FINEMAT APPLIED MATERIALS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FINEMAT APPLIED MATERIALS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of FINEMAT APPLIED MATERIALS CO., LTD. and its subsidiaries (collectively referred herein as the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were 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 these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Existence of sales revenue

Description

Refer to Note 4(28) for the accounting policy on revenue recognition and Note 6(21) for the details of operating revenue.

The Group sells electronic components, high precision metal masks, other metal products, microwave semiconductor devices, provide services for precision equipment clearing and recycling. Since the Group's customers are located in Taiwan, Asia and other areas, sales are easily affected by the terminal market demand. Also, the verification of the transaction existence takes a relatively longer time due to the massive transaction volume of sales revenue. Thus, we considered the existence of sales revenue as one of the key audit matters for this year's audit.

How our audit addressed the matter

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

A. We confirmed the process of revenue recognition, including reviewing customer basic information and credit limit table, revenue recognition basis, authorization procedures and collection processes to evaluate the management's effectiveness of internal controls over sales revenue recognition.

B. We performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred.

C. We sampled and tested the accounting entries recognized for sales revenue, including verifying the nature of the entries and checking the supporting documents. For the same purpose, we also sampled and checked the reasonableness of the debit notes issued after the balance sheet date and examined the related supporting documents.

Valuation of inventories - Allowance for valuation loss on microwave semiconductor devices

Description

Refer to Note 4(11) for the accounting policy on inventory valuation, Note 5(2) for the information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(5) for details of allowance for inventory valuation losses.

Due to rapid technology innovations of microwave semiconductor devices, there is a higher risk of inventory devaluation or obsolescence. Inventories of microwave semiconductor devices are stated at the lower of cost and net realizable value. The net realizable value of inventories aged over a certain period and individually recognized as obsolete is estimated based on regular reviews by management of individual inventory conditions.

Due to rapid technology innovations in the relevant industry of products produced by microwave semiconductor devices and given that the determination of the net realizable value of individually identified obsolete inventories involves subjective judgement, we considered the valuation of inventories as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding on the provision policies of inventory valuation losses and assessed the reasonableness of policies and procedures which were adopted in the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry on microwave semiconductor devices, including the sources of inventory information used to determine net realizable value and the reasonableness of judging obsolete inventories.

B. Assessed the effectiveness of the management's inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.

C. Verified whether the net realizable value of inventories and the dates used in the inventory aging reports that were applied to value inventories were appropriate, and selected samples from inventory items by each sequence number to recalculate its net realizable value to ascertain the reasonableness of allowance for inventory valuation loss.

Other matter－Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of FINEMAT APPLIED MATERIALS CO., LTD. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee Interpretations, and Standing Interpretations Committee Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

A. 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.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

E. 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.

F. Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Lin, Yung-Chih

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan

Republic of China

March 14, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 601,688	19	$ 565,971	18
1136	Financial assets at amortized cost - current	6(2) and 8	326,749	10	10,836	-
1140	Current contract assets	6(21)	32,242	1	17,866	1
1150	Notes receivable, net	6(3) and 7	4,073	-	3,128	-
1170	Accounts receivable, net	5(2), 6(3), 7 and 12	271,863	9	396,077	13
1200	Other receivables		136,510	4	5,160	-
1210	Other receivables - related parties	7	267	-	59,033	2
1220	Current income tax assets	6(28)	319	-	122	-
130X	Inventories	5(2), 6(5) and 8	244,710	8	281,392	9
1410	Prepayments		29,147	1	43,235	1
11XX	**Total current assets**		1,647,568	52	1,382,820	44
	Non-current assets					
1535	Financial assets at amortized cost - non-current	6(2) and 8	50,000	2	4,700	-
1550	Investments accounted for under equity method	6(7) and 7	11,074	-	149,782	5
1600	Property, plant and equipment	6(8), 7 and 8	1,166,213	37	1,350,136	43
1755	Right-of-use assets	6(9) and 8	63,711	2	64,493	2
1760	Investment property, net	6(8)(10) and 8	21,545	1	584	-
1780	Intangible assets	6(11)	57,557	2	65,964	2
1840	Deferred income tax assets	6(28)	63,660	2	45,100	2
1915	Prepayments for equipment	6(8)	13,559	-	21,660	1
1920	Guarantee deposits paid	8	24,314	1	24,251	1
1990	Other non-current assets	6(6)(12)	45,489	1	5,146	-
15XX	**Total non-current assets**		1,517,122	48	1,731,816	56
1XXX	**Total assets**		$ 3,164,690	100	$ 3,114,636	100

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FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(13) and 8	$ 514,095	16	$ 510,617	16
2110	Short-term notes and bills payable	6(14)	50,000	2	-	-
2130	Current contract liabilities	6(21)	6,464	-	6,142	-
2150	Notes payable		-	-	34	-
2170	Accounts payable		143,441	5	117,477	4
2180	Accounts payable - related parties	7	3,750	-	54,034	2
2200	Other payables	6(15)	127,789	4	151,566	5
2220	Other payables - related parties	7	24	-	273	-
2230	Current income tax liabilities	6(28)	6,664	-	19,030	1
2250	Current provisions		917	-	859	-
2280	Current lease liabilities		3,536	-	3,162	-
2320	Long-term liabilities, current portion	6(16) and 8	157,817	5	126,658	4
21XX	**Total current liabilities**		1,014,497	32	989,852	32
	Non-current liabilities					
2540	Long-term borrowings	6(16) and 8	104,792	4	259,579	8
2570	Deferred income tax liabilities	6(28)	27,895	1	23,500	1
2580	Non-current lease liabilities		3,018	-	1,658	-
2600	Other non-current liabilities		9,462	-	-	-
25XX	**Total non-current liabilities**		145,167	5	284,737	9
2XXX	**Total liabilities**		1,159,664	37	1,274,589	41
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(18)	663,898	21	663,898	21
	Capital reserves					
3200	Capital surplus	6(7)(19)(30)	526,972	16	503,465	16
	Retained earnings	6(20)(30)				
3310	Legal reserve		41,495	1	41,495	1
3320	Special reserve		10,808	-	16,526	1
3350	Unappropriated retained earnings		14,083	1	93,936	3
3400	Other equity interest	6(7)	(18,003)	-	(10,808)	-
3500	Treasury stocks	6(18)	(24,187)	(1)	(24,187)	(1)
31XX	**Equity attributable to owners of the parent**		1,215,066	38	1,284,325	41
36XX	Non-controlling interest	4(3), 6(7)(30) and 7	789,960	25	555,722	18
3XXX	**Total equity**		2,005,026	63	1,840,047	59
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
	Total liabilities and equity		$ 3,164,690	100	$ 3,114,636	100

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

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(10)(21) and 7	$ 1,121,229	100	$ 1,250,628	100
5000	Operating costs	6(5)(11)(17)(26)(27) and 7	(914,043)	(82)	(929,447)	(74)
5900	Gross profit		207,186	18	321,181	26
	Operating expenses	6(11)(17)(26)(27), 7 and 12				
6100	Selling expenses		(35,769)	(3)	(55,341)	(5)
6200	General and administrative expenses		(174,923)	(16)	(163,749)	(13)
6300	Research and development expenses		(80,562)	(7)	(79,164)	(6)
6450	Expected credit impairment loss		(5,648)	-	(1,195)	-
6000	Total operating expenses		(296,902)	(26)	(299,449)	(24)
6900	Operating (loss) profit		(89,716)	(8)	21,732	2
	Non-operating income and expenses					
7100	Interest income	6(22)	6,756	1	2,569	-
7010	Other income	6(23) and 7	40,147	3	47,436	4
7020	Other gains and losses	6(6)(7)(9)(10)(24), 7 and 12	65,542	6	6,900	-
7050	Finance costs	6(9)(25)	(25,908)	(2)	(16,529)	(1)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(7)	(7,909)	(1)	(14,738)	(1)
7000	Total non-operating income and expenses		78,628	7	25,638	2
7900	**(Loss) profit before income tax**		(11,088)	(1)	47,370	4
7950	Income tax expense	6(28)	(17,726)	(1)	(24,661)	(2)
8200	**(Loss) profit for the year**		($ 28,814)	(2)	$ 22,709	2
	Other comprehensive (loss) income (Net)					
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		($ 37,363)	(3)	$ 35,224	2
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)	25,415	2	(26,154)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	2,185	-	(1,578)	-
8300	**Other comprehensive (loss) income for the year**		($ 9,763)	(1)	$ 7,492	-
8500	**Total comprehensive (loss) income for the year**		($ 38,577)	(3)	$ 30,201	2
	(Loss) profit attributable to:					
8610	Owners of the parent		($ 85,571)	(7)	($ 36,049)	(3)
8620	Non-controlling interest		56,757	5	58,758	5
	(Loss) profit for the year		($ 28,814)	(2)	$ 22,709	2
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 92,766)	(8)	($ 30,332)	(3)
8720	Non-controlling interest		54,189	5	60,533	5
	Total comprehensive (loss) income for the year		($ 38,577)	(3)	$ 30,201	2
	Loss per share (in dollars)	6(29)				
9750	Basic		($	1.30)	($	0.55)
9850	Diluted		($	1.30)	($	0.55)

