recognized is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

Profits and losses arising from upstream, downstream, and lateral transactions between the Group and associates shall be recognized in the consolidated financial statements only to the extent that they are not connected to the Group's rights and interests in the associate.

(8) Property, plant and equipment

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

Property, plant and equipment under construction is recognized at cost. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Each material component of property, plant and equipment is depreciated separately on a straight-line basis over its useful life. The Group shall review estimated service life, residual value, and depreciation method at the end of each year at a minimum, and it shall defer the effect of changes in applicable accounting estimates.

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

(9) Investment property

Investment property is held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Group adopts a straight-line basis for depreciation.

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

(10) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis within useful lives. The estimated useful lives, residual values and amortization methods are reviewed at the end of each fiscal year, with the effects of any changes in the accounting estimates for on a prospective basis.

Upon derecognition of intangible assets, the difference between the net disposal price and the asset carrying amount is to be recognized in current year profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Group evaluates at each balance sheet date whether there is any evidence that impairment has occurred among property, plant and equipment, right-of-use assets, investment properties, and intangible assets. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 corresponding 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 had no impairment loss been recognized on the asset or cash-generating unit, less amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

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

On initial recognition of a financial asset or a financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial asset

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

1. Measurement category

The types of financial assets held by the Group are financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

(1) Financial assets at amortized cost

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

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

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

After the original recognition of financial assets measured at cost after amortization (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other receivables, and refundable deposits), these are measured at the amortized cost of the gross carrying amount determined using the effective interest method less any impairment losses, and any foreign currency exchange gains or losses are recognized in profit or loss.

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

A. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

B. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

A financial asset is credit impaired when: there are significant financial difficulty of the issuer or borrower or a breach of contract; it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a financial asset due to financial difficulties.

(2) Equity instruments at FVTOCI

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

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

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

2. Impairment of Financial assets

The Group measures the impairment loss based on expected credit losses ("ECLs") on financial assets at amortized cost (including trade receivables) on each balance sheet date.

The Group measures a loss allowance at an amount equal to lifetime ECLs on trade receivables. For other financial assets, the Group recognizes the loss allowance for 12 months ECLs if there has not been a significant increase in credit risk since initial recognition or recognizes the loss allowance for the lifetime ECLs if such credit risk has significant increased since initial recognition.

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

For internal credit risk management purposes, the Group determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances:

(1) There is internal or external information indicating that the debtor is incapable of paying off its debts.

(2) Overdue for more than 180 days, unless there is reasonable and corroborative information showing that the delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the book value of the contra account.

3. Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets 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 an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

<u>Financial liability</u>

1. Subsequent measurement

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

2. Derecognition of financial liabilities

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

(13) Revenue recognition

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

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction prices of the material finance components will not be adjusted.

<u>Revenue from sale of goods</u>

Revenue from sales of goods is recognized when the customer obtains control over the asset promised; that is, when the goods are delivered to the designated location and meet the performance obligations. Advance receipts from sales of goods are recognized as contract liabilities before the Group has met its performance obligations.

(14) Leases

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

<u>The Group as lessee</u>

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. 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. If there is a change in the lease term, the Group remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

(16) Government Grants

Government subsidies related to income are recognized only when there is reasonable assurance that the Group will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies are recognized on a systematic basis in the period in which the related costs for which they are intended to be reimbursed are recognized as expenses by the Group.

Government subsidies are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Group and have no future related costs.

(17) Employee benefits

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.

Post-employment benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including service costs for current period) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense on occurrence. 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 it occurs. 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) constitute shortfalls (surpluses) in defined benefit plan contributions. 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.

(18) Share-based payment agreement

Employee stock warrants granted to employees

The fair value of equity instrument at the grant date of employee stock warrants is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock warrants. It is recognized as an expense in full at the grant date if vested immediately. The grant date is the date on which the Company confirms the number of employee shares and the subscription price reserved for employee shares as a capital increase in cash.

<u>Employee stock options granted to employees of subsidiaries</u>

Employee stock options granted by the Company to employees of a subsidiary in exchange for the Company's equity instruments are regarded as capital investment in the subsidiary. They are measured based on the fair value of the equity instrument on the grant date, and is recognized as an increase in the carrying amount of the investment in the subsidiary within the vesting period. Furthermore, there is a corresponding adjustment in capital reserve-employee stock options.

(19) Taxation

Income tax expense is the sum of the current year income tax and deferred income tax.

1. Income tax of the current year

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

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

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

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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. If a temporary difference arises due to the initial recognition of other assets and liabilities, and the transaction does not affect taxable income or accounting profit at that time, it shall not be recognized as deferred income tax assets and liabilities.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the 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 income tax assets and liabilities are measured at the tax rates expected in the year in which the liabilities are settled or the assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax for the year

Current year and deferred income taxes are recognized in profit or loss, with the exception that such items connected to items recognized in other comprehensive income or directly included in equity are to be respectively recognized in other comprehensive income or directly included in equity.

5. Material accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, 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 Group considers the possible impact of climate change and related government policies and regulations and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions inflation and interest rate fluctuations volatility in and financial and energy and foreign currency markets its economic environment implications when making its material accounting estimates on the cash flow projection, growth rate, discount rate, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 677	$ 610
Checking accounts and demand deposits	597,287	532,060
Restricted bank deposits (Note 29)	9,411	15,803
Cash equivalents		
Time deposits with banks	247,055	42,676
	$ 854,430	$ 591,149
Annual interest rates (%)		
Demand deposits	0.00-1.45	0.01-1.05
Time deposits with banks	1.10-5.40	0.98-4.35

7. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current		
Pledged time deposits	$ 48,230	$ 61,920
Restricted bank deposits	16,037	38,462
Time deposits with original maturity over three months	15,115	5,967
	$ 79,382	$ 106,349
Non-current		
Restricted bank deposits	$ 23,392	$ 15,803
Annual interest rates (%)		
Pledged time deposits	3.05-3.85	0.42-3.40

Restricted bank deposits	0.51-1.30	0.39-1.30
Time deposits with original maturity over three months	0.54-0.55	1.25

Please refer to Note 29 for information related to investments in financial assets at amortized cost pledged as security.

8. Financial assets at fair value through other comprehensive income -non-current

Investment in equity instruments	December 31, 2023	December 31, 2022
Domestic listed stocks	$ 11,457	$ 10,196

The Group invests in the above-mentioned corporate equity instruments for medium and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

9. Notes receivable and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 2,300	$ 14,644
Less: Allowance for impairment loss	-	-
	$ 2,300	$ 14,644
Trade receivables		
At amortized cost		
Gross carrying amount	$ 206,626	$ 254,304
Less: Allowance for impairment loss	(303)	(3,979)
	$ 206,323	$ 250,325

(1) Notes receivable

The Group individually reviews the recoverable amount of the notes receivable at the balance sheet date to ensure that an appropriate impairment loss has been recorded for the notes receivable that cannot be recovered. If a note receivable is not cashed out at maturity, it is deemed to be overdue and the full amount of impairment loss is recognized. The aging of notes receivable was as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 2,300	$ 14,644
Overdue	-	-
	$ 2,300	$ 14,644

(2) Trade receivables

The credit period for the Group's sales depends on the sales target, region and conditions. No interest is accrued on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that unrecoverable receivables have been allocated to the appropriate impairment losses. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. Expected lifetime credit losses are calculated using a provision matrix that considers the customer's past default record and the current financial status and economic conditions in the industry, as well as simultaneously considering GDP forecasts and industry outlook. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups, and only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that a counterparty is facing serious financial difficulties and the Group cannot reasonably expect a recoverable amount, the Group shall directly write off the relevant accounts receivable while still continuing to pursue recourse activities, and any recovered amount shall be recognized in profit or loss.