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

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	Total	Non-controlling interest	Total
Year ended December 31, 2022											
Balance at January 1, 2022		$ 663,898	$ 396,701	$ 38,886	$ 13,982	$ 140,650	($ 16,525)	($ 24,187)	$ 1,213,405	$ 485,587	$ 1,698,992
(Loss) profit for the year		-	-	-	-	(36,049)	-	-	(36,049)	58,758	22,709
Other comprehensive income for the year		-	-	-	-	-	5,717	-	5,717	1,775	7,492
Total comprehensive income (loss) for the year		-	-	-	-	(36,049)	5,717	-	(30,332)	60,533	30,201
Adjustment of capital reserve due to change in interest of investee companies	6(7)(9)	-	95,778	-	-	-	-	-	95,778	34,126	129,904
Adjustment for change in capital reserve of investee companies	6(19)	-	274	-	-	-	-	-	274	390	664
Adjustment of retained earnings due to change in interest of subsidiaries	6(30)	-	-	-	-	(4,449)	-	-	(4,449)	4,449	-
Adjustment of capital reserve and retained earnings due to change in interests of investee companies	6(19)(30)	-	(2,070)	-	-	(1,063)	-	-	(3,133)	(317)	(3,450)
Difference between aquisition or disposal price and carrying amounts of subsidiaries	6(19)(30)	-	12,782	-	-	-	-	-	12,782	(2,695)	10,087
Appropriations of 2021 earnings											
Legal reserve		-	-	2,609	-	(2,609)	-	-	-	-	-
Special reserve		-	-	-	2,544	(2,544)	-	-	-	-	-
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	(26,351)	(26,351)
Balance at December 31, 2022		$ 663,898	$ 503,465	$ 41,495	$ 16,526	$ 93,936	($ 10,808)	($ 24,187)	$ 1,284,325	$ 555,722	$ 1,840,047
Year ended December 31, 2023											
Balance at January 1, 2023		$ 663,898	$ 503,465	$ 41,495	$ 16,526	$ 93,936	($ 10,808)	($ 24,187)	$ 1,284,325	$ 555,722	$ 1,840,047
(Loss) profit for the year		-	-	-	-	(85,571)	-	-	(85,571)	56,757	(28,814)
Other comprehensive loss for the year		-	-	-	-	-	(7,195)	-	(7,195)	(2,568)	(9,763)
Total comprehensive income (loss) for the year		-	-	-	-	(85,571)	(7,195)	-	(92,766)	54,189	(38,577)
Adjustment for change in capital reserve of investee companies	6(19)	-	325	-	-	-	-	-	325	465	790
Disposal of investments accounted for under equity method	6(7)(19)	-	(95,778)	-	-	-	-	-	(95,778)	(34,126)	(129,904)
Adjustment of capital reserve due to change in interest of subsidiaries	6(19)(30)	-	118,960	-	-	-	-	-	118,960	276,717	395,677
Appropriation of 2022 earnings											
Special reserve		-	-	-	(5,718)	5,718	-	-	-	-	-
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	(63,007)	(63,007)
Balance at December 31, 2023		$ 663,898	$ 526,972	$ 41,495	$ 10,808	$ 14,083	($ 18,003)	($ 24,187)	$ 1,215,066	$ 789,960	$ 2,005,026

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

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 11,088)	$ 47,370
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12	5,648	1,195
Loss on inventory market price decline	6(5)	18,251	4,051
Gain on disposal of non-current assets held for sale	6(6)(24)	(1,266)	-
Share of loss of associates and joint ventures accounted for under equity method	6(7)	7,909	14,738
Gain on disposal of investments accounted for under equity method	6(7)(24)	(81,111)	-
Depreciation	6(8)(9)(10)	118,474	113,333
Loss (gain) on disposal of property, plant and equipment	6(24)	10,789	(548)
Gain from lease modification	6(9)(24)	(38)	-
Amortization	6(11)(26)	11,985	11,895
Interest income	6(22)	(6,756)	(2,569)
Interest expense	6(25)	25,908	16,529
Changes in assets and liabilities			
Changes in operating assets			
Current contract assets		(14,376)	552
Notes receivable		(945)	1,538
Accounts receivable		118,700	(97,241)
Other receivables		24,686	606
Other receivables - related parties		14,621	(59,033)
Inventories		19,364	(118,701)
Prepayments		14,088	(13,098)
Changes in operating liabilities			
Current contract liabilities		322	5,612
Notes payable		(34)	(7,896)
Accounts payable		25,964	20,766
Accounts payable - related parties		(50,284)	44,459
Other payables		(10,495)	24,808
Other payables - related parties		(249)	171
Current provisions		58	347
Other non-current liabilities		9,462	-
Cash inflow generated from operations		249,587	8,884
Dividends received	6(7)	2,350	-
Interest received		6,756	2,569
Income tax received		12	-
Interest paid		(26,876)	(12,569)
Income tax paid		(42,281)	(36,987)
Net cash flows from (used in) operating activities		189,548	(38,103)

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FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets at amortized cost - current		($ 361,213)	$ 47,592
Cash received from disposal of non-current assets held for sale	6(31)	15,987	-
Cash received from disposal of investments accounted for under equity method	6(31)	63,570	-
Cash paid for acquisition of property, plant and equipment	6(31)	(68,446)	(144,208)
Proceeds from disposal of property, plant and equipment		5,479	15,163
Acquisition of intangible assets	6(11)	(3,604)	(3,251)
Increase in prepayments for equipment		(11,050)	(18,747)
(Increase) decrease in guarantee deposits paid		(117)	5,761
(Increase) decrease in other non-current assets		(8,563)	706
Net cash flows used in investing activities		(367,957)	(96,984)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(32)	1,863,693	1,619,302
Decrease in short-term borrowings	6(32)	(1,860,612)	(1,310,240)
Increase in short-term notes and bills payable	6(32)	270,000	-
Decrease in short-term notes and bills payable	6(32)	(220,000)	-
Decrease in other payables	6(32)	(14,867)	-
Decrease in other payables - related parties	6(32)	-	(14,484)
Payments of lease liabilities	6(32)	(4,576)	(3,647)
Increase in long-term borrowings	6(32)	7,000	115,704
Decrease in long-term borrowings	6(32)	(128,722)	(170,024)
Increase (decrease) in non-controlling interests	6(30)	333,460	(26,351)
Net cash flows from financing activities		245,376	210,260
Effect of exchange rate changes on cash and cash equivalents		(31,250)	39,721
Net increase in cash and cash equivalents		35,717	114,894
Cash and cash equivalents at beginning of year	6(1)	565,971	451,077
Cash and cash equivalents at end of year	6(1)	$ 601,688	$ 565,971

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

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) FineMat Applied Materials Co., Ltd. (the "Company") was incorporated on May 25, 2007 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant regulations. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture of electronic components and computers and its peripherals, duplication of data storage media, wholesale of electronic materials, secondary processing of steel materials, and other metal products, microwave and semiconductor devices and provide services for precision equipment clearing and recycling.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since November 25, 2019.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards as issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainly'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between company within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. 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.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Business activities	December 31, 2023	December 31, 2022	Note
FineMat Applied Materials Co., Ltd. (“FineMat”)	Sense Pad TECH. CO., LTD. (“Sense Pad”)	Professional investment	100.00	100.00	-
FineMat Applied Materials Co., Ltd. (“FineMat”)	HTC & Solartech Service (Samoa) Corporation (“HTC”)	Professional investment	73.73	73.73	-
FineMat Applied Materials Co., Ltd. (“FineMat”)	WAVE POWER TECHNOLOGY INC. (“WAVE POWER”)	Manufacure and sales of microwaves and semiconductor components	37.35	41.09	Note
FineMat Applied Materials Co., Ltd. (“FineMat”)	ETCH HOME TECHNOLOGY CO., LTD. (“ETCH HOME”)	Manufacture and sales of electronic components and communication equipment and apparatus, and wholesale and retail of electronic materials, telecommunication apparatus and machinery and tools	90.81	90.81	-
Sense Pad TECH. CO., LTD. (“Sense Pad”)	FineMat (Shanghai) Applied Material (“FineMat (Shanghai)”)	Sales of electronic components, general instrument and electronic materials	100.00	100.00	-

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Note
HTC & Solartech Service (Samoa) Corporation ("HTC")	Solar Applied Materials Technology (Shanghai) Co., Ltd. ("Solar (Shanghai)")	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	100.00	100.00	-
HTC & Solartech Service (Samoa) Corporation ("HTC")	FineMat (HuangShi) Applied Material ("FineMat (HuangShi)")	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	100.00	100.00	-
ETCH HOME TECHNOLOGY CO., LTD. ("ETCH HOME")	VN ETCH HOME TECHNOLOGY COMPANY LTD ("VN ETCH HOME")	Manufacture and sales of electronic components and communication equipment and apparatus, and wholesale and retail of electronic materials, telecommunicati on apparatus andmachinery and tools	100.00	100.00	-

(Note) In August 2023, the subsidiary, WAVE POWER, increased its capital. The Group did not acquire shares proportionally to its interest, which decreased the Group's ownership percentage in WAVE POWER from 41.09% to 37.35%. The Group still has control over WAVE POWER and accordingly, WAVE POWER was included in the consolidated financial statements.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group:

(a) As of December 31, 2023 and 2022, the non-controlling interest of the Group amounted to $789,960 and $555,722, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest		
		December 31, 2023		
Name of subsidiary	Principal location of business	Amount	Ownership (%)	Description
WAVE POWER	Taiwan	$ 652,502	62.65%	(Note)
Htc and its subsidiaries	Samoa	132,746	26.27%	—
ETCH HOME and its subsidiaries	Taiwan	4,712	9.19%	—
		$ 789,960		

		Non-controlling interest		
		December 31, 2022		
Name of subsidiary	Principal location of business	Amount	Ownership (%)	Description
WAVE POWER	Taiwan	$ 389,277	58.91%	(Note)
Htc and its subsidiaries	Samoa	157,333	26.27%	—
ETCH HOME and its subsidiaries	Taiwan	9,112	9.19%	—
		$ 555,722		

(Note) Refer to Note 4(3) B, 'Subsidiaries included in the consolidated financial statements' (Note).

(b) Summarized financial information of the subsidiaries:

WAVE POWER TECHNOLOGY INC.

I. Balance sheets

	December 31, 2023	December 31, 2022
Current assets	$ 818,654	$ 529,375
Non-current assets	275,645	222,041
Current liabilities	(83,952)	(119,417)
Non-current liabilities	(2,060)	-
Total net assets	$ 1,008,287	$ 631,999

II. Statements of comprehensive income

	For the years ended December 31,	
	2023	2022
Revenue	$ 411,448	$ 437,189
Profit before income tax	105,211	142,640
Income tax expense	(18,440)	(28,878)
Net income	$ 86,771	$ 113,762
Total comprehensive income	$ 86,771	$ 113,762
Comprehensive income attributable to non-controlling interest	$ 49,049	$ 62,987
Dividends paid to non-controlling interest	$ 63,007	$ 44,782

III. Statements of cash flows

	For the years ended December 31,	
	2023	2022
Net cash provided by operating activities	$ 160,134	$ 21,313
Net cash (used in) provided by investing activities	(384,423)	31,623
Net cash provided by (used in) financing activities	287,919	(77,588)
Increase (decrease) in cash and cash equivalents	63,630	(24,652)
Cash and cash equivalents at beginning of year	197,871	222,523
Cash and cash equivalents at end of year	$ 261,501	$ 197,871

Htc & Solartech Service (Samoa) Corporation and its subsidiaries

I. Balance sheets

	December 31, 2023	December 31, 2022
Current assets	$ 260,806	$ 226,159
Non-current assets	334,412	552,168
Current liabilities	(84,929)	(121,274)
Non-current liabilities	(9,120)	(58,146)
Total net assets	$ 501,169	$ 598,907

II. Statements of comprehensive income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Revenue	$ 91,173	$ 128,089
Profit (loss) before income tax	50,107	(1,290)
Income tax expense	(8,704)	(1,693)
Net income (loss)	41,403	(2,983)
Other comprehensive (loss) income, net of tax	(9,237)	6,556
Total comprehensive income	$ 32,166	$ 3,573
Comprehensive income attributable to non-controlling interest	$ 9,541	$ 939
Dividends paid to non-controlling interest	$ -	$ -