The Group measures allowances for uncollectable accounts of accounts receivable in accordance with the provision matrix as follows:

	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
December 31, 2023						
Expected credit loss rate (%)	0.00-0.14	0.00-9.97	3.65-28.82	4.96-31.65	100	
Gross carrying amount	$ 172,894	$ 33,305	$ 34	$ 260	$ 133	$ 206,626
Loss allowance (Lifetime ECLs)	(40)	(110)	(5)	(15)	(133)	(303)
Amortized cost	$ 172,854	$ 33,195	$ 29	$ 245	$ -	$ 206,323

	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
December 31, 2022						
Expected credit loss rate (%)	0.01-0.14	0.07-8.57	4.76-19.05	8.68-22.73	100	
Gross carrying amount	$ 219,662	$ 33,028	$ 630	$ 74	$ 910	$ 254,304
Loss allowance (Lifetime ECLs)	(2,467)	(519)	(69)	(14)	(910)	(3,979)
Amortized cost	$ 217,195	$ 32,509	$ 561	$ 60	$ -	$ 250,325

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Beginning balance	$ 3,979	$ 1,804
Impairment loss recognized (reversed)	(2,805)	2,346
Amounts written off	(860)	(191)
Effect of exchange rate changes	(11)	20
Ending balance	$ 303	$ 3,979

10. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 102,889	$ 187,537
Work in progress	62,180	80,497
Semi-finished products	77,000	129,436
Finished good	81,760	184,026
Inventory in transit	3,002	442
	$ 326,831	$ 581,938

The nature of the cost of goods sold related to inventories is as follows:

	2023	2022
Cost of inventory sold	$ 1,597,919	$ 2,139,387
Inventory valuation losses	35,925	25,881
Unamortized manufacturing overhead	18,791	17,070
	$ 1,652,635	$ 2,182,338

11. Subsidiaries

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Shares (equity) held (%) December 31, 2023	Shares (equity) held (%) December 31, 2022
The Company	RAYSTAR OPTRONICS, INC. (RAYSTAR)	100	100
	WINBEST TECHNOLOGY LLC (WINBEST)	100	100
	WINCAELUM GLOBAL (SAMOA) CO., LTD. (WINCAELUM)	100	100
	WINSTAR DISPLAY (WINSTAR USA)	90	90
	FAIRLINK GROUP LIMITED (FAIRLINK)	100	100
	Winstar Display GmbH (WINSTAR GER)	100	-
WINBEST	WINSTAR DISPLAY (CHANGSHU) CO., LTD (WINSTAR CHANGSHU)	100	100
FAIRLINK	VANSTAR TECHNOLOGY CO., LTD. (VANSTAR)	100	100
WINCAELUM	KENSTAR DISPLAY COMPANY LIMITED (KENSTAR)	100	100

In order to expand the European market, the Company invested and established WINSTAR GER in August 2023 with an investment of NTD 837 thousand (Euro 25 thousand).

Please refer to Tables 7 and 8 for the information on the main business items of the above-mentioned subsidiaries and the countries of incorporation of the companies.

12. Investments accounted for using the equity method

Investments in Associates	December 31, 2023 Amount	December 31, 2023 Shareholding (%)	December 31, 2022 Amount	December 31, 2022 Shareholding (%)
Non-listed company				
Midas Components Ltd. (MIDAS)	$ 12,661	30	$ 12,376	30

Please refer to Table 7 for the information on the main business items of the above-mentioned associates and the countries of incorporation of the companies.

Investments under the equity method and the Group's share of profit or loss and other comprehensive income are recognized based on the financial statements audited by the accountant in the same period.

13. Property, plant and equipment

	December 31, 2023	December 31, 2022
Self-use	$ 296,190	$ 327,723

2023	Building	Leasehold improvements	Machinery Equipment	Office equipment	Other Equipment	Construction in progress	Total
Cost							
Beginning balance	$ 115,051	$ 200,905	$ 560,573	$ 34,213	$ 97,870	$ 300	$ 1,008,912
Additions	-	5,978	20,136	997	2,444	3,187	32,742
Disposals	(4,513)	(997)	(13,409)	(494)	(4,724)	-	(24,137)
Reclassifications	-	5,729	7,730	-	(130)	(300)	13,029
Effect of exchange rate changes	(1,772)	(255)	(2,081)	(68)	(453)	-	(4,629)
Ending balance	$ 108,766	$ 211,360	$ 572,949	$ 34,648	$ 95,007	$ 3,187	$ 1,025,917
Accumulated depreciation and impairment							
Beginning balance	$ 42,831	$ 128,410	$ 398,664	$ 29,243	$ 82,041	$ -	$ 681,189
Depreciation expenses	6,067	18,919	43,566	1,619	4,981	-	75,152
Disposals	(4,513)	(998)	(13,361)	(488)	(4,655)	-	(24,015)
Reclassifications	-	-	130	-	(130)	-	-
Effect of exchange rate changes	(1,093)	(12)	(1,127)	(45)	(322)	-	(2,599)
Ending balance	$ 43,292	$ 146,319	$ 427,872	$ 30,329	$ 81,915	$ -	$ 729,727
Closing net amount	$ 65,474	$ 65,041	$ 145,077	$ 4,319	$ 13,092	$ 3,187	$ 296,190
2022							
Cost							
Beginning balance	$ 109,284	$ 201,290	$ 594,633	$ 38,293	$ 109,553	$ 100	$ 1,053,153
Additions	-	699	16,874	2,011	2,020	200	21,804
Disposals	(479)	(1,119)	(51,703)	(7,006)	(15,227)	-	(75,534)
Reclassifications	-	-	(1,958)	524	-	-	(1,434)
Effect of exchange rate changes	6,246	35	2,727	391	1,524	-	10,923
Ending balance	$ 115,051	$ 200,905	$ 560,573	$ 34,213	$ 97,870	$ 300	$ 1,008,912
Accumulated depreciation and impairment							
Beginning balance	$ 35,900	$ 110,583	$ 400,289	$ 33,636	$ 86,031	$ -	$ 666,439
Depreciation expenses	6,312	18,915	47,429	2,369	10,292	-	85,317
Disposals	(479)	(1,119)	(50,784)	(6,995)	(15,171)	-	(74,548)
Effect of exchange rate changes	1,098	31	1,730	233	889	-	3,981
Ending balance	$ 42,831	$ 128,410	$ 398,664	$ 29,243	$ 82,041	$ -	$ 681,189
Closing net amount	$ 72,220	$ 72,495	$ 161,909	$ 4,970	$ 15,829	$ 300	$ 327,723

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

Building	
Plants	20~40 years
Others	5~10 years
Leasehold improvements	2~10 years
Machinery Equipment	2~20 years
Office equipment	2~20 years
Other Equipment	2~20 years

Please refer to Note 29 for the amount of property, plant and equipment pledged to secure borrowings.

14. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount		
Land	$ 28,649	$ 30,349
Buildings	120,342	104,605
Transportation Equipment	938	491
	$ 149,929	$ 135,445

	2023	2022
Additions to right-of-use assets	$ 45,630	$ 7,756
Depreciation expenses for right-of-use assets		
Land	$ 1,020	$ 1,025
Buildings	27,064	26,935
Transportation Equipment	878	1,178
	$ 28,962	$ 29,138

Except for the above additions and depreciation expenses recognized, there was no material sublease or impairment of the Group's right-of-use assets in 2023 and 2022. Please refer to Note 29 for the amount of right of use assets pledged as collateral for borrowings.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying Amount		
Current	$ 32,538	$ 25,660
Non-current	$ 94,226	$ 83,862

The discount rate (%) of lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	2.20	2.20
Buildings	1.80-3.76	1.80-3.62
Transportation Equipment	2.81	1.80

(3) Important leasing activities and terms

In 2006, WINSTAR CHANGSHU acquired land use rights in a Taiwan-funded industrial park in Xinzhuang Town, Changshu City, Jiangsu Province, China, with a useful life of 45 years. In 2013, WINSTAR CHANGSHU acquired land use rights in Dalingshan Town, Dongguan City, Guangdong Province, China, with a useful life of 35 years. The purpose of the land is for the construction of production plants, offices, and employee dormitories. According to local laws and regulations, the company is entitled to the right to allocate, transfer, lease and mortgage the land use rights within the useful life.