III. Statements of cash flows

	For the years ended December 31, 2023	For the years ended December 31, 2022
Net cash (used in) provided by operating activities	($ 57,054)	$ 1,949
Net cash provided by (used in) investing activities	45,309	(17,893)
Net cash (used in) provided by financing activities	(35,051)	81,193
(Decrease) increase in cash and cash equivalents	(46,796)	65,249
Cash and cash equivalents at beginning of year	126,921	61,672
Cash and cash equivalents at end of year	$ 80,125	$ 126,921

ETCH HOME TECHNOLOGY CO., LTD., and its subsidiaries

I. Balance sheets

	December 31, 2023	December 31, 2022
Current assets	$ 90,789	$ 164,987
Non-current assets	168,917	180,500
Current liabilities	(203,012)	(223,679)
Non-current liabilities	(16,059)	(33,501)
Total net assets	$ 40,635	$ 88,307

II. Statements of comprehensive income

	For the years ended December 31,	
	2023	2022
Revenue	$ 112,410	$ 130,926
Loss before income tax	($ 59,346)	($ 40,760)
Income tax benefit	13,217	6,445
Net loss	(46,129)	(34,315)
Other comprehensive (loss) income, net of tax	(1,544)	595
Total comprehensive loss	($ 47,673)	($ 33,720)
Comprehensive loss attributable to non-controlling interest	($ 4,401)	($ 3,931)
Dividends paid to non-controlling interest	$ -	$ -

III. Statements of cash flows

	For the years ended December 31,	
	2023	2022
Net cash (used in) provided by operating activities	($ 67,097)	$ 64,252
Net cash used in investing activities	(8,560)	(165,805)
Net cash provided by financing activities	24,080	163,351
(Decrease) increase in cash and cash equivalents	(51,577)	61,798
Cash and cash equivalents at beginning of year	80,255	18,457
Cash and cash equivalents at end of year	$ 28,678	$ 80,255

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

I. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

II. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

III. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within 12 months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

Financial assets at amortized cost are those that meet all of the following criteria:

A. The objective of the Group's business model is achieved by collecting contractual cash flow.

B. The assets' contractual cash flow represent solely payments of principal and interest.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses ("ECLs") if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the cost of inventory is lower than net realized value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(12) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(13) Investments accounted for using the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserves' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset name	Useful lives
Buildings and structures	3 ~ 50 years
Machinery and equipment	2 ~ 15 years
Instruments and equipment	2 ~ 10 years
Transportation equipment	3 ~ 15 years
Office equipment	2 ~ 30 years
Other equipment	2 ~ 12 years

(15) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 50 years.

(17) Intangible assets

A. Computer software

Computer software is stated initially at cost and amortized on a straight-line basis over its estimated useful life of 3 ~ 10 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Other intangible assets

Expertise and customer relation acquired in business combination are recognized at fair value at the acquisition date and are amortized on a straight-line basis over their estimated lives of 7~ 17 year.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the unused tax losses to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognized based on the contract price, net of the estimated sales taxes, returns and discounts. For collection terms for sales transactions, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of service

(a) The Group provides equipment cleaning services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual costs performed to the end of the reporting period relative to the total estimated service costs.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Valuation of accounts receivable

(a) The Group considers customers' characteristics, incorporates the forecast ability, historical collection experience and economic situation, financial condition of the region where the customer is located, and applies under the simplified approach using a provision matrix to estimate the expected credit losses. Since the amount of impairment loss is measured and calculated based on the loss rates established for that assets, significant impairment losses may incur if the future expected credit losses are greater than expected.

(b) As of December 31, 2023, the carrying amount of accounts receivable (including related parties) amounted to $ 271,863.

B. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of December 31, 2023, the carrying amount of inventories amounted to $ 244,710.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 649	$ 738
Demand deposits	533,734	547,605
	534,383	$ 548,343
Cash Equivalents:		
Time deposits	67,305	17,628
	$ 601,688	$ 565,971

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, the Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current items:		
Time deposits with a maturity of over three months	$ 320,000	$ -
Pledged time deposits	6,749	10,836
	326,749	$ 10,836
Non-current items:		
Pledged time deposits	$ 50,000	$ 4,700

A. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was the book value.

B. Details of the Group's financial assets at amortized cost pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8, 'Pledged assets'.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instrument'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 4,073	$ 3,128
Accounts receivable	$ 280,416	$ 399,116
Less: Allowance for doubtful accounts	(8,553)	(3,039)
	$ 271,863	$ 396,077

A. As of December 31, 2023 and 2022, the Group's notes receivable were not past due.

B. The ageing analysis of the Group's notes and accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 253,748	$ 372,186
Up to 30 days	3,725	15,991
31 to 90 days	10,898	8,679
91 to 180 days	4,590	435
Over 181 days	7,455	1,825
	$ 280,416	$ 399,116

The above ageing analysis was based on past due date.

C. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $ 306,541.

D. As of December 31, 2023 and 2022, the Group did not hold any collateral as security for notes receivable and accounts receivable.

E. As of December 31, 2023 and 2022, the Group has no accounts and notes receivable pledged to others.

F. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Other receivables

	December 31, 2023		December 31, 2022	
Receivables from disposal of non-current assets held for sale	$	69,512	$	-
Receivables from disposal of investments accounted for under equity method		42,379		-
Receivables from technical service		21,632		-
Business tax refund receivable		1,928		3,186
Others		1,059		1,974
	$	136,510	$	5,160

(5) Inventories

	December 31, 2023					
	Cost		Allowance for market price decline		Book value	
Merchandise	$	8,765	($	57)	$	8,708
Raw materials		179,746	(	37,422)		142,324
Supplies		2,757	(	742)		2,015
Work in progress		52,622	(	2,438)		50,184
Finished goods		45,525	(	4,046)		41,479
	$	289,415	($	44,705)	$	244,710

	December 31, 2022					
	Cost		Allowance for market price decline		Book value	
Merchandise	$	12,169	($	57)	$	12,112
Raw materials		186,681	(	20,395)		166,286
Supplies		2,943	(	508)		2,435
Work in progress		55,041	(	1,060)		53,981
Finished goods		51,012	(	4,434)		46,578
	$	307,846	($	26,454)	$	281,392

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 905,107	$ 930,020
Allowance for inventory market price decline	18,251	4,051
Loss on discarding of inventory	77	-
Underapplied fixed manufacturing overhead	-	1,184
Revenue from sales of scraps	(9,392)	(5,808)
	$ 914,043	$ 929,447

(6) Non-current assets held for sale, net

A. In August 2023, the Board of Directors of the Group resolved to dispose coating production line and etching production line equipment of the subsidiary, FineMat (HuangShi) Applied Materials Co., Ltd., to Huangshi Quanyang Photoelectric Technology Co., Ltd.. Assets related to the aforementioned transactions were classified as non-current assets held for sale in August 2023. The abovementioned transaction was completed in December 2023, and the related gain on disposal of $1,266 was recognized (listed as "Other gains and losses"). The proceeds from disposal amounted to $117,279, of which $101,292 has not yet been collected as of December 31, 2023 (listed as "Other receivables" and "Other non-current assets").

B. Movements in non-current assets held for sale were as follows:

Machinery and office equipment	For the year ended December 31, 2023
At January 1	$ -
Transfers from property, plant and equipment	115,973
Disposal of non-current assets held for sale	(116,013)
Net currency exchange differences	40
At December 31	$ -

There was no such situation as of December 31, 2022.

(7) Investments accounted for under the equity method

A. Movements in investments accounted for under equity method are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ 149,782	$ 60,770
Disposal of investments accounted for under equity method (Note 1)	(153,864)	-
Share of loss of associates and joint ventures accounted for under equity method	(7,909)	(14,738)
Earnings distribution of investments accounted for under equity method	(2,350)	-
Changes in capital reserves－Adjustment of retained earnings due to change in interests of subsidiaries (Note 2)	-	129,904
Other equity interest - financial statements translation differences of foreign operations	25,415	(26,154)
At December 31	$ 11,074	$ 149,782

(Note 1) On July 28, 2023, the Board of Directors of the Group resolved to sell 40.36% equity interest in Huangshi Quanyang Optoelectronics Technology Co., Ltd. held by the subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., to Magic Star Technology (Ningbo) Co., Ltd. for $105,949 (RMB 24,000). The Group recognized net change in equity of associates to its ownership (listed as "Capital reserves") and the decrease in non-controlling interest amounting to $95,778 and $34,126, respectively, and the related gain on disposal of investment of $81,111 (listed as "Other gains and losses"). As of December 31, 2023, the uncollected portion of the relevant price amounted to $42,379 (listed as "Other receivables").

(Note 2)Huangshi Quanyang Optoelectronics Technology Co., Ltd. ("Huangshi Quanyang Optoelectronics") increased its capital for the year ended December 31, 2022. The Group did not acquire shares proportionally to its interest, which decreased the Group's ownership percentage in Huangshi Quanyang Optoelectronics from 50.8475% to 40.36%. The Group recognized the change in the investment accounted for under equity method not proportionate to its ownership (listed as "Capital reserves") and an increase in non-controlling interest amounting to $95,778 and $34,126, respectively.

B. Details of investments accounted for under equity method:

Name of investee companies	December 31, 2023	December 31, 2022
Associates		
Huangshi Quanyang Optoelectronics Technology Co., Ltd. (Note)	$ -	$ 138,629
Galloptech International Company Limited	11,074	11,153
	$ 11,074	$ 149,782

(Note) The Group held a 40.36% equity interest in Huangshi Quanyang Optoelectronics. Considering the quantity and distribution of voting rights between the Group and other shareholders, evaluating the control that the Group and other shareholders have over the market operation resources in the local country and assessing the operational policy-making process, there is no specific indicator which indicates that the Group has control over the investee and the Group has no current ability to direct the relevant activities of the investee. Thus, the Group has no control, but only has significant influence, over the investee.

C. The summarized financial information of the associates that are material to the Group is as follows:

(a) Huangshi Quanyang Optoelectronics Technology Co., Ltd.

Balance sheet

	December 31, 2023	December 31, 2022
Current assets	$ -	$ 281,950
Non-current assets	-	233,323
Current liabilities	-	(109,451)
Non-current liabilities	-	-
Total net assets	$ -	$ 405,822
Share in associate's net assets	$ -	$ 163,790
Intangible assets (Note)	-	(25,161)
Carrying amount of the associate	$ -	$ 138,629

(Note) In August 2022, the Group agreed to sell and transfer the intellectual property rights related to the etching technology developed by FineMat (HuangShi) to Huangshi Quanyang Optoelectronics.