KENSTAR acquired the right to use land in Bago, Yangon, Myanmar, in 2016 with a validity period of 30 years. The land purpose is for the construction of production plants, offices, and employee dormitories. Due to Myanmar's land policy restrictions, it was not possible to register the land in the name of KENSTAR. Therefore, the land use rights were registered in the name of a local employee, with whom a land registration contract was signed. The land use rights may not be bought, sold, transferred, or encumbered without consent.

The Group also leases certain land and buildings for plants and offices, with lease terms of 1 to 10 years. Upon termination of the lease terms, there are no preferential rights to purchase the leased property; and it is agreed that the subject of the lease, in whole or in part, may not be subleased or transferred without the consent of the lessor.

(4) Other lease information

	2023	2022
Expenses relating to short-term leases	$ 744	$ 265
Expenses relating to low-value asset leases	$ 257	$ 251
Total cash outflow for leases	$ 34,649	$ 38,345

The Group has elected to apply the recognition exemption for leases of buildings and office equipment that qualify as short-term leases and low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for these leases.

15. Investment properties

2023	Beginning balance	Increase	Ending balance
Cost			
Land	$ 79,346	$ -	$ 79,346
Buildings	5,589	-	5,589
	84,935	$ -	84,935
Accumulated depreciation			
Buildings	1,397	$ 279	1,676
	$ 83,538		$ 83,259
2022			
Cost			
Land	$ 79,346	$ -	$ 79,346
Buildings	5,589	-	5,589
	84,935	$ -	84,935
Accumulated depreciation			
Buildings	1,117	$ 280	1,397
	$ 83,818		$ 83,538

Except for depreciation expenses recognized, there were no material additions, disposals, or impairments of the Group's investment properties in 2023 and 2022.

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

Buildings	20 years

In response to future operational expansion needs, the Company and a non-related party purchased land in Xiuya Section, Daya District, Taichung City in 2013. Since the acquired land was farmland, and due to legal restrictions the transfers could not be made under the name of the Company, the land was registered separately with the Company's Chairman Yu-Pin Liao and Director Yao-Wen Tsai and contracts have been signed with them; no rights may be transferred or established without the consent of the Company. Since comparable market transactions are infrequent and reliable alternative fair value estimates are not available for this lot, fair value cannot be determined.

The fair value of the investment property as of December 31, 2021 was determined to be NTD 104,845 thousand by reference to the most recent transaction prices of similar properties in the vicinity. Evaluation by management of the Company indicates that, compared to December 31, 2021, there were no material changes to fair value as at December 31, 2023.

Please refer to Note 29 for the amount of investment property pledged as collateral for borrowings.

16. Other assets

	December 31, 2023	December 31, 2022
Current		
Prepaid expenses	$ 12,838	$ 10,818
Overpaid sales tax	12,333	17,853
Prepayment for purchase	10,018	17,481
Supplies inventory	5,932	6,708
Input tax	3,180	3,954
Others	736	2,460
	$ 45,037	$ 59,274
Non-current		
Prepayments for equipment	$ 113,900	$ 85,446
Refundable deposits	9,629	12,925
Others	1,532	1,019
	$ 125,061	$ 99,390

17. Borrowings

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	$ 336,786	$ 375,446
Credit loans	-	41,728
	$ 336,786	$ 417,174
Annual interest rates (%)		
Secured borrowings	2.09-5.17	1.96-6.16
Credit loans	-	4.35-4.59

The secured borrowings referred to above are secured by the Group's assets (see Note 29) and with senior management jointly and severally assuming liability.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	$ 78,482	$ 88,460
Less: Current portions	(33,202)	(63,767)
Long-term borrowings	$ 45,280	$ 24,693
Annual interest rates (%)	2.20-3.35	2.20-3.23
Maturity	113.1-117.5	112.1-114.12

The secured borrowings referred to above are secured by the Group's assets (see Note 29) and with senior management jointly and severally assuming liability.

The Company has entered into a credit agreement with Taipei Fubon Commercial Bank. According to the provisions of the credit agreement, the financial ratios that should be complied with in the annual consolidated financial statements during the credit period after drawdown are as follows:

1. Debt ratio shall not be higher than 220%;
2. Debt service coverage ratio shall not be less than 5 times.

All financial ratio items of the Group are in compliance with the contractual requirements.

18. Other payables

	December 31, 2023	December 31, 2022
Salaries payable	$ 72,053	$ 87,093
Pension and insurance premiums payable	34,933	46,604
Remuneration payable to employees and directors	9,186	19,148
Others	50,074	50,954
	$ 166,246	$ 203,799

19. Retirement benefit plans

(1) Defined contribution plan

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

Employees of subsidiaries in mainland China participate in social insurance plans managed and coordinated by local government agencies. The pension plan is a defined-contribution plan that pays the pension insurance premiums for the government-managed social insurance plan.

FAIRLINK, WINBEST, and WINCAELUM are holding companies and therefore do not have pension plans and systems in place.

KENSTAR, WINSTAR USA, and WINSTAR GER do not have pension plans and systems in place.

(2) Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company 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 Company 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 Company has no right to influence the investment policy and strategy.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 21,278	$ 23,339
Fair value of plan assets	(10,023)	(9,301)
Net defined benefit liabilities	$ 11,255	$ 14,038

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	$ 26,429	($ 8,095)	$ 18,334
Interest expense (income)	165	(52)	113
Recognized in profit or loss	165	(52)	113
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(615)	(615)
Actuarial gains			
- changes in financial assumption	(2,391)	-	(2,391)
- experience adjustments	(864)	-	(864)
Recognized in other comprehensive income	(3,255)	(615)	(3,870)
Contributions from employer	-	(539)	(539)
December 31, 2022	23,339	(9,301)	14,038
Interest expense (income)	350	(144)	206
Recognized in profit or loss	350	(144)	206
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(55)	(55)
Actuarial loss (gain)			
- changes in financial assumption	20	-	20
- experience adjustments	(2,431)	-	(2,431)
Recognized in other comprehensive income	(2,411)	(55)	(2,466)
Contributions from employer	-	(523)	(523)
December 31, 2023	$ 21,278	($ 10,023)	$ 11,255

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

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

2. Interest rate risk: A decrease in government bond and corporate bond interest rates would increase the present value of defined benefit obligations, while the return on debt investments of plan assets would also increase accordingly and the impact of these two factors on net defined benefit liabilities would have a partial offsetting effect.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the valuation date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.50%
Expected growth rate of salary	3.25%	3.50%

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

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 527)	($ 629)
0.25% decrease	$ 546	$ 652
Expected growth rate of salary		
0.25% increase	$ 524	$ 628
0.25% decrease	($ 509)	($ 609)

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

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ 540	$ 529
The average duration of the defined benefit obligation	10 years	11 years

20. Equity

(1) Ordinary shares

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	80,000	80,000
Shares authorized	$ 800,000	$ 800,000
Number of shares issued and fully paid (in thousand)	67,500	52,500
Shares issued	$ 675,000	$ 525,000

In May 2023, the Company's General Meeting of Shareholders resolved to distribute 7,500 thousand shares as stock dividends. By resolution of the Board of Directors, July 7, 2023 was designated as the ex-rights record date, and effective registration was approved by the Securities and Futures Bureau of the Financial Supervisory Commission in June 2023.

In September 2023, the Company's Board of Directors decided to undertake a cash capital increase by issuing 7,500 thousand new shares with par value of NTD 10 per share before the initial listing of the stock. Effective registration was approved by the Taiwan Stock Exchange as of October 2023, with December 1, 2023 set as the record date for capital increase. The aforementioned cash capital increase was issued at a premium at NTD 26.84 per share through a weighted average price at competitive auction, and the offering price through public subscription was NTD 24 per share. The full share payment was collected in December 2023 and the amount after deducting relevant underwriting expenses was NTD 192,327 thousand.