Statement of comprehensive income

	For the years ended December 31,	
	2023	2022
Revenue	$ 76,895	$ 122,287
Loss for the year	($ 24,606)	($ 39,537)
Total comprehensive loss for the year	($ 24,606)	($ 39,537)
Dividends received from associates	$ -	$ -

(b) Based on the Group's assessment, Galloptech International Company Limited was immaterial to the Group, and therefore the disclosure of its financial information is not required.

D. For the years ended December 31, 2023 and 2022, the share of profit (loss) of associates and joint ventures accounted for under equity method was ($7,909) and ($14,738), respectively, which were assessed based on the investees' financial statements audited by independent auditors for the corresponding periods.

E. As of December 31, 2023 and 2022, no investments accounted for under equity method held by the Group were pledged to others.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Instruments and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2023									
Cost	$ 281,948	$ 744,075	$ 523,523	$ 98,777	$ 13,443	$ 17,746	$ 86,109	$ 39,511	$ 1,805,132
Accumulated depreciation	-	(163,601)	(188,206)	(60,147)	(7,616)	(9,629)	(24,615)	-	(453,814)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	(1,182)
	$ 281,948	$ 580,474	$ 334,135	$ 38,630	$ 5,827	$ 8,117	$ 61,494	$ 39,511	$ 1,350,136
2023									
At January 1	$ 281,948	$ 580,474	$ 334,135	$ 38,630	$ 5,827	$ 8,117	$ 61,494	$ 39,511	$ 1,350,136
Additions	-	3,317	25,693	18,322	668	545	9,643	13,242	71,430
Transfers after acceptance inspection	-	18,037	10,820	13,175	58	-	1,123	(43,213)	-
Transfers from prepayments for equipment	-	-	10,977	4,749	927	-	2,498	-	19,151
Transfers to inventory	-	-	-	(933)	-	-	-	-	(933)
Reclassification (Note)	-	(21,772)	(115,782)	-	-	(191)	-	-	(137,745)
Depreciation	-	(28,368)	(50,118)	(15,963)	(2,011)	(3,572)	(11,624)	-	(111,656)
Disposals－Cost	-	(114)	(22,213)	(2,137)	(1,072)	(609)	(11,282)	-	(37,427)
－Accumulated depreciation	-	25	13,823	970	977	609	4,755	-	21,159
Net currency exchange differences	-	(5,927)	(1,677)	(1)	(132)	(66)	(38)	(61)	(7,902)
At December 31	$ 281,948	$ 545,672	$ 205,658	$ 56,812	$ 5,242	$ 4,833	$ 56,569	$ 9,479	$ 1,166,213
December 31, 2023									
Cost	$ 281,948	$ 735,696	$ 413,071	$ 131,787	$ 13,707	$ 16,941	$ 88,033	$ 9,479	$ 1,690,662
Accumulated depreciation	-	(190,024)	(206,231)	(74,975)	(8,465)	(12,108)	(31,464)	-	(523,267)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	(1,182)
	$ 281,948	$ 545,672	$ 205,658	$ 56,812	$ 5,242	$ 4,833	$ 56,569	$ 9,479	$ 1,166,213

(Note) Transferred to non-current assets held for sale and investment property.

	Land	Buildings and structures	Machinery and equipment	Instruments and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2022									
Cost	$ 287,034	$ 682,520	$ 445,609	$ 80,737	$ 8,937	$ 15,509	$ 79,583	$ 60,934	$ 1,660,863
Accumulated depreciation	-	(138,741)	(137,669)	(48,031)	(4,194)	(5,817)	(21,144)	-	(355,596)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	(1,182)
	$ 287,034	$ 543,779	$ 306,758	$ 32,706	$ 4,743	$ 9,692	$ 58,439	$ 60,934	$ 1,304,085
2022									
At January 1	$ 287,034	$ 543,779	$ 306,758	$ 32,706	$ 4,743	$ 9,692	$ 58,439	$ 60,934	$ 1,304,085
Additions	1,594	32,670	32,389	9,348	2,110	1,542	10,091	43,292	133,036
Transfers after acceptance inspection	-	26,053	41,917	4,913	867	42	414	(74,206)	-
Transfers from prepayments for equipment	-	2,478	6,415	5,754	184	505	1,937	6,001	23,274
Transfers from inventory	-	-	-	-	-	-	-	2,215	2,215
Depreciation	-	(25,705)	(52,593)	(14,095)	(2,194)	(3,760)	(9,409)	-	(107,756)
Disposals－Cost	(6,680)	(4,256)	(6,940)	(1,979)	(190)	-	(5,959)	-	(26,004)
－Accumulated depreciation	-	970	2,340	1,979	158	-	5,942	-	11,389
Net currency exchange differences	-	4,485	3,849	4	149	96	39	1,275	9,897
At December 31	$ 281,948	$ 580,474	$ 334,135	$ 38,630	$ 5,827	$ 8,117	$ 61,494	$ 39,511	$ 1,350,136
December 31, 2022									
Cost	$ 281,948	$ 744,075	$ 523,523	$ 98,777	$ 13,443	$ 17,746	$ 86,109	$ 39,511	$ 1,805,132
Accumulated depreciation	-	(163,601)	(188,206)	(60,147)	(7,616)	(9,629)	(24,615)	-	(453,814)
Accumulated impairment	-	-	(1,182)	-	-	-	-	-	(1,182)
	$ 281,948	$ 580,474	$ 334,135	$ 38,630	$ 5,827	$ 8,117	$ 61,494	$ 39,511	$ 1,350,136

A. Property, plant and equipment of the Group were all for its own use as of December 31, 2023 and 2022.

B. For the years ended December 31, 2023 and 2022, no borrowing cost was capitalized as part of property, plant and equipment.

C. For the years ended December 31, 2023 and 2022, no impairment loss was recognized as part of property, plant and equipment.

D. Information about property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, ‘Pledged assets’.

(9) Lease transactions－lessee

A. The Group leases various assets including land, warehouse and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

Carrying amounts:

	December 31, 2023		December 31, 2022	
Land use rights	$	57,141	$	59,651
Transportation equipment (Business vehicles)		6,570		4,842
	$	63,711	$	64,493

Depreciation charge:

	For the years ended December 31,			
	2023		2022	
Land use rights	$	1,654	$	1,614
Buildings and structures		686		-
Transportation equipment (Business vehicles)		3,988		3,657
	$	6,328	$	5,271

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $10,861 and $481, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the years ended December 31,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	213	$	90
Expense on short-term lease contracts		5,363		11,004
Gain from lease modification	(	38)		-

E. For the years ended December 31, 2023 and 2022, the Group’s total cash outflow for leases were $10,152 and $14,741, respectively.

F. Information about right-of-use assets that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, ‘Pledged assets’.

(10) Investment property, net

Movements of investment property are as follows:

	For the years ended December 31,	
Buildings and structures	2023	2022
At January 1		
Cost	$ 30,454	$ 30,454
Accumulated depreciation	(2,432)	(2,126)
Accumulated impairment	(27,438)	(27,438)
	$ 584	$ 890
Net value at January 1	$ 584	$ 890
Transfers from property, plant and equipment	21,772	-
Depreciation	(490)	(306)
Net currency exchange differences	321	-
Net value at December 31	$ 22,187	$ 584
At December 31		
Cost	$ 53,353	$ 30,454
Accumulated depreciation	(4,370)	(2,432)
Accumulated impairment	(27,438)	(27,438)
	$ 21,545	$ 584

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the years ended December 31,	
	2023	2022
Rental income from the lease of the investment property (listed as “Sales revenue”)	$ 595	$ -
Direct operating expenses arising from the investment property that generated income during the year (Note)	$ 185	$ -
Direct operating expenses arising from the investment property that did not generate rental income during the year (Note)	$ 305	$ 306

(Note) Listed as “Other gains and losses”.

B. The fair values of the investment property held by the Group as at December 31, 2023 and 2022 were $54,542 and $15,358, respectively, which were valued by referring to the actual price registration and discounted recoverable amounts of future rent income. Valuations were categorized within Level 3 in the fair value hierarchy.

C. For the years ended December 31, 2023 and 2022, no borrowing cost was capitalized as part of investment property.

D. For the years ended December 31, 2023 and 2022, no impairment loss was recognized as part of investment property.

E. Information about investment property that was pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'Pledged assets'.

(11) Intangible assets

	Software	Goodwill	Expertise	Customer relations	Total
At January 1, 2023					
Cost	$ 25,096	$ 11,896	$ 44,497	$ 13,473	$ 94,962
Accumulated amortization	(11,720)	-	(15,362)	(1,916)	(28,998)
	$ 13,376	$ 11,896	$ 29,135	$ 11,557	$ 65,964
2023					
At January 1	$ 13,376	$ 11,896	$ 29,135	$ 11,557	$ 65,964
Additions	3,604	-	-	-	3,604
Amortization	(4,836)	-	(6,357)	(792)	(11,985)
Net currency exchange differences	(26)	-	-	-	(26)
At December 31	$ 12,118	$ 11,896	$ 22,778	$ 10,765	$ 57,557
At December 31, 2023					
Cost	$ 28,661	$ 11,896	$ 44,497	$ 13,473	$ 98,527
Accumulated amortization	(16,543)	-	(21,719)	(2,708)	(40,970)
	$ 12,118	$ 11,896	$ 22,778	$ 10,765	$ 57,557

	Software	Goodwill	Expertise	Customer relations	Total
At January 1, 2022					
Cost	$ 21,762	$ 11,896	$ 44,497	$ 13,473	$ 91,628
Accumulated amortization	(6,964)	-	(9,005)	(1,123)	(17,092)
	$ 14,798	$ 11,896	$ 35,492	$ 12,350	$ 74,536
2022					
At January 1	$ 14,798	$ 11,896	$ 35,492	$ 12,350	$ 74,536
Additions	3,251	-	-	-	3,251
Amortization	(4,745)	-	(6,357)	(793)	(11,895)
Net currency exchange differences	72	-	-	-	72
At December 31	$ 13,376	$ 11,896	$ 29,135	$ 11,557	$ 65,964
At December 31, 2022					
Cost	$ 25,096	$ 11,896	$ 44,497	$ 13,473	$ 94,962
Accumulated amortization	(11,720)	-	(15,362)	(1,916)	(28,998)
	$ 13,376	$ 11,896	$ 29,135	$ 11,557	$ 65,964

A. For the years ended December 31, 2023 and 2022, no borrowing cost was capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Manufacturing expense	$ 278	$ 223
Selling expenses	33	30
General and administrative expenses	8,449	8,952
Research and development expenses	3,225	2,690
	$ 11,985	$ 11,895

C. The recoverable amount of intangible assets acquired from business combinations was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial forecasts estimated by the management covering a five-year period as well as the following estimated growth rates when the period of cash-flow over a five-year period. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so intangible assets acquired from business combinations was not impaired. The key assumptions used for value-in-use calculations are as follows

	Gross profit margin	Growth rate	Discount Rate
For the year ended December 31, 2023	49% ～ 53%	10%	17.91%
For the year ended December 31, 2022	48% ～ 50%	12% ～ 23%	15.47%

Management determined budgeted gross margin based on its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(12) Other non-current assets

	December 31, 2023	December 31, 2022
Receivables from disposal of non-current assets held for sale	$ 31,780	$ -
Receivables from technical service	10,815	-
Others	2,894	5,146
	$ 45,489	$ 5,146

(13) Short-term borrowings

Nature	December 31, 2023	Interest rate range	Collateral
Bank unsecured bank borrowings	$ 364,095	1.91%～6.72%	None
Bank secured bank borrowings	150,000	0.5%～2.36%	Note
	$ 514,095		

Nature	December 31, 2022	Interest rate range	Collateral
Bank unsecured bank borrowings	$ 388,617	1.725%～5.79%	None
Bank secured bank borrowings	122,000	1.75%～2.229%	Note
	$ 510,617		

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(25), 'Finance cost'.