In July 2022, the Board of Directors resolved to issue 2,500 thousand new shares for cash capital increase with a par value of NTD 10 per share. September 23, 2022 was set as the capital increase record date at a premium of NTD 22 per share. Effective registration of the above cash capital increase was approved by the Central Taiwan Science Park Bureau, Ministry of Science and Technology in October 2022.

In response to the aforementioned cash capital increases in 2023 and 2022, the Company reserves 10% of the total amount of new shares issued for subscription by employees in accordance with provisions of the Company Act. Grant recipients include employees of the Company and of subsidiaries who meet specific conditions, who can exercise the shares in accordance with the regulations governing the subscription of shares. On the dates when the numbers of shares subscribed by employees and the prices were determined, 636,000 shares (grant date of November 21, 2023) and 100,000 shares (grant date of September 16, 2022) were granted respectively. For employees giving up their portions of share subscriptions, the Company's Chairman was authorized to contact designated individuals for subscription. Based on the Black-Scholes valuation model, the fair value of each stock option was NTD 4.54 and NTD 6.07, respectively. In 2023 and 2022, the employee compensation costs were recognized at NTD 2,889 thousand and NTD 607 thousand, respectively. Parameters used in the valuation model are as follows:

	November, 2023	September, 2022
Fair value per share on the grant date	NT$28.54	NT$27.95
Exercise price	NT$24	NT$22
Expected volatility	27.30%	38.12%
Projected time to maturity	7 days	58 days
Risk-free rate	0.94%	0.74%

Projected volatility is the average annualized standard deviation of the Company's daily rate of return for the most recent six months prior to the payment due to its peers.

(2) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Stock premium for common shares	$ 152,938	$ 32,722
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	22,112	22,112
Arising from treasury share transactions	11,244	11,244
	$ 186,294	$ 66,078

Such capital reserves can be used to make up for losses, and can also be used for issuance of cash dividends or transfers of share capital when the Company has no losses. However, transfers of share capital are limited to a certain percentage of paid-in share capital each year.

(3) Retained earnings and dividend policy

In accordance with the dividend policy stipulated by the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes should first be paid and accumulated losses covered. Thereupon, another 10% should be set aside as legal reserve. However, this does not apply when legal has reached the amount of paid-in capital. The remainder shall be set aside or reversed as special reserve in accordance with laws and regulations. If there is any remaining balance, then it shall be combined with cumulative Unappropriated earnings and an earnings distribution proposal drafted by the Board of Directors for submission to the shareholders' meeting for resolution on the distribution of shareholder dividends.

The Company's dividend policy adopts the principle of stability and balance, and takes into account factors such as profitability, financial structure, and future development. The Company appropriates 10% to 90% of the distributable earnings of the current year as dividends, of which cash dividends shall not be less than 10% of the total dividend. If the dividend per share is less than NTD 0.1, the Board of Directors may propose to withhold the distribution, and the resolution will be submitted to the shareholders' meeting.

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

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

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

	2022	2021
Legal reserve	$ 29,286	$ 6,154
Special reserve	918	-
Cash dividends	56,250	32,000
Stock dividends	75,000	-
Cash dividends per share (NT$)	1.071428	0.64
Stock dividends per share (NTD)	1.428571	-

The appropriation of earnings for 2023, which were proposed by the Company's board of directors in March 2024, were as follows:

	2023
Legal reserve	$ 8,278
Special reserve	11,785
Cash dividends	70,875
Cash dividends per share (NT$)	1.05

The appropriation of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held in May 2024.

(4) Special reserve

When the Company initially adopted IFRS accounting standards, the amount of NTD 3,526 thousand transferred from accumulated translation adjustments to retained earnings was set aside as a special reserve of the same amount. When the relevant assets are subsequently used, disposed of, or reclassified, the assigned surplus must be reversed in proportion to the original provision for special reserve.

21. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 2,229,230	$ 2,999,262

	December 31, 2023	December 31, 2022	January 1, 2022
Contract balance			
Notes and accounts receivable (Note 9)	$ 208,623	$ 264,969	$ 313,238

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Sales of goods	$ 37,523	$ 59,726	$ 72,440
Others	38,078	15,803	-
	$ 75,601	$ 75,529	$ 72,440

The change in contract liabilities mainly comes from the difference between the time when performance obligations are met and the time when customers make payment. The recognized revenue amounts from contract liabilities at the beginning of the year in 2023 and 2022 were NTD 52,133 thousand and NTD 60,877 thousand, respectively.

Please refer to Note 33 for the breakdown of revenue.

22. Comprehensive income for the year

(1) Employee benefits, depreciation, and amortization expenses

Nature	Recognized in operating costs	Recognized in operating expenses	Total
2023			
Employee benefit expenses			
Salaries	$ 161,738	$ 259,833	$ 421,571
Post-employment benefits			
Defined contribution plan	9,729	9,364	19,093
Defined benefit plan	-	206	206
Share-based Payment			
Equity delivery	-	3,486	3,486
Others employee benefits	29,291	35,413	64,704
Depreciation expenses	88,633	15,760	104,393
Amortization expenses	314	750	1,064
2022			
Employee benefit expenses			
Salaries	164,091	261,480	425,571
Post-employment benefits			
Defined contribution plan	10,755	9,576	20,331
Defined benefit plan	-	113	113
Share-based Payment			
Equity delivery	-	1,178	1,178
Others employee benefits	29,815	32,384	62,199
Depreciation expenses	99,226	15,509	114,735
Amortization expenses	624	637	1,261

(2) Employees’ compensation and directors’ remuneration

In accordance with the Articles of Incorporation, the Company allocates no less than 1% and no more than 5% of the profits before tax of the current year as the remuneration of employees and the remuneration of directors, respectively. For estimated employee remuneration and director remuneration for 2023 and 2022, the Board of Directors' resolutions in March 2024 and April 2023 were as follows:

	2023		2022	
Cash	Estimated proportions	Amount	Estimated proportions	Amount
Employees' compensation	3.33%	$ 4,186	2.29%	$ 8,648
Directors' remuneration	3.98%	5,000	1.99%	7,500

If there are any further changes in the amounts after the publication of the annual consolidated financial statements, then they will be treated as changes in accounting estimates and adjusted and recorded in the following year.

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

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

(3) Finance costs

	2023	2022
Interest on bank loans	$ 11,631	$ 17,283
Interest on lease liabilities	2,535	3,212
Less: Amounts included in the cost of qualifying assets	(1,159)	(1,453)
	$ 13,007	$ 19,042

Information on interest capitalization is as follows:

	2023	2022
Amount of capitalized interest	$ 1,159	$ 1,453
Interest capitalization rate (%)	1.39-3.74	1.68-2.77

(4) Foreign exchange gain or loss

	2023	2022
Gross gains on foreign exchange	$ 46,339	$ 179,280
Gross losses on foreign exchange	(35,344)	(133,058)
Net profit	$ 10,995	$ 46,222

23. Taxation

(1) Major components of income tax recognized in profit or loss are as follows: :

	2023	2022
Current income tax		
In respect of the current year	$ 32,225	$ 57,198
Income tax on unappropriated earnings	6,258	1,169
Adjustment for prior year	2,565	(487)
	41,048	57,880
Deferred tax		
In respect of the current year	20,539	31,603
Adjustment for prior year	(810)	5,490
Changes in tax rate	-	9,837
	19,729	46,930
Income tax recognized in profit or loss	$ 60,777	$ 104,810

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

	2023	2022
Income tax expense calculated at the statutory rate	$ 34,865	$ 106,092
Nondeductible expenses in determining taxable income	5,339	5,013
Tax-exempt income	(426)	(9,692)
Unrecognized loss carryforwards	15,126	-
Income tax on unappropriated earnings	6,258	1,169
Investment credits/loss carryforwards used in the current year	(2,140)	(12,612)
Changes in tax rate	-	9,837
Adjustment for prior year	1,755	5,003
Income tax recognized in profit or loss	$ 60,777	$ 104,810

(2) Changes in deferred tax assets and liabilities

2023	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred tax assets					
Temporary differences					
Investments accounted for using the equity method	$ 22,171	$ 9,554	$ -	$ -	$ 31,725
Inventory valuation losses	12,090	1,606	-	(157)	13,539
Impairment loss on property, plant and equipment	11,206	-	-	-	11,206
Other payables	9,200	(1,142)	-	(252)	7,806
Others	5,761	(444)	2,768	(32)	8,053
	60,428	9,574	2,768	(441)	72,329
Loss carryforwards	7,148	(320)	-	-	6,828
	$ 67,576	$ 9,254	$ 2,768	($ 441)	$ 79,157

(to be continued)

(continued)

2023	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
Deferred tax liabilities					
Temporary differences					
Investments accounted for using the equity method	$ 31,944	$ 30,406	$ -	$ -	$ 62,350
Others	1,423	(1,423)	-	-	-
	$ 33,367	$ 28,983	$ -	$ -	$ 62,350
2022					
Deferred tax assets					
Temporary differences					
Investments accounted for using the equity method	$ 27,294	($ 5,123)	$ -	$ -	$ 22,171
Inventory valuation losses	15,842	(3,898)	-	146	12,090
Impairment loss on property, plant and equipment	11,206	-	-	-	11,206
Other payables	16,298	(7,364)	-	266	9,200
Others	8,402	(1,886)	(774)	19	5,761
	79,042	(18,271)	(774)	431	60,428
Loss carryforwards	7,148	-	-	-	7,148
	$ 86,190	($ 18,271)	($ 774)	$ 431	$ 67,576
Deferred tax liabilities					
Temporary differences					
Investments accounted for using the equity method	$ 1,599	$ 30,345	$ -	$ -	$ 31,944
Others	324	(1,686)	2,785	-	1,423
	$ 1,923	$ 28,659	$ 2,785	$ -	$ 33,367

(3) Unused loss carryforwards of deferred income tax assets not recognized in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Loss carryforwards		
Expiring in 2030	$ 73,024	$ 73,024
Expiring in 2033	56,733	-
	$ 129,757	$ 73,024

(4) Information on unused loss carryforwards

As of December 31, 2023, information on loss carryforwards is as follows:

Unused balance	Expiry year
$ 31,154	118
76,010	119
56,733	122
$ 163,897	

(5) Income tax assessments

Income tax returns of the Company, and RAYSTAR of the Group's subsidiaries located in Taiwan through 2021 have been assessed by the tax authorities.

24. Earnings per share

	Net profit	Number of shares (in thousand shares)	Earnings per share (NTD)
2023			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 80,809	60,616	$ 1.33
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	199	
Diluted earnings per share			
Profit for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 80,809	60,815	$ 1.33
2022			
Basic earnings per share			
Net profit attributable to owners of the parent company	$ 289,757	57,765	$ 5.02
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	294	
Diluted earnings per share			
Profit for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 289,757	58,059	$ 4.99

The impact of stock dividends has been adjusted retrospectively in calculating earnings per share, and the record date of the stock dividends was set at July 7, 2023. Changes in basic and diluted earnings per share for 2022 due to retrospective adjustments were as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	$ 5.73	$ 5.02
Diluted earnings per share	$ 5.70	$ 4.99

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus 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.

25. Cash flow information

(1) Non-cash transactions

In addition to disclosures made in other notes, the Group conducted the following non-cash investment and financing activities in 2023 and 2022:

Cash paid by the Group for the purchase of property, plant and equipment in 2023 and 2022, respectively, was as follows:

	2023	2022
Increase in property, plant and equipment	$ 32,742	$ 21,804
Net change in equipment payable	(2,075)	1,823
Amount of cash paid	$ 30,667	$ 23,627

(2) Changes in liabilities from financing activities

			Non-cash changes			
2023	Beginning balance	Cash flows from	New leases	Changes in foreign exchange rates	Finance costs	Ending balance
Short-term borrowings	$ 417,174	($ 78,326)	$ -	($ 2,062)	$ -	$ 336,786
Long-term borrowings	88,460	(9,978)	-	-	-	78,482
Lease liabilities	109,522	(31,113)	45,630	190	2,535	126,764
	$ 615,156	($ 119,417)	$ 45,630	($ 1,872)	$ 2,535	$ 542,032
2022						
Short-term borrowings	$ 489,221	($ 72,711)	$ -	$ 664	$ -	$ 417,174
Long-term borrowings	126,506	(38,046)	-	-	-	88,460
Lease liabilities	129,079	(34,617)	7,756	4,092	3,212	109,522
	$ 744,806	($ 145,374)	$ 7,756	$ 4,756	$ 3,212	$ 615,156

26. Capital management

The Group conducts capital management to ensure that each company in the Group can continue to operate and maximize shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Group consists of the net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., ordinary share capital, capital reserves, retained earnings, and total other equity interest) of the Group.

The senior management of the Group regularly re-examines the capital structure of the Group, including consideration of the cost of each type of capital and the associated risk. Based on recommendations of the key management, the Group may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts.

27. Financial instruments

(1) Information on fair value

1. Financial instruments measured at fair value - Financial instruments measured at fair value on a recurring basis

Fair value hierarchy

The following table provides an analysis of the financial instruments measured at fair value after initial recognition. The measurement is based on the extent to which the fair value is observable, and is divided into Levels 1 to 3.

Fair value hierarchy	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	$ 11,457	$ -	$ -	$ 11,457
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	$ 10,196	$ -	$ -	$ 10,196

The Group made no transfers between Level 1 and Level 2 measurements at fair value in 2023 and 2022.

2. Financial instruments not measured at fair value

The fair value of financial assets and financial liabilities is determined by the following means:

(1) For total investment in financial instruments such as cash and cash equivalents, financial assets measured at amortized cost, notes receivable and payable, other receivables, refundable deposits,

short-term borrowings, other payables, and refundable deposits where date of expiration or future payment price is similar to the carrying amount, the carrying amount on the consolidated balance sheet date is used to estimate the fair value.

(2) The fair value of long-term borrowings (including maturities within one year) is estimated based on the discounted value of their future cash flows. The Company's long-term borrowings are at floating interest rates, and the carrying value constitutes the fair value.

(2) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial asset		
At amortized cost (Note 1)	$ 1,177,513	$ 992,261
Financial assets at fair value through other comprehensive income	11,457	10,196
Financial liability		
At amortized cost (Note 2)	833,632	1,127,989

Note 1: Balances include financial assets measured at cost after amortization such as cash and cash equivalents, financial assets measured at cost after amortization, notes receivable and accounts receivable, other receivables, and refundable deposits.

Note 2: Balances constitute measured at amortized cost including short-term borrowings, notes payable, trade payable, other payables, and long-term borrowings.

(3) Financial risk management objectives and policies

The Group's primary financial instruments include cash and cash equivalents, equity investments, accounts receivable, trade payable, borrowings, and lease liabilities. The Financial Management Department of the Group provides services for each business unit, coordinates domestic and international financial market operations, and monitors and manages financial risks related to the operations of the Group by analyzing internal risk reports according to the degree and breadth of the risk. Such risks include market risk, credit risk, and liquidity risk.

1. Market risk

The main financial risks borne by the Group due to its operating activities are the risk from foreign currency exchange rate change and interest rate change risk.

There has been no change to the Group's exposure to market risks and the management and measurement of such exposures.

(1) Foreign currency risk

The Group engages in sales and purchase transactions denominated in foreign currencies, resulting in exchange rate risk.

The carrying amounts of the Group’s monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 31.

Sensitivity analysis

The Group was mainly exposed to the risk of exchange rate fluctuation of the US Dollar.