(14) Short-term notes and bills payable

Nature	December 31, 2023	Interest rate range	Collateral
Commercial papers payable	$ 50,000	1.45%～1.78%	None

There was no such situation for the year ended December 31, 2022.

A. The above commercial papers were issued and unsecured by China Bills Finance Corporation and MEGA BILLS FINANCE CO., LTD..

B. For more information about interest expenses recognized by the Group for the year ended December 31, 2023, refer to Note 6(25), 'Finance cost'.

(15) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries and bonuses payable	$ 40,009	$ 24,053
Employees' compensation and directors' remuneration payable	15,675	32,420
Accounts payable financing	15,195	30,493
Equipment payable	12,899	9,915
Others	44,011	54,685
	$ 127,789	$ 151,566

(16) Long-term borrowings

Nature	Borrowing period	Interest rate range	Collateral	December 31, 2023
NTD secured borrowings	2020.7.27～2026.9.24	1.2896%～2.23%	Note	$ 134,179
Foreign currency secured borrowings	RMB 3,794 thousand VND 4,866,350 thousand 2021.1.25～2026.1.25	4.5%～7.53%	Note	22,474
NTD unsecured borrowings	2020.12.15～2025.12.15	1.22%～2.10%	None	65,288
Foreign currency unsecured borrowings	RMB 9,400 thousand 2021.3.23～2024.3.7	4.9076%～5.1912%	None	40,668
				262,609
Less: Current portion				(157,817)
				$ 104,792

Nature	Borrowing period	Interest rate range	Collateral	December 31, 2022
NTD secured borrowings	2020.7.27～2026.9.24	1.1575%～1.8%	Note	$ 204,558
Foreign currency secured borrowings	RMB 5,481 thousand VND 6,216,477 thousand 2021.1.25～2026.1.25	4.75%～7.53%	Note	32,141
NTD unsecured borrowings	2020.12.15～2025.12.15	1.095%～1.975%	None	80,432
Foreign currency unsecured borrowings	USD 900 thousand RMB 9,400 thousand 2020.12.21～2024.3.22	3.2955%～6.12%	None	69,106
				386,237
Less: Current portion				(126,658)
				$ 259,579

(Note) Information about the collateral for the above borrowings is provided in Note 8, 'Pledged assets'.

For more information about interest expenses recognized by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(25), 'Finance cost'.

(17) Pensions

Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The other subsidiaries are subject to local government sponsored defined contribution plan. In accordance with related laws of the respective local government, the independent pension fund of employees is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $10,440 and $9,521, respectively.

(18) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2023	2022
Beginning and ending balance	65,788	65,788

B. Treasury stocks

(a) Reason for share reacquisition and movements in the number of the Company's treasury stocks are as follows (in thousands of shares):

	For the years ended December 31,	
	2023	2022
Reason for reacquisition	Beginning and ending balance	Beginning and ending balance
To be reissued to employees	602	602

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2023 and 2022, the balances of treasury shares purchased by the Company both amounted to $24,187.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5 years period are to be retired.

C. As of December 31, 2023, the Company's authorized capital was $1,000,000 (including $60,000 reserved for employee stock options), and the paid-in capital was $663,898, consisting of 66,390 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share, which were issued in instalments. All proceeds from shares issued have been collected.

(19) Capital reserve

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2023	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	$ 394,674	$ 12,782	$ 231	$ 95,778	$ 503,465
Adjustments for changes in capital reserve of investee companies	-	-	325	-	325
Changes in subsidiaries, associates and joint ventures accounted for under equity method	-	-	-	(95,778)	(95,778)
Adjustment of capital reserve due to change in interest of subsidiaries	-	-	118,960	-	118,960
At December 31	$ 394,674	$ 12,782	$ 119,516	$ -	$ 526,972

For the year ended December 31, 2022	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
At January 1	$ 394,674	$ -	$ 2,027	$ -	$ 396,701
Transactions with non-controlling interests shareholders of subsidiaries	-	12,782	-	-	12,782
Adjustments for changes in capital reserve of investee companies	-	-	274	-	274
Changes in subsidiaries, associates and joint ventures accounted for under equity method	-	-	-	95,778	95,778
Adjustments for changes in retained earnings of investee companies	-	-	(2,070)	-	(2,070)
At December 31	$ 394,674	$ 12,782	$ 231	$ 95,778	$ 503,465

(20) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or each dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, but if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is no longer required to be set aside. In addition, after special reserve is set aside or reversed in accordance with relevant regulations, the remainder along with accumulated unappropriated earnings will be proposed by the Board of Directors and resolved at the shareholders' meeting to be distributed as dividends. The Company's dividend policy takes into account not only the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, etc. but also the shareholders' interests, balanced dividends and the Company's long-term financial plan, etc. Each year, the appropriation is proposed by the Board of Directors and then reported to the shareholders' meeting for approval. The Company is in the growth stage and has a plan to expand its production lines and capital needs in the coming years, and thus the balanced dividend policy is adopted to have a sound financial structure and maintain a good capital adequacy ratio. In addition to appropriating the earnings in accordance with the aforementioned regulations, the dividend and bonus may be distributed in the form of cash or shares, and if there are any earnings in the current year, 10% ~ 80% of distributable earnings of the current year shall be appropriated as dividends and bonuses to shareholders, of which cash dividends shall account for at least 10% of the total dividends distributed. The Board of Directors of the Company may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

   The special reserve previously set aside by the Company on initial application of IFRSs in accordance with the Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, amounted to $369.

D. On March 18, 2022, the Board of Directors of the Company resolved not to distribute earnings except for the appropriation of legal reserve and special reserve. On March 14, 2024, the Board of Directors resolved not to distribute earnings due to loss incurred during the year.

(21) Operating revenue

A. The Group's revenue is mainly from sales contracts of products sales, equipment cleaning with customers and lease, and such revenue is derived from the transfer of goods at a point in time in the following major product or service lines:

	For the years ended December 31,			
	2023		2022	
Recognize at a point in time:				
Metal masks	$	490,470	$	547,580
Microwave and semiconductor parts		411,448		437,189
Thermal module		117,051		123,909
Optical bonding materials		-		10,475
Others		11,087		5,895
		1,030,056		1,125,048
Recognize over time:				
Semi clean and regeneration process		90,578		125,580
Plant rental income		595		-
		91,173		125,580
	$	1,121,229	$	1,250,628

B. The Group has recognized the following revenue-related contract liabilities:

	December 31, 2023		December 31, 2022		January 1, 2022	
Current contract assets	$	32,242	$	17,866	$	18,418
Current contract liabilities	$	6,464	$	6,142	$	530

	For the years ended December 31,			
	2023		2022	
Revenue recognized that was included in the concract liability balance at the beginning of the year	$	6,054	$	471

(22) Interest income

	For the years ended December 31,			
	2023		2022	
Interest income from bank deposits	$	4,506	$	1,765
Other interest income		2,250		804
	$	6,756	$	2,569

(23) Other income

	For the years ended December 31,	
	2023	2022
Technical service income	$ 26,849	$ 39,351
Government grant income	3,710	2,249
Resale of electricity income	2,707	-
Administrative service income	1,177	1,392
Waste liquid recycling income	428	2,502
Other income	5,276	1,942
	$ 40,147	$ 47,436

(24) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain on disposal of investments	$ 81,111	$ -
Gain on disposal of non-current assets held for sale	1,266	-
Gain from lease modification	38	-
(Loss) gain on disposals of property, plant and equipment	(10,789)	548
Currency exchange (loss) gain	(3,404)	7,424
Depreciation charges on investment property	(490)	(306)
Other losses	(2,190)	(766)
	$ 65,542	$ 6,900

(25) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	$ 24,168	$ 13,309
Other finance expense	1,527	3,130
Lease liabilities	213	90
	$ 25,908	$ 16,529

(26) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 158,847	$ 148,798	$ 307,645
Depreciation	93,045	24,939	117,984
Amortization	278	11,707	11,985
	$ 252,170	$ 185,444	$ 437,614

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 164,818	$ 145,843	$ 310,661
Depreciation	87,863	25,164	113,027
Amortization	223	11,672	11,895
	$ 252,904	$ 182,679	$ 435,583

(27) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 131,465	$ 127,424	$ 258,889
Labour and health insurance fees	12,415	10,119	22,534
Pension costs	5,467	4,973	10,440
Other personnel expenses	9,500	6,282	15,782
	$ 158,847	$ 148,798	$ 307,645

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 139,583	$ 126,523	$ 266,106
Labour and health insurance fees	10,831	8,188	19,019
Pension costs	5,152	4,369	9,521
Other personnel expenses	9,252	6,763	16,015
	$ 164,818	$ 145,843	$ 310,661

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall be 8%～15% for employees’ compensation and shall not be higher than 5% for directors’ remuneration. Provided that the Company has accumulated deficit, earnings shall be first used to cover accumulated deficit. Directors’ remuneration is distributed in the form of cash while employees’ compensation may be distributed in the form of cash or shares. The employees, including the employees of the Company’s subsidiaries, who meet certain specific requirements are entitled to receive the above cash or shares. The profit of the current year is the profit before deducting tax, employees’ compensation and directors’ remuneration. The distribution of employees’ compensation and directors’ remuneration is subject to the approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance and shall also be reported at the shareholders’ meeting.