The following table shows a sensitivity analysis of the Group when the exchange rate of the functional currency changes by 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Group to report exchange rate risk to senior management, and also represents the management's assessment of the reasonable possible range of changes in foreign currency exchange rate. The sensitivity analysis includes only the outstanding monetary items in foreign currencies, and the translation at the end of the year is adjusted based on a 1% change in exchange rates. The positive numbers in the table below represent the amounts that would increase net profit before tax when the functional currency appreciates by 1% relative to each relevant currency; when the functional currency depreciates by 1% against each relevant foreign currency, its impact on net profit before tax will be a negative number of the same amount. The impact of exchange rate changes on profit and loss is as follows:

Currency type	2023	2022
USD	$ 6,253	$ 4,287

Management believes that the sensitivity analysis cannot represent the inherent risk of exchange rates, as the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure during the year.

(2) Interest rate risk

The Group's interest rate risk mainly arises from fixed and floating interest rate bank deposits, cash equivalents, financial assets measured at cost after amortization, bank loans, and lease liabilities, which generate interest rate exposure.

The carrying amounts of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial asset	$ 296,794	$ 109,757
Financial liability	126,764	197,444
Cash flow interest rate risk		
Financial asset	643,689	602,934
Financial liability	415,268	417,712

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. The rate of change used in the Group's internal reporting of interest rates to senior management is 25 basis points, which also represents management's assessment of the reasonably possible range of interest rates.

If interest rates had changed, and all other variables remained unchanged, the Group's net profit before tax for 2023 and 2022 would have changed by NTD 571 thousand and NTD 463 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty defaults in its contractual obligations and causes financial losses to the Group. As of the balance sheet date, the maximum credit risk exposures of the Group that may cause financial losses due to the performance failure of the counterparty and the financial guarantee provided by the Group are mainly derived from the book value of financial assets recognized in the consolidated balance sheet.

The Group uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitors credit risk exposure and the credit ratings of counterparties, and distributes the total transaction amount among customers with qualified credit ratings. Credit risk is controlled through the counterparty's credit limits that are reviewed and approved by the management each year.

3. Liquidity risk

The Group has established an appropriate liquidity risk management framework in order to respond to the needs for funding and liquidity management in the short, medium and long term. The Group manages liquidity risk by maintaining bank financing facilities, continuously monitoring expected and actual cash flows, and matching the maturities of financial assets and liabilities. As of December 31, 2023 and 2022, the unused bank facilities of the Group totaled NTD 402,696 thousand and NTD 220,460 thousand, respectively.

The following liquidity and interest rate risk tables illustrate the remaining contractual maturities of the Group's non-derivative financial liabilities with agreed repayment periods. The tables are based on the earliest possible dates on which the Group may be required to repay and are prepared based on the undiscounted cash flows of financial liabilities, which includes cash flows of interest and principal.

Non derivative financial liabilities	Within 3 months	3 months~1 year	1~5 years	5~10 years
December 31, 2023				
Non-interest bearing liabilities	$ 418,364	$ -	$ -	$ -
Lease liabilities	8,254	24,311	100,044	-
Floating rate instruments	48,925	321,063	45,280	-
	$ 475,543	$ 345,374	$ 145,324	$ -
December 31, 2022				
Non-interest bearing liabilities	$ 622,355	$ -	$ -	$ -
Lease liabilities	7,852	22,063	75,157	12,929
Fixed rate instruments	22,058	65,864	-	-
Floating rate instruments	70,224	322,795	24,693	-
	$ 722,489	$ 410,722	$ 99,850	$ 12,929

(4) Transfers of financial assets

In 2023 and 2022, the Group transferred some of the bank's acceptance receivables that are not receivable by banks with higher credit ratings in mainland China to the supplier for payment amounts of NTD 3,620 thousand and NTD 8,736 thousand, respectively. According to the contract, if the bank's acceptance receivable cannot be collected upon expiry, the transferee has the right to request the Group to pay the outstanding balance. Therefore, the Group did not transfer the material risk and return of the bank acceptance receivable, and the Group continued to recognize the bank acceptance receivable.

As of December 31, 2023 and 2022, the carrying amounts of transferred bank acceptance notes receivable that had not been derecognized were NTD 1,093 thousand and NTD 6,113 thousand, respectively; and the carrying amounts of relevant liabilities were NTD 1,093 thousand and NTD 6,113 thousand, respectively.

In 2023 and 2022, the Group endorsed and transferred some of the bank acceptance notes receivable accepted by banks with higher credit ratings in mainland China to suppliers to pay trade payable. As substantially all the risks and rewards of these notes have been transferred, the Group excludes the transferred bank acceptance notes receivable and corresponding trade payable. However, if the bank acceptances that have been derecognized are not cashed when they are due, the supplier still has the right to require the Group to pay off, so the Group continues to participate in these notes.

The maximum loss exposure amount for the Group's continued participation in the delisted bank acceptance notes is the face amount of the bank acceptance notes that have been transferred but have not yet matured. As of December 31, 2023 and December 31, 2022, they were NTD 393 thousand and NTD 18,687 thousand, respectively. The respective notes will mature within 2 months and within 1 to 5 months after the balance sheet dates. Considering the credit risk of the derecognized bank acceptances, the Group has assessed that the fair value of its continuing participation is not material.

In 2023 and 2022, the Group did not recognize any gain or loss on the transfer of bank acceptances receivable, and no profit or loss has been recognized during the current year and accumulated by these notes from their continued participation.

28. Transactions with related parties

Consolidated transactions, account balances, income, and expenses have been eliminated upon consolidation and are not disclosed in these Notes. In addition to those disclosed in other Notes, transactions with other related parties are as follows:

(1) Related parties and relationship

Related parties	Relationship with the Group
MIDAS	Associate
Yu-Pin Liao	Senior management (Chairman)
Yao-Wen Tsai	Senior management (directors)
Szu-Chun Sung	Senior management (directors)
I-Feng Liao	Other related parties (first-degree relatives of the Chairman)

(2) Operating revenue

Related parties category/name	2023	2022
Associate		
MIDAS	$ 22,807	$ 30,146

The finished products sold by the Group to associates are individually priced based on product differences and market conditions.

(3) Accounts receivable, net

Related parties category/name	December 31, 2023	December 31, 2022
Associate		
MIDAS	$ 1,696	$ 3,409

The allowance for uncollectable accounts for accounts receivable outstanding is measured according to the provision matrix.

(4) Contract liabilities

Related parties category/name	December 31, 2023	December 31, 2022
Associate		
MIDAS	$ 621	$ 931

(5) Lease agreements

Related parties category/name	2023	2022
Acquisition of right-of-use assets		
Other related parties		
I-Feng Liao	$ 149	$ -

Financial Statement Account	Related parties category/name	December 31, 2023	December 31, 2022
Lease liabilities	Other related parties		
	I-Feng Liao	$ 83	$ 12

Related parties category/name	2023	2022
Finance costs		
Other related parties		
I-Feng Liao	$ 3	$ 1

This is primarily for warehouse rental. The rent is negotiated by both parties with reference to the neighboring market prices and the leased area.

(6) Acquisition of endorsements/guarantees

Related parties	December 31, 2023	December 31, 2022
Yu-Pin Liao, Yao-Wen Tsai and Szu-Chun Sung		
Guaranteed amounts	$ 8,638	$ 12,694
Actual Amount Borrowed	$ 8,638	$ 12,694
Yu-Pin Liao and Yao-Wen Tsai		
Guaranteed amounts	$ 214,028	$ 442,441
Actual Amount Borrowed	$ 94,027	$ 317,441
Yu-Pin Liao		
Guaranteed amounts	$ 509,559	$ 182,013
Actual Amount Borrowed	$ 312,603	$ 87,239

A portion of the Group's borrowings are jointly and severally guaranteed by the above-mentioned senior management personnel and other related parties.

(7) Remuneration of senior management

	2023	2022
Short-term employee benefits	$ 37,717	$ 39,575
Post-employment benefits	778	810
Share-based Payment	138	109
	$ 38,633	$ 40,494

The remuneration to directors and other senior management is determined based on individual performance and market trends.