B. For the years ended December 31, 2023 and 2022, there was no employee' compensation and directors' remuneration. The aforementioned amounts were recognized in salary expenses and were estimated and accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. As the Company had no profit in 2023 and 2022, there was no need to estimate and pay remuneration to employees and directors.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	For the years ended December 31, 2023	2022
Current income tax:		
Income tax incurred in current year	$ 30,990	$ 30,656
Tax on undistributed earnings	-	1,520
Prior year income tax over estimation	(1,284)	(500)
Total current income tax	29,706	31,676
Deferred income tax:		
Origination and reversal of temporary differences	(11,980)	(7,015)
Income tax expense	$ 17,726	$ 24,661

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31, 2023	2022
Financial statements translation differences of foreign operations	($ 2,185)	$ 1,578

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 28,283	$ 30,206
Effects from items disallowed by tax regulation	(17)	(1,464)
Change in assessment of realisation of deferred tax assets	(8,170)	(5,542)
Effect from investment tax credits	(2,385)	-
Tax on undistributed earnings	-	1,520
Prior year income tax over estimation	(1,284)	(500)
Separate taxation	1,299	441
Income tax expense	$ 17,726	$ 24,661

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences of foreign operations	$ 2,982	$ -	$ 2,185	$ 5,167
Allowance for doubtful accounts	71	-	-	71
Loss on inventory market value decline	5,291	3,650	-	8,941
Loss on investments accounted for under equity method	5,908	8,082	-	13,990
Impairment loss	2,938	(131)	-	2,807
Unrealized loss on foreign currency exchange	34	996	-	1,030
Unrealized warranty provision expense	172	11	-	183
Book-tax difference on land cost	9,501	-	-	9,501
Unused compensated absences	1	27	-	28
Tax losses	18,202	3,740	-	21,942
	$ 45,100	$ 16,375	$ 2,185	$ 63,660

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities:				
Temporary differences:				
Gain on investments accounted for under equity method	($ 13,362)	($ 6,086)	$ -	($ 19,448)
Provision for land appreciation tax	(209)	-	-	(209)
Unrealized gain on foreign currency exchange	(542)	514	-	(28)
Unrealized expense	(8,110)	1,402	-	(6,708)
Gain recognized in bargain purchase transaction	(1,277)	-	-	(1,277)
Government grant income	-	(225)	-	(225)
	($ 23,500)	($ 4,395)	$ -	($ 27,895)
	$ 21,600	$ 11,980	$ 2,185	$ 35,765

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Financial statements translation differences of foreign operations	$ 4,560	$ -	($ 1,578)	$ 2,982
Allowance for doubtful accounts	71	-	-	71
Loss on inventory market value decline	4,481	810	-	5,291
Loss on investments accounted for under equity method	1,291	4,617	-	5,908
Impairment loss	3,069	(131)	-	2,938
Unrealized loss on foreign currency exchange	100	(66)	-	34
Unrealized warranty provision expense	102	70	-	172
Book-tax difference on land cost	9,501	-	-	9,501
Unused compensated absences	226	(225)	-	1
Tax losses	17,544	658	-	18,202
	$ 40,945	$ 5,733	($ 1,578)	$ 45,100

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax liabilities:				
Temporary differences:				
Gain on investments accounted for under equity method	($ 13,705)	$ 343	$ -	($ 13,362)
Provision for land appreciation tax	(232)	23	-	(209)
Unrealized gain on foreign currency exchange	-	(542)	-	(542)
Unrealized expense	(9,568)	1,458	-	(8,110)
Gain recognized in bargain purchase transaction	(1,277)	-	-	(1,277)
	($ 24,782)	$ 1,282	$ -	($ 23,500)
	$ 16,163	$ 7,015	($ 1,578)	$ 21,600

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2013	$ 12,636	$ 12,636	$ 12,636	2023
2014	16,383	16,383	-	2024
2020	1,642	1,642	-	2030
2022	28,014	28,014	-	2032
2023	63,671	63,671	-	2033

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2012	$ 50,807	$ 50,807	$ 50,807	2022
2013	12,636	12,636	-	2023
2014	16,383	16,383	-	2024
2020	1,642	1,642	-	2030
2022	60,349	60,349	-	2032

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of March 14, 2024.

(29) Loss per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 85,571)	65,788	($ 1.30)

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 36,049)	65,788	($ 0.55)

For the years ended December 31, 2023 and 2022, potential common shares were excluded from the calculation of diluted loss per share because of their anti-dilutive effect.

(30) Transactions with non-controlling interest

A. ETCH HOME TECHNOLOGY CO., LTD.

In January 2022, ETCH HOME increased capital by issuing new shares. The Group did not acquire shares proportionally to its interest, which resulted in a decrease in the equity attributable to owners of the parent and an increase in the non-controlling interest both by $4,449.

B. VN ETCH HOME TECHNOLOGY COMPANY LTD.

In February 2022, ETCH HOME acquired the remaining 30% equity interest in its subsidiary, VN ETCH HOME, for a consideration of $14,934. The carrying amount of related non-controlling interest was $11,484 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $3,450 and a decrease in the equity attributable to owners of ETCH HOME TECHNOLOGY CO., LTD. by $3,450. The Company decreased capital reserves, retained earnings and non-controlling interest by $2,070, $1,063 and $10,152, respectively, proportionately to its ownership percentage.

C. WAVE POWER TECHNOLOGY INC.

(a) In August 2022, the subsidiary, WAVE POWER, filed for an initial public offering with Taipei Exchange. As part of the public trading process, the Group partially disposed its shares in WAVE POWER through public market for a total cash consideration of $20,239. The carrying amount of investment accounted for under the equity method was $7,457 at the disposal date. These transactions resulted in an increase in the equity attributable to owners of the parent and the non-controlling interest by $12,782 and $7,457, respectively.

(b) In August 2023, WAVE POWER increased capital by issuing new shares. The Group did not acquire shares proportionally to its interest, which resulted in an increase in the equity attributable to owners of the parent (capital reserves) and the non-controlling interest by $118,960 and $276,717, respectively.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
(a) Purchase of property, plant and equipment	$ 71,430	$ 133,036
Add: Opening balance of other payables	9,915	21,087
Less: Ending balance of other payables	(12,899)	(9,915)
Cash paid for acquisition of property, plant and equipment	$ 68,446	$ 144,208
(b) Proceeds from disposal of investments accounted for using equity method	$ 105,949	$ -
Less: Ending balance of other receivables	(42,379)	-
Cash received from disposal of investments accounted for under equity method	$ 63,570	$ -
(c) Proceeds from disposal of non-current assets held for sale	$ 117,279	$ -
Less: Ending balance of other receivables	(69,512)	-
Ending balance of other non-current assets	(31,780)	-
Cash received from disposal of non-current assets held for sale	$ 15,987	$ -

B. Operating, investing and financing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
(a) Inventories transferred to property, plant and equipment	$ -	$ 2,215
(b) Other receivables - related parties transferred to other receivables (Note 1)	$ 44,145	$ -
(c) Property, plant and equipment transferred to inventories	$ 933	$ -
(d) Property, plant and equipment transferred to non-current assets held for sale	$ 115,973	$ -
(e) Property, plant and equipment transferred to investment properties	$ 21,772	$ -
(f) Prepayments for equipment transferred to property, plant and equipment	$ 19,151	$ 23,274

	For the years ended December 31, 2023	2022
(g) Other payables - related parties transferred to other payables (Note 2)	$ -	$ 41,694

(Note 1) In August 2023, the subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., sold its 40.36% shares of Huangshi Quanyang Photoelectric Technology Co., Ltd. to Magic Star Technology (Ningbo) Co., Ltd.. Consequently, Huangshi Quanyang Photoelectric Technology Co., Ltd. was no longer a related party of the Group since August 2023.

(Note 2) In February 2022, Supremo Technology Limited sold the remaining 30% equity interest in VN ETCH HOME to ETCH HOME. Consequently, Supremo Technology Limited was no longer a related party of the Group since February 2022.

(32) Changes in liabilities from financing activities

	Short-term borrowings	Commercial papers payable	Other payables	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities - gross
At January 1, 2023	$ 510,617	$ -	$ 30,493	$ 4,820	$ 386,237	$ 932,167
Changes in cash flow from financing activities	3,081	50,000	(14,867)	(4,576)	(121,722)	(88,084)
Changes in cash flow from other non-financing activities	-	-	-	6,310	-	6,310
Impact of changes in foreign exchange rate	397	-	(431)	-	(1,906)	(1,940)
At December 31, 2023	$ 514,095	$ 50,000	$ 15,195	$ 6,554	$ 262,609	$ 848,453

	Short-term borrowings	Other payables	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities - gross
At January 1, 2022	$ 192,994	$ -	$ 7,986	$ 436,936	$ 637,916
Changes in cash flow from financing activities	309,062	(14,484)	(3,647)	(54,320)	236,611
Changes in cash flow from other non-financing activities	-	41,694	481	-	42,175
Impact of changes in foreign exchange rate	8,561	3,283	-	3,621	15,465
At December 31, 2022	$ 510,617	$ 30,493	$ 4,820	$ 386,237	$ 932,167

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Galloptech International Company Limited ("Galloptech")	Associate
Huangshi Quanyang Optoelectronics Technology Co., Ltd. ("Huangshi Quanyang Optoelectronics")	Associate (Note 1)
HTC & SOLAR TECH SERVICE LIMITED ("HTC & SOLAR TECH")	Other related party
YOUNG SAM INDUSTRIAL CO., LTD. ("YOUNG SAM")	Other related party
Supremo Technology Limited ("Supremo")	Other related party (Note 2)

(Note 1) In August 2023, the Group's subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., sold its 40.36% shares of Huangshi Quanyang Optoelectronics to Magic Star Technology (Ningbo) Co., Ltd.. Consequently, Huangshi Quanyang Optoelectronics was no longer a related party of the Company since August 2023.

(Note 2) In February 2022, Supremo sold the remaining 30% equity interest in VN ETCH HOME to ETCH HOME. Consequently, Supremo Technology Limited was no longer a related party of the Group since February 2022.

(2) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2023	2022
Sales of goods and services:		
Huangshi Quanyang Optoelectronics	$ 26,655	$ 57,989
Other related parties	580	3,347
	$ 27,235	$ 61,336

The sales prices and credit terms from related parties were the same with third parties. Collection terms are 60 ~ 90 days after monthly statements for related parties and 30 ~120 days after monthly statements for third parties.

B. Purchases

	For the years ended December 31,	
	2023	2022
Huangshi Quanyang Optoelectronics	$ 51,487	$ 84,596
Other related parties	19,491	35,704
	$ 70,978	$ 120,300

The purchase prices and payment terms from related parties were the same with third parties. Payment terms are 60~90 days after monthly statements for related parties and 30 ~ 90 days after monthly statements for third parties.