29. Assets pledged as collateral or for security

The following assets have been provided as collateral for the Group's borrowings and bank acceptances, and as project funds for the agreed purposes of the joint development plan:

	December 31, 2023	December 31, 2022
Financial assets at amortized cost	$ 87,659	$ 116,185
Investment property	83,259	83,538
Right-of-use assets	21,632	23,203
Property, plant and equipment	17,896	113,255
Restricted bank deposits	9,411	15,803
	$ 219,857	$ 351,984

30. Other material matters and unrecognized commitments

The Group's unrecognized commitments are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 71,176	$ 51,558

31. <u>Significant assets and liabilities denominated in foreign currencies</u>

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

	December 31, 2023					
Financial assets	Foreign currency		Exchange rate		NTD	
Monetary items						
USD	$	13,264	30.66	(USD:NTD)	$	406,674
USD		16,779	7.152	(USD:CNY)		514,444
Financial liabilities						
Monetary items						
USD		6,822	30.66	(USD:NTD)		209,163
USD		2,825	7.152	(USD:CNY)		86,615

	December 31, 2022					
Financial assets	Foreign currency		Exchange rate		NTD	
Monetary items						
USD	$	18,352	30.66	(USD:NTD)	$	562,672
USD		12,139	6.995	(USD:CNY)		372,182
Financial liabilities						
Monetary items						
USD		11,085	30.66	(USD:NTD)		339,866
USD		5,425	6.995	(USD:CNY)		166,331

The realized and unrealized foreign currency exchange gains and losses of the Group in 2023 and 2022 constituted gains of NTD 10,995 thousand and NTD 46,222 thousand, respectively. Due to the variety of foreign currency transactions and entity functional currencies, it is not possible disclose each exchange gain and loss in foreign currencies that had material impact.

32. Separately disclosed items

(1) Information about significant transactions

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associates): Table 3.
4. Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.
9. Trading in derivative instruments: None.
10. Others: Intercompany relationships and significant intercompany transactions: Table 6.

(2) Information on investees: Table 7.

(3) Information on investments in mainland China

1. Name of mainland China investee company, major operating items, paid-in capital amount, investment method, capital remittance in and out, shareholding ratio, profit or loss for the current year and recognized investment gains or losses, investment book amount at year end, repatriated investment gains and losses, and investment limit in mainland China: Table 8.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

   (1) Amounts and percentages of purchases and the balance and

percentages of relevant payables at the end of the year: Table 4.

(2) Amounts and percentages of sales and the balance and percentages of relevant receivables at the end of the year: Table 4.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) Ending balance of note endorsement/guarantee or provision of collateral and its purpose: Table 2

(5) Maximum balance, ending balance, interest rate range, and total interest of the current year for capital financing: Table 1.

(6) Other transactions having material impact on current year profit or loss or financial status, such as the provision or receipt of labor services, etc.: None.

(4) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

33. Segment information

The information provided to the major operational decision-makers for allocating resources and evaluating the performance of the segments, with a focus on operating regions. The Group is mainly engaged in the manufacturing and sales of various LCDs and modules. The production process and marketing strategies are the same, but due to factors such as different cultures, environments, and economic characteristics, management must be differentiated according to localities. The Group's reportable segments were as follows:

Domestic operations - Production and sales in the domestic region.

Asian operations - Production and sales in Asia.

Others - Sales in other regions.

(1) Segment revenue and operating result

Revenue and operating results of the Group's continuing operations are analyzed by reporting segment as follows:

	Segment revenue		Segment profit or loss	
	2023	2022	2023	2022
Domestic operations	$ 1,901,335	$ 2,551,666	$ 99,173	$ 324,347
Asian operations	255,535	379,658	20,301	23,256
Others	72,360	67,938	7,132	4,063
Total from continuing operations	$ 2,229,230	$ 2,999,262	126,606	351,666
Net gain on foreign currency exchange			10,995	46,222
Finance costs			(13,007)	(19,042)
Interest income			9,182	1,885
General revenue and profit of the Company			12,356	14,556
General expenses and losses of the Company			(4,324)	(621)
Profit before income tax			$ 141,808	$ 394,666

Segment profit refers to the profit earned by each segment, excluding interest income, finance costs, net gain or loss from foreign currency exchange, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Segment total assets and liabilities

Segment assets	December 31, 2023	December 31, 2022
Continuing operations		
Domestic operations	$ 1,305,901	$ 1,341,268
Asian operations	856,805	899,630
Others	32,703	26,732
Total segment assets	2,195,409	2,267,630
Unallocated assets	103,275	90,148
Consolidated total assets	$ 2,298,684	$ 2,357,778

Segment liabilities	December 31, 2023	December 31, 2022
Continuing operations		
Domestic operations	$ 703,470	$ 811,672
Asian operations	362,016	549,783
Others	5,026	7,912
Segment total liabilities	1,070,512	1,369,367
Unallocated liabilities	62,350	33,367
Consolidated total liabilities	$ 1,132,862	$ 1,402,734

For the purpose of monitoring segment performance and allocating resources to each segment, all assets and liabilities are allocated to reportable departments, other than financial assets at fair value through other comprehensive income, investments recognized using the equity method, and deferred tax assets and liabilities.

(3) Revenue from major products

	2023	2022
STN display module	$ 1,048,597	$ 1,505,256
TFT display modules	640,873	793,649
OLED display panels and modules	512,643	670,827
Others	27,117	29,530
	$ 2,229,230	$ 2,999,262

(4) Geographic information

The Group's continuing operating revenue from external customers by customer location is given as follows:

	2023	2022
Europe	$ 1,041,697	$ 1,418,016
Asia	608,805	755,838
America	392,663	565,217
Taiwan	164,390	236,710
Others	21,675	23,481
	$ 2,229,230	$ 2,999,262

(5) Major customers

In 2023 and 2022, no revenue from a single customer accounted for more than 10% of the Group’s total revenues.

Winstar Display Co., Ltd. and Subsidiaries

Financing provided to others

For the year ended December 31, 2023

Table 1

Units: NTD and foreign currency, in thousands

Serial No.	Lending company	Borrower	Associated items	Whether a related party	Highest balance in the current year	Ending balance	Actual Amount Borrowed (Note 1)	Range of interest rates	Nature of loan	Business transaction amount	Reasons for short term financing	Amount of provision for losses	Collateral		Limit of loans to individual borrowers	Total loan limit
													Item	Value		
1	WINSTAR CHANGSHU	VANSTAR	Other payables - related parties	Yes	$ 17,440 (CNY 4,000)	$ 17,148 (CNY 4,000)	$ 4,287	4.6%	Necessity of short-term financing	$ -	Operating turnover	$ -	—	$ -	$ 134,366 (Note 2)	$ 226,906 (Note 3)

Note 1: The consolidated financial statements have been eliminated.

Note 2: The total amount of loans to a single company shall not exceed 40% of the net worth of the borrower in its latest financial statements, and shall be limited to the amount of paid-in capital.

Note 3: The amount shall not exceed 40% of the net worth of the borrower in its latest financial statements.

Winstar Display Co., Ltd. and Subsidiaries

Endorsements/guarantees provided

For the year ended December 31, 2023

Table 2

Units: NTD and foreign currency, in thousands

Serial No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	The maximum balance of endorsements/ guarantees in the current year	Balance of endorsements/ guarantees at the end of the year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Company Name	Relationship										
0	The Company	RAYSTAR	(Note 1)	(Note 2)	$ 129,778	$ 129,083	$ 32,083	$ -	11	$ 1,162,904	Y	—	—
		WINSTAR CHANGSHU	(Note 1)	(Note 2)	195,791 (CNY 44,700)	191,629 (CNY 44,700)	43,786	8,788	17	1,162,904	Y	—	Y

Note 1: Please refer to Note 11.

Note 2: The cumulative amount of endorsements made by the Company and its subsidiaries for a single enterprise shall not exceed 10% of the Company's net worth, except when the counterparty of the endorsement or guarantee is a company directly or indirectly held by the Company with 100% of voting rights.