C. Processing expenses

	For the years ended December 31,	
	2023	2022
Huangshi Quanyang Optoelectronics	$ -	$ 4,557

D. Technical service income

	For the years ended December 31,	
	2023	2022
Huangshi Quanyang Optoelectronics	$ 25,340	$ 39,351

E. Receivables from related parties

	December 31, 2023	December 31, 2022
Notes receivable:		
Other related parties	$ -	$ 16
Accounts receivable:		
Other related parties	$ 16	$ -
Huangshi Quanyang Optoelectronics	-	15,605
	$ 16	$ 15,621
Other receivables:		
Other related parties	$ 267	$ -
Huangshi Quanyang Optoelectronics	-	59,033
	$ 267	$ 59,033

The receivables from related parties arise mainly from sales transactions and technical services. The receivables are unsecured in nature and bear no interest. The receivables from related parties have no provisions.

F. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
YOUNG SAM	$ 3,484	$ 5,732
HTC & SOLAR TECH	266	10,061
Huangshi Quanyang Optoelectronics	-	38,241
	$ 3,750	$ 54,034
Other payables (excluded loans to related parties):		
Other related parties	$ 24	$ 136
Associates	-	137
	$ 24	$ 273

The payables to related parties arise mainly from purchase transactions and administrative service expense and are unsecured in nature and bear no interest.

G. Property transactions

(a) Acquisition of property, plant and equipment

	For the years ended December 31,	
	2023	2022
Other related parties	$ 180	$ -

(b) Disposal of property, plant and equipment

	For the year ended December 31, 2022	
	Proceeds from disposal	Loss (gain) on disposal
Huangshi Quanyang Optoelectronics	$ 1,542	$ 597
Other related parties	1,878	(657)
	$ 3,420	($ 60)

There was no such situation for the year ended December 31, 2023.

(c) Transactions of acquisition

	Item	Number of shares	Object of transaction	For the year ended December 31, 2022 Acquisition of price
Supremo Technology Limited	Investments accounted for using equity method	504 thousand shares	VN ETCH HOME	$ 14,934

There was no such situation for the year ended December 31, 2023.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$ 18,153	$ 17,596

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023	Book value December 31, 2022	Purpose
Restricted time deposits (Note 1)	$ 56,749	$ 15,536	Customs deposit, performance guarantees and warranty
Land (Note 2)	280,354	280,354	Financing
Buildings and structures, net (Note 2)	455,134	461,296	〃
Machinery equipment (Note 2)	3,862	4,731	〃
Right-of-use of land (Note3)	15,252	15,270	〃
Guarantee deposits paid	15,611	17,078	Performance guarantees and warranty
	$ 826,962	$ 794,265	

(Note 1) Shown as 'Fnancial assets at amortized cost - current' and 'Financial assets at amortized cost - non - current'.

(Note 2) Shown as 'Property, plant and equipment' and 'Investment property, net'.

(Note 3) Shown as 'Use-of-right assets'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, the Group's remaining balance due for construction in progress and prepayments for equipment were $19,469 and $51,708, respectively.

(2) Endorsements and guarantees provided by the Group to subsidiaries are as follows:

	Nature	December 31, 2023	December 31, 2022
VN ETCH HOME TECHNOLOGY COMPANY LTD	Financing facilities	$ 168,879	$ 197,835
Htc & Solartech Service (Samoa) Corporation	Financing facilities	92,115	140,140
FineMat (HuangShi) Applied Material	Financing facilities	46,058	112,789
ETCH HOME TECHNOLOGY CO., LTD.	Financing facilities	80,000	50,000
		$ 387,052	$ 500,764

As of December 31, 2023 and 2022, the actual amount provided by the Group for above subsidiaries were $156,765 and $225,673, respectively.

10. <u>SIGNIFICANT DISASTER LOSS</u>

None.

11. <u>SIGNIFICANT SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE</u>

None.

12. <u>OTHERS</u>

(1) <u>Capital management</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group also ensures it has sufficient financial resources and operating plans to support the working capital needs, capital expenditures, dividend payments, etc. in the future.

(2) <u>Financial instruments</u>

A. Information on the Group's financial instruments by category is provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

I. The Group operates internationally and is exposed to exchange rate risk arising from various currencies, primarily with respect to the USD, RMB, JPY and VND. Foreign exchange rate risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

II. Management has set up a policy to require groups to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

III. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Group does not hedge the investments.

IV. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD, the subsidiaries' functional currency: USD, RMB and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,021	30.66	$ 153,928
RMB:NTD	8,766	4.302	37,713
JPY:NTD	120,578	0.2152	26,096
Non-monetary items			
USD:NTD	361	30.705	11,074
Financial liabilities			
Monetary items			
USD:NTD	1,872	30.755	57,562
RMB:NTD	9,852	4.352	42,878

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,736	30.66	$ 175,881
RMB:NTD	9,942	4.383	43,628
JPY:NTD	9,536	0.2304	2,197
Non-monetary items			
USD:NTD	363	30.71	11,153
RMB:NTD	37,167	3.73	138,629
Financial liabilities			
Monetary items			
USD:NTD	1,910	30.76	58,768
RMB:NTD	6,801	4.433	30,147
JPY:NTD	49,686	0.2344	11,566

V. Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other variables held constant, the Group's post-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by $ 938 and $970, respectively.

VI. Total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to ($3,404) and $7,424, respectively.

Price risk

The Group did not engage in any financial instrument transactions with price variations, and thus the Group does not expect market risk arising from variations in the market prices.

Cash flow and fair value interest rate risk

I. The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.

II. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, (loss) profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $1,933 and $1,065, respectively. The main factor is that increases/decreases in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analyzing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

III. In line with the credit risk management procedure, payment reminders are sent when the contract payments are past due, and the default occurs when the contract payments are past due over a certain period of time.

IV. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applied the modified approach using a provision matrix to estimate the expected credit loss, and used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.03%～0.24%	$ 253,748	$ 505
Up to 30 days	0.03%～1.58%	3,725	57
31 to 90 days	0.03%～6.92%	10,898	373
91 to 180 days	1.37%～36.35%	4,590	368
Over 181 days	97.25%	7,455	7,250
		$ 280,416	$ 8,553

December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.03%～0.26%	$ 372,186	$ 715
Up to 30 days	0.03%～2.82%	15,991	11
31 to 90 days	2.36%～13.66%	8,679	364
91 to 180 days	31.65%	435	124
Over 181 days	100%	1,825	1,825
		$ 399,116	$ 3,039

V. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2023	2022
At January 1	$ 3,039	$ 1,828
Expected credit impairment loss	5,648	1,195
Effect of foreign exchange	(134)	16
At December 31	$ 8,553	$ 3,039

(c) Liquidity risk

I. Cash flow forecasting is performed in finance division of the Group. Finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

II. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group is expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 721,880	$ 620,723
Expiring beyond one year	-	109,612
	$ 721,880	$ 730,335

IV. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 515,987	$ -	$ -	$ -
Short-term notes and bills payable	50,000	-	-	-
Accounts payable (including related parties)	147,191	-	-	-
Other payables (including related parties)	127,813	-	-	-
Lease liabilities	3,640	2,552	542	-
Long-term borrowings (including current portion)	161,079	106,631	-	-

December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 513,919	$ -	$ -	$ -
Notes payable	34	-	-	-
Accounts payable (including related parties)	171,511	-	-	-
Other payables (including related parties)	151,839	-	-	-
Lease liabilities	3,204	1,666	-	-
Long-term borrowings (including current portion)	132,952	249,689	15,436	-

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. Fair value information of investment property at cost is provided in Note 6(10), 'Investment property, net'.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables (including related parties) and long-term borrowings (including current portion)) are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirements, only information related to the year ended December 31, 2023 is disclosed.)

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Except for endorsements and guarantees as described in table 2, there is no such situation.

(4) Major shareholders information

Major shareholders information: Refer to table 6.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions.

(2) Measurement segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income. For details of operating segments' accounting policies, refer to Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2023					
	FineMat	WAVE POWER	FineMat (Shanghai)	FineMat (HuangShi)	Others	Total
Segment revenue	$ 398,921	$ 411,448	$ 175,343	$ 88,215	$ 133,060	$ 1,206,987
Inter-segment revenue	65,331	-	1,078	17,420	1,929	85,758
External revenue	333,590	411,448	174,265	70,795	131,131	1,121,229
Depreciation and amortization	59,625	30,848	904	24,818	14,264	130,459
Segment pre-tax (loss) income	(80,462)	98,062	3,497	(44,015)	36,972	14,054
Segment assets	1,039,945	1,146,329	104,374	521,263	352,779	3,164,690
Segment liabilities	762,596	92,930	41,383	92,005	170,750	1,159,664

	For the year ended December 31, 2022					
	FineMat	WAVE POWER	FineMat (Shanghai)	FineMat (HuangShi)	Others	Total
Segment revenue	$ 525,671	$ 437,189	$ 135,694	$ 118,068	$ 167,768	$ 1,384,390
Inter-segment revenue	93,557	-	2,183	24,958	13,064	133,762
External revenue	432,114	437,189	133,511	93,110	154,704	1,250,628
Depreciation and amortization	55,752	27,712	908	27,895	12,961	125,228
Segment pre-tax (loss) income	(33,630)	135,491	(403)	12,357	(55,300)	58,515
Segment assets	1,084,269	810,595	76,990	596,596	546,186	3,114,636
Segment liabilities	773,069	127,765	37,941	114,130	221,684	1,274,589

(4) Reconciliation for segment income

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segments pre-tax income to profit before income tax from continuing operations is provided as follows:

	For the years ended December 31,	
	2023	2022
Reportable segments pre-tax (loss) income	($ 22,918)	$ 113,815
Other segments pre-tax income (loss)	36,972	(55,300)
Inter segments gain	(25,142)	(11,145)
(Loss) profit before income tax	($ 11,088)	$ 47,370

B. The amounts provided to the chief operating decision-maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. No reconciliation is needed.

(5) Information on products and services

Revenue from external customers is mainly from manufacturing and sales of metal masks, microwave and semiconductor components, thermal modules and optical adhesive materials and equipment cleaning business. Details of operating revenue are provided in Note 6(21), "Operating revenue".

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
China	$ 553,782	$ 337,899	$ 616,677	$ 417,996
Taiwan	529,214	891,396	617,892	940,513
Others	38,233	138,779	16,059	149,474
	$ 1,121,229	$ 1,368,074	$ 1,250,628	$ 1,507,983

(Note) The revenue is classified based on the location of the customer's country.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Client	Revenue	Segment	Revenue	Segment
A	$ 176,253	FineMat	$ 199,296	FineMat
B	173,931	WAVE POWER	123,305	WAVE POWER
C	158,465	FineMat, Solar (Shanghai) and others	240,281	FineMat, Solar (Shanghai) and others
D	143,657	WAVE POWER	139,376	WAVE POWER
E	-	WAVE POWER	25,989	WAVE POWER

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number (Note 1)	Financing Company	Name of counterparty	Account	Related parties	Maximum balance	Ending balance (Note 3)	Actual amount drawn down (Note 4)	Interest rate	Nature for financing	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged: Item	Assets pledged: Value	Loan limit per entity (Note 4)	Maximum amount available for loan (Note 4)	Footnote
0	FINEMAT APPLIED MATERIALS CO., LTD.	VN ETCH HOME TECHNOLOGY COMPANY LTD.	Other receivables	Y	$ 69,850	$ 52,199	$ 24,564	6.5%	(Note 2)	$ -	Operating capital	$ -	—	$ -	$ 243,013	$ 486,026	—
		ETCH HOME TECHNOLOGY CO., LTD.	Other receivables	Y	35,668	33,776	33,776	6.5%	(Note 2)	-	Operating capital	-	—	-	243,013	486,026	—
1	Solar Applied Materials Technology (Shanghai) Co., Ltd.	FineMat (HuangShi) Applied Materials Co., Ltd.	Other receivables	Y	100,694	99,521	99,521	3.45%	(Note 2)	-	Operating capital	-	—	-	135,082	168,853	—

(Note 1) The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

(Note 2) For short-term financing.

(Note 3) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705) as at December 31, 2023.

(Note 4) In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follow:

1. Loan total limit:
   (1)40% of net worth in the most recent financial statements.
   (2) For loans granted by the Company’s subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries or loans granted between domestic and foreign entities, is the creditor’s net worth in the most recent financial statements.
2. Limit for a single Company:
   (1) Tranding partner: each company does not exceed the amount of business transactions.
   (2) Short-term financing: each company does not exceed 20% net worth of the Company's most recent financial statements; 40% net worth of the subsidiaries's most recent financial statements.
   (3) For loans granted by the Company’s subsidiaries to domestic and foreign entities whose voting shares are 100% directly or indirectly owned by the Company's subsidiaries or loans granted between domestic and foreign entities, is 80% of the creditor’s net worth in the most recent financial statements.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Number (Note 1)	Endorser/guarantor	Endorsed: Name of counterparty	Endorsed: Relationship (Note 2)	Endorsements limit for a single entity (Note 3)	Highest balance during the year	Outstanding balance at December 31, 2023 (Note 4)	Actual amount drawn down (Note 4)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	FINEMAT APPLIED MATERIALS CO., LTD.	Htc & Solartech Service (Samoa) Corporation	1	$ 243,013	$ 162,125	$ 92,115	$ -	$ -	7.57%	$ 486,026	Y	N	N	—
		FineMat (HuangShi) Applied Materials Co., Ltd.	1	243,013	112,789	46,058	40,674	-	3.78%	486,026	Y	N	Y	—
		ETCH HOME TECHNOLOGY CO., LTD.	1	243,013	80,000	80,000	40,000	-	6.57%	486,026	Y	N	N	—
		VN ETCH HOME TECHNOLOGY COMPANY LTD.	1	243,013	162,126	153,526	60,738	-	12.61%	486,026	Y	N	N	—
1	ETCH HOME TECHNOLOGY CO., LTD.	VN ETCH HOME TECHNOLOGY COMPANY LTD.	1	16,254	48,638	15,353	15,353	-	37.78%	36,572	Y	N	N	—

(Note 1) The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

(Note 2) The numbers filled in for the relationship with the Company are as follows:
1. The endorser/guarantor company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) 1. The limit of total amount of endorsements is 40% of the Company's net worth, and the limit for a single party is 20% of the Company’s net worth. The limit of total amount of endorsements provided by ETCH HOME TECHNOLOGY CO., LTD. is 90% of net worth, and the limit for a single party is 40% of ETCH HOME TECHNOLOGY CO., LTD.’s net worth.
2. For endorsements/guarantees provided by the Company due to business dealings , except to the amount endorsements/guarantees shall be limited to the business dealing amount. The business dealing amount is the higher of purchase or sales amount between the entities.
3. Between subsidiaries whose parent Company directly and indirectly holds more than 90% of the voting shares, an endorsement guarantee may be made, and its amount shall not exceed 10% of the net worth of the parent Company. However, this does not apply to inter-company endorsement guarantees where the Company directly and indirectly holds 100% of the voting shares.

(Note 4) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	FINEMAT APPLIED MATERIALS CO., LTD.	Htc & Solartech Service (Samoa) Corporation	1	Endorsements and guarantees	$ 92,115	—	3%
		FineMat (Shanghai) Applied Materials Co., Ltd.	1	Sales revenue	17,964	90 days after monthly closing by T/T	2%
				Accounts receivable	13,379	—	—
		FineMat (HuangShi) Applied Materials Co., Ltd.	1	Endorsements and guarantees	46,058	—	1%
				Other income	4,396	—	—
		ETCH HOME TECHNOLOGY CO., LTD.	1	Endorsements and guarantees	80,000	—	3%
				Other receivables	33,853	—	1%
				Sales revenue	18,670	90 days after monthly closing by T/T	2%
				Accounts receivable	1,825	—	—
				Interest income	1,810	—	—
		VN ETCH HOME TECHNOLOGY CO., LTD.	1	Endorsements and guarantees	153,526	—	5%
				Other receivables	24,748	—	1%
		WAVE POWER TECHNOLOGY INC.	1	Other income	2,860	—	—
1	Htc & Solartech Service (Samoa) Corporation	FineMat (HuangShi) Applied Materials Co., Ltd.	3	Interest income	3,256	—	—
2	Solar Applied Materials Technology (Shanghai) Co., Ltd.	FineMat (HuangShi) Applied Materials Co., Ltd.	3	Other receivables	99,506	—	3%
			3	Interest income	1,578	—	—
3	FineMat (HuangShi) Applied Materials Co., Ltd.	Solar Applied Materials Technology (Shanghai) Co., Ltd.	3	Sales revenue	17,420	The end of the current month by T/T	2%
4	ETCH HOME TECHNOLOGY CO., LTD.	FineMat Applied Materials Co., Ltd.	2	Sales revenue	1,658	90 days after monthly closing by T/T	—
		VN ETCH HOME TECHNOLOGY CO., LTD.	3	Endorsements and guarantees	15,353	—	—
				Other receivables	1,674	—	—

(Note 1) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.
(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.
(Note 4) If transactions between the parent company and its subsidiaries or between its subsidiaries refer to the same transaction, they are only in the opposite direction of the transaction and are not disclosed seperately; only transactions with amount over NT$1 million are disclos
(Note 5) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705; RMB:USD 1:0.1409) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
FINEMAT APPLIED MATERIALS CO., LTD.	Sense Pad TECH CO., LTD.	Samoa	Professional investments	$ 23,026	$ 23,719	7,580,000	100.00	$ 53,027	$ 5,707	$ 5,707	Subsidiary
	ETCH HOME TECHNOLOGY CO., LTD.	Taiwan	Manufacture and sales of electronic components and communication equipment and apparatus, and wholesale and retail of electronic materials, telecommunication apparatus and machinery and tools	119,504	119,504	4,268,000	90.81	42,054	(46,128)	(42,004)	Subsidiary
	Htc & Solartech Service (Samoa) Corporation	Samoa	Professional investments	316,180	310,579	8,575,900	73.73	368,421	45,549	29,437	Subsidiary
	WAVE POWER TECHNOLOGY INC.	Taiwan	Manufacure and sales of microwaves and semiconductor components	245,715	245,715	12,736,987	37.35	400,897	86,771	32,002	Subsidiary
Sense Pad TECH CO., LTD.	Galloptech International Company Limited	Hong Kong	Sales of semiconductor equipment, mechanical and electrical equipment and optic equipment and after-sales services	7,615	7,616	1,934,400	49.00	11,074	4,677	-	(Note 1)
ETCH HOME TECHNOLOGY CO., LTD.	VN ETCH HOME TECHNOLOGY COMPANY LTD.	Vietnam	Manufacture of sales of electronic components, communication equipment and apparatus and other metal products	144,701	139,735	4,680,000	100.00	63,403	(40,411)	-	Subsidiary (Note 1)

(Note 1) Not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
FineMat (Shanghai) Applied Materials Co., Ltd.	Sales of electronic components, general instruments and electronic materials	$ 13,814	Note 1	$ 13,814	$ -	$ -	$ 13,814	$ 3,356	100.00%	$ 3,356	$ 41,870	$ -	(Note 4)
Solar Applied Materials Technology (Shanghai) Co., Ltd.	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	30,705	Note 2	-	-	-	-	59,111	73.73%	43,583	124,495	-	(Note 4)
FineMat (HuangShi) Applied Materials Co., Ltd.	Manufacture of other metal products, electronic components, computers and its peripherals, and sales of electronic materials, precision equipment clearing and recycling	386,115	Note 2	313,110	-	-	313,110	(43,352)	73.73%	(32,096)	242,772	-	(Note 4)
Huangshi Quanyang Photoelectric Technology Co., Ltd.	Manufacture and sales of other metal products, electronic materials, semiconductor components	131,271	Note 3	-	-	-	-	(25,303)	-	(7,530)	-	-	(Note 5) (Note 6)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 7)
FINEMAT APPLIED MATERIALS CO., LTD.	$ 326,924	$ 326,924	$ 1,203,016

(Note 1) Investing in the investee in Mainland China through a company incorporated in the third area (Sense Pad TECH CO., LTD.).
(Note 2) Investing in the investee in Mainland China through a company incorporated in the third area (Htc & Solartech Service (Samoa) Corporation).
(Note 3) Investing in the investee in Mainland China through a company in Mainland China (Solar Applied Materials Technology (Shanghai) Co., Ltd.).
(Note 4) It was recognised based on the investee’s financial statements that were audited and attested by R.O.C. parent company’s CPA for the year ended December 31, 2023.
(Note 5) It was recognised based on the investee's financial statements that were unaudited by other independent auditors.
(Note 6) In August 2023, the Group's subsidiary, Solar Applied Materials Technology (Shanghai) Co., Ltd., sold its 40.36% shares of Huangshi Quanyang Photoelectric Technology Co., Ltd..
(Note 7) The ceiling amount is 60% of the higher of net worth or consolidated net worth.
(Note 8) Foreign currencies were translated into New Taiwan dollars at exchange rates (USD:NTD 1:30.705; RMB:USD 1:0.1409) as at December 31, 2023.

FINEMAT APPLIED MATERIALS CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 6

Expressed in shares

Name of major shareholders	Name of shares held		Ownership (%)	Footnote
	Ordinary stock	Preference stock		
Elan Investment Corp.	8,900,373	-	13.40%	—
Chao Chin Hsiao	6,396,814	-	9.63%	—
Wistron Corporation	4,589,258	-	6.91%	—

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.