Note 3: The Company and its subsidiaries as a whole may make endorsements/guarantees for the total amount up to the net amount stated in the Company's most recent financial statements.

Winstar Display Co., Ltd. and Subsidiaries

Marketable securities held at the end of the year

December 31, 2023

Table 3

Unit: NT$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	Year-end			
				Shares	Carrying amount	Percentage of ownership (%)	Fair value
The Company	Stock						
	Tradetool Auto Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	445,638	$ 9,804	-	$ 9,804
	Orange Electronic Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	55,089	1,653	-	1,653

Winstar Display Co., Ltd. and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

Unit: NT$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)		Remarks
			Purchase/sale	Amount	Percentage of total purchase (sale) %	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes and accounts receivable (payable) %	
The Company	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	$ 1,283,631	84	60 days end of month	(Note 2)	No significant difference from other general manufacturers	($ 183,705)	(78)	
RAYSTAR	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	205,288	69	60 days end of month	(Note 2)	No significant difference from other general manufacturers	(17,678)	(40)	
		(Note 1)	(Sale)	(158,103)	(32)	90 days end of month	(Note 2)	No significant difference from other general customers	33,166	61	
WINSTAR CHANGSHU	The Company	(Note 1)	(Sale)	(1,283,631)	(73)	60 days end of month	(Note 2)	No significant difference from other general customers	183,705	73	
	RAYSTAR	(Note 1)	(Sale)	(205,288)	(12)	60 days end of month	(Note 2)	No significant difference from other general customers	17,678	7	
		(Note 1)	Purchases of goods	158,103	16	90 days end of month	(Note 2)	No significant difference from other general manufacturers	(33,166)	(13)	

Note 1: Please refer to Note 11.

Note 2: The prices of purchases and sales transactions with related parties are negotiated separately based on product differences, market conditions, and internal transfer pricing policies.

Note 3: The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2023

Table 5

Unit: NT$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of receivables from related parties (Note 2)	Turnover rate (times)	Overdue		Amount collected in subsequent period	Amount of provision for losses
					Amount	Action taken		
WINSTAR CHANGSHU	The Company	(Note 1)	Trade receivables $183,705	6.02	$ -	—	$ 183,705	$ -

Note 1: Please refer to Note 11.

Note 2: The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries

Intercompany relationships and significant intercompany transactions

For the year ended December 31, 2023

Table 6

Unit: NT$ thousand

Serial No.	Company Name	Counterparty	Relationship (Note)	Transaction Details			
				Financial statement account	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%)
0	The Company	WINSTAR CHANGSHU	1	Operating cost	$ 1,283,631	60 days end of month	58
				Trade receivables	29,778	90 days end of month	1
				Trade payables	183,705	60 days end of month	8
		RAYSTAR	1	Operating cost	24,575	30 days end of month	1
1	RAYSTAR	WINSTAR CHANGSHU	2	Operating revenue	158,103	90 days end of month	7
				Operating cost	205,288	60 days end of month	9
				Trade receivables	33,166	90 days end of month	1
2	WINSTAR CHANGSHU	VANSTAR	2	Operating cost	87,116	30 days end of month	4
		WINSTAR USA	2	Operating revenue	43,780	60 days end of month	2

Note: No. 1 represents the transactions from parent company to subsidiary.

No. 2 represents the transactions between subsidiaries.

Winstar Display Co., Ltd. and Subsidiaries

Investee company information, locations, and other related information

For the year ended December 31, 2023

Table 7

Units: NTD and foreign currency, in thousands

Investor	Investee (Note 1)	Location	Principle business activity	Initial investment		Year-end holdings			Investee company current year profit (loss)	Investment profit (loss) recognized by the Company	Remarks
				Current year end	Prior year end	Number of shares (in thousand shares)	Shares %	Carrying amount			
The Company	RAYSTAR	Republic of China	Engaged in research and development, manufacturing, and trading of OLED display modules	$ 321,471	$ 321,471	32,147	100	$ 288,783	($ 59,896)	($ 52,678)	Subsidiary
	WINBEST	United States	Operation of reinvestment business	204,630	204,630	-	100	565,059	149,966	149,966	Subsidiary
	WINCAELUM	Samoa	Operation of reinvestment business	159,782	159,782	8,000	100	87,379	(4,060)	(4,060)	Subsidiary
	FAIRLINK	Hong Kong	Operation of reinvestment business	173,883	173,883	20,000	100	1,726	(14,627)	(14,627)	Subsidiary
	WINSTAR USA	United States	Import and export of electronic components	2,721	2,721	90	90	5,901	2,215	1,993	Subsidiary
	WINSTAR GER	Germany	Import and export of electronic components	837	-	25	100	826	(17)	(17)	Subsidiary
	MIDAS	United Kingdom	Trading of electronic components	9,148	9,148	-	30	12,661	241	72	Associates accounted for using the equity method
WINCAELUM	KENSTAR	Myanmar	Manufacturing, processing, and trading of various liquid crystal displays and modules	155,138 (USD 4,956)	155,138 (USD 4,956)	496	100	87,190 (USD 2,844)	(4,061) (USD 131)	(Note 2)	Subsidiary

Note 1: The consolidated financial statements have been eliminated.

Note 2: May be omitted as per the regulations.

Winstar Display Co., Ltd. and Subsidiaries

Information on investments in mainland China

For the year ended December 31, 2023

Table 8

Units: NTD and foreign currency, in thousands

Investee (Note 1)	Principle business activity	Total paid-in capital	Method of investment	Accumulated investment amount remitted from Taiwan at the beginning of the current year	Investment amount remitted or recovered during the current year		Accumulated investment amount remitted from Taiwan at the end of the current year	Investee company current year profit (loss)	The Company's direct or indirect percentage of ownership	Investment profit (loss) recognized in the current year (Note 3)	Book value of investments at the end of the year	Investment income repatriated by the end of the year
					outflow	inflow						
WINSTAR CHANGSHU	Manufacturing and processing of various LCD displays and modules	$ 126,964 (CNY 31,958)	Note 2	$ 203,281 (USD 6,557)	$ -	$ -	$ 203,281 (USD 6,557)	$ 149,966 (CNY 34,215)	100%	$ 149,966 (CNY 34,215)	$ 567,269 (CNY 132,322)	$ -
VANSTAR	Manufacturing and processing of various LCD displays and modules	170,045 (CNY 36,955)	Note 2	170,045 (USD 5,670)	-	-	170,045 (USD 5,670)	(14,627) (CNY 3,337)	100%	(14,627) (CNY 3,337)	1,726 (CNY 403)	-

Cumulative amount of investment remitted from Taiwan to mainland China at the end of the current year	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 4)
$ 373,326 (USD 12,227)	$ 373,326 (USD 12,227)	(Note 5)

Note 1: The consolidated financial statements have been eliminated.

Note 2: This refers to the reinvestment in companies in mainland China through reinvestment in an existing company in a third region.

Note 3: Investment gains and losses are recognized based on the financial statements audited by the same CPA firm as that engaged by the parent company in Taiwan.

Note 4: The limit is calculated in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China.

Note 5: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" issued by the Investment Review Commission on August 29, 2008, the Company has obtained certification documents issued by Industrial Development Bureau, Ministry of Economic Affairs attesting that it complies with the operation scope of the operational headquarters. There is no upper limit on the amount of investment in the Mainland China area.

Winstar Display Co., Ltd.

Information of major shareholders

December 31, 2023

Table 9

Unit: shares

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership (%)
Kenstar Investment Co., Ltd.	10,636,783	15.75
Jastar Investment Co., Ltd.	8,527,909	12.63
Yu-Pin Liao	6,005,672	8.89
Huatsen Investment Co., Ltd.	4,949,392	7.33
Sunglowed International Ltd.	4,581,988	6.78
Chienchuang Investment Co., Ltd.	4,095,000	6.06

Note: The information of major shareholders is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2023. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